

Manitoba Association of Cottage Owners



Issues / Opportunities Advisory



Prepared: May 29, 2011

Issue: Education Taxes on Property

Background to the Issue:

- Section 93 of the Constitution Act of 1867 (formerly known as the British North America Act) granted virtually exclusive responsibility for education to the provinces. This section states that "in and for each province, the Legislature may exclusively make laws in relation to education."
- Provinces long ago delegated education taxation to municipalities to partially finance education and this has not changed.
- Property owners get a significant education tax credit (reduction) for residential property that is the primary residence to reduce the impact of education taxes. This education tax credit program recognises that education property taxes may be oppressive for many people. There is no similar tax credit program for owners of residential property that is a secondary residence.
- Education taxes are applied to all property without regard to whether it is the owner's primary residence.
- The inequity of school taxes on property has been an issue for MACO since it was founded in the early 1990's.
- Owners are not able to vote for school board members if they do not have a primary residence in the school district.
- There is continued inequity of taxation for residential properties located inside of provincial parks as compared to those outside of parks. Leases and taxes are not market based.
- Other provinces have removed or are removing education taxes from property.

Cautionary Notes:

- Removing school taxes will make property taxes more equitable taxes but there could be an impact on the overall burden of other taxes.

Budget Implications:

- Removing education taxes from property will facilitate taxing policies by municipalities to generate funds for municipal needs.

Policy or Program Implications: What is current Policy or Program for this issue?

- The taxation policy needs to put tax burden taxes on those that use schools and are currently working and on those with the higher income and spending.
- The policy needs to remove the tax burden from those (retired seniors) that are the least able to pay property taxes and are on a fixed income.

Action Taken by MACO:

- Conducted several demonstrations at the legislature on this issue.
- Produced signs saying: “We want taxes off of ALL property” have been printed and are available for purchase.

Recommendations for the Future:

- Use a phased in approach to remove school taxes from all property.
- Conduct more lobbying efforts to encourage the province to shift the school tax burden off of property owners.
- Manitoba needs to follow the approach that has been followed by most other provinces of Canada.
- Encourage Municipalities to participate in the removal of Education Taxes from property

Position of MACO

- MACO believes that school taxes based largely on property values are an unfair method of school financing especially for fixed income individuals and owners of second homes.
- MACO is opposed to using property taxes for financing primary and secondary education in Manitoba especially when it becomes a significant source of school funding.
- MACO believes income or spending based taxes are a more equitable way raise education taxes.