

# Backgrounder

## Property Tax Relief and Education Funding

*“Education property taxes in Saskatchewan are the highest in Canada – on a per capita basis and as a percentage of Gross Domestic Product.” (Finding the Balance: Commission on Financing Kindergarten to Grade 12 Education, p.5).*

### **The Saskatchewan Party’s New Ideas to Secure the Future**

Under Lorne Calvert and the NDP, Saskatchewan residents pay the highest percentage of education property taxes in Canada. A Saskatchewan Party government will take action to reduce property taxes and invest in K-12 education, by doubling education property tax rebates and increasing K-12 school operating funding by 20% over four years.

Doubling education property tax rebates will provide Saskatchewan residents with immediate property tax relief. A Saskatchewan Party government will also work with school boards and consult with Saskatchewan people to determine the best way to achieve long-term property tax reduction and fairer funding for K-12 education.

### **Property Tax Relief**

Under the Saskatchewan Party plan, homeowners, commercial and industrial property owners will see education property tax rebates increase from 10% to 20% over four years. To address the significant tax burden on agricultural land, a Saskatchewan Party government will increase education property tax rebates on agricultural land increase from 38% to 80% over four years. There will continue to be no cap on rebates on residential and agricultural land.

As a result of the Saskatchewan Party plan:

- The average Saskatchewan homeowner with a \$200,000 home paying \$2280 per year in education property taxes would see their annual education property tax rebate increase to \$456 per year by 2011-12, for an estimated total four-year tax saving of \$1,460.
- The average agricultural landowner with two cultivated sections paying \$4,430 in education property taxes would see their annual rebate increase to \$3,544 per year by 2011-12, for an estimated tax savings of \$11,030 over four years.

### **Cost:**

- The cost of doubling property tax rebates over four years is \$280-million.
- Yr 1: \$25-million
- Yr 2: \$55 -million
- Yr 3: \$80-million
- Yr 4: \$120-million

### Implementation:

- Non-agricultural landowners will see rebates increase:
  - From 10% to 12% in 2008-09
  - From 12% to 15% in 2009-10
  - From 15% to 17% in 2010-11
  - From 17% to 20% in 2011-12
  
- Agricultural landowners will see rebates increase:
  - From 38% to 47% in 2008-09
  - From 47% to 56% in 2009-10
  - From 56% to 66% in 2010-11
  - From 66% to 80% in 2011-12.

### Benefit:

#### *Example:*

An average Saskatchewan homeowner with a \$200K home paying \$2280 a year in education property taxes would see:

- 2008-09: An increase in the education property tax rebate from \$228 per year to \$274.
  
- 2009-10: An increase in the education property tax rebate from \$274 per year to \$342.
  
- 2010-11: An increase in the education property tax rebate from \$342 per year to \$388.
  
- 2011-12: An increase in the education property tax rebate from \$388 per year to \$456.

***A homeowner with a \$200,000 home would save \$1,460 in education property taxes over four years under the Saskatchewan Party plan – almost \$550 more than under the NDP.***

#### *Example:*

An average Saskatchewan agricultural landowner with two cultivated sections paying \$4,430 per year in education property taxes would see:

- 2008-09: An increase in the education property tax rebate from \$1,683 per year to \$2,082.
  
- 2008-09: An increase in the education property tax rebate from \$2,082 per year to \$2,480.
  
- 2008-09: An increase in the education property tax rebate from \$2,480 per year to \$2,924.
  
- 2008-09: An increase in the education property tax rebate from \$3,012 per year to \$3,544.

***A farmer with two cultivated sections would save \$11,030 in education property taxes over four years under the Saskatchewan Party plan – almost \$4,300 more than under the NDP.***

### **Increasing K-12 Funding by 20% Over Four Years**

A Saskatchewan Party government will increase operating funding to schools by \$118 - million over four years to help reduce education property taxes and increase the provincial government's share of K-12 funding in Saskatchewan.

- In 2007-08, the provincial government provided \$587 million in operating grants to school boards.
- Under a Saskatchewan Party government, this funding would increase by 20% to \$705 million by 2011-12.

#### **Cost:**

- \$118-million over four years.