

Unfair Education Taxes

By Carolyn Giles; Lac du Bonnet

The current system of taxation for most people in the province of Manitoba is grossly unfair. And the current system of education property taxation is totally unfair.

For many of us, the education property levy constitutes about 50% of our tax bill, that is, we who live and own property (private and/or commercial) outside of a 'park area.' If we lived in a 'park area' as our primary residence, we would only pay \$500 as a contribution to the education tax and only if we had no qualifying property outside the park.

Most of us throughout the province (the 'parks areas' excepted) have recently had our properties reassessed. This reassessment has in some cases resulted in an increase in education taxes. However, these new assessment rates apply only to those of us who live outside the park areas.

It should also be noted that, if you are a cottage owner outside of the park, and this is not your principal residence, (even though you might have paid 'education tax' as part of your tax bill), you will not be allowed to vote for a school trustee in your cottage property area. (This is taxation without representation?) And if you own a cottage in addition to your principal residence, there will be no tax rebate for your second property. The province allows only one tax rebate.

Our present form of taxation presents yet another problem for our communities. All municipalities in the province are struggling, as residents in Lac du Bonnet, with this 'education funding model.' It is not only inequitable for the ratepayers outside of the parks but it also does not allow for the municipalities to control the level of taxation. Our municipalities then become limited in the services they can provide to us as ratepayers.

The root of municipal issues with the education taxation system is the inability to control the primary source of municipal revenues: property taxes. Municipalities have limited tools at their disposal, and thus rely heavily on property taxes to generate revenue at the local level. However, municipalities do not have full control over this mechanism due to the ongoing reliance on property taxes to fund education.

If our municipalities had the primary influence in determining local property tax levels, our councils would be in a much better position to ensure that all our municipal services would/could be appropriately funded. So as long as education taxes are a significant part of our tax bills, there will be a significant barrier to the services we can expect to receive in our municipalities. Education taxes need to be removed from our properties and provided from general revenues. Furthermore, education should be funded equitably by all Manitobans (property and non-property owners) through an appropriate provincial funding system. Education is everyone's responsibility and not just a select number of property owners outside of the parks areas. Perhaps we do need to look at a 1% increase in sales tax.

Honourable Bill Blaikie, Minister of Conservation, stated that the AMM would like to see "A commitment to provide new alternate revenues to municipalities." I might suggest that Mr. Blaikie consider reassessing all of the 6,360 park land properties, including his own, (currently 1981 raw land values) in order to bring these properties up to 2010 values; buildings and land need to be assessed to current values.

These newly assessed properties would not only provide a new source of revenue, but actually provide more equity amongst all property owners in the province. Simple calculations would suggest that bringing these land values to current values could generate \$10 to \$20 million in lease fees with no consideration for the building values. The new monies could then be given to the municipalities for the badly needed infrastructure projects or be used to provide more provincial funding to education. This provides both direct and indirect benefits for both private and public sectors. When 6,300 property owners/leasers aren't paying their share; it puts an additional burden on all of us.

We are having a provincial election this fall. If we allow the above to continue, in addition to approving these inequities to continue, as they have done for a number of years, we are also constricting both the growth and welfare of our province. Let's make all of our voices heard.

Carolyn Giles

Reply from James Neufeld on C. Giles Letter

Increasing taxation on Park's properties will have no effect on the school tax level in municipalities, because the revenue goes into general revenue.

1. The Province gives the Public Schools Finance Board a "given amount" each year for all education funding from Gen. Revenue.
2. The provincial assessor gives the Finance Board the assessment for each municipality.
3. The School Boards give the Finance Board their budgets (without ratepayers having any say in budget decisions).
4. The Finance Board then uses a very simple formula to tell each municipality how much school tax they have to collect and submit to the school board after they deduct how much the province has given them.
5. If the municipality does not submit the required school tax, it becomes a liability (debt) of the municipality, not the government.
6. To me, this smacks of **unconstitutionality**. However, if you check out the **four Acts of government that apply to this subject**, you will see that they have passed these in the legislature and 99% of taxpayers don't even know they exist!!!!
7. Regarding taxes of park cottages – the current permanent resident fee generates about \$1.5 million dollars, and upping the assessment would probably generate about \$3.0 or \$4.0 million dollars which would be a drop in the bucket, when you see the budget of the Winnipeg School Division, which is **\$340.0 million dollars**.
8. The OECD think-tank suggests that property tax is a very regressive tax when used to fund education and governments should go to **consumption taxes, which are much more progressive (i.e. – a 1% sales tax dedicated to education)**!
9. **Section 93 of the Canadian Constitution says "In each province the legislature may exclusively make laws in relation to education"**.

We will have to get at the politicians if we are going to change the system and I think we are having some impact, and we should keep up the effort, but don't cloud the issue by saying cottages in parks should be taxed. Taxes and service fees in parks are being applied more fairly

than in municipalities and should be a **model to follow**. Don't tear down a good system just for spite!!!

James Neufeld, MACO Board Member