



A Fair Property Tax System

In New Brunswick, unlike other Provinces in Canada, the property tax policy is largely governed by provincial legislation. Despite the fact that property tax remains the only real source of revenue today for our Cities, the Province continues to manage and oversee the process.

The issue

There are three key issues surrounding the current property tax system;

1. City taxpayers paying more than their fair share for services delivered in their region.
2. Provincial tax breaks for industrial clients meaning less municipal revenue than is deserved.
3. A double taxation on apartment buildings means higher rent costs for city renters.

Over the last decade our cities have experienced increased service delivery costs while neighboring communities and local service districts have been paying significantly less – enjoying many of the same services. As well provincial tax exemptions to some industrial businesses means that city residents are paying proportionately more and receiving less than they should. Finally, a non-owner-occupied tax on apartment buildings is reducing the potential for additional development and is creating unreasonable rental costs for renters in our cities.

Why this is important

- New Brunswick cities continue to play a critical role in supporting the economic well-being of not only their own citizens, but of all New Brunswickers.
- When it comes to property taxes, all the different rate classes are not paying their fair share.

- The need for fundamental changes to the regional municipal governance structure to ensure that all beneficiaries of local services are fairly and equitably taxed to pay for them.

The progress

The Cities of NB Association is encouraged by the promise from the current Provincial government during the 2018 elections to overhaul the Local Governance Act to give municipalities greater control over their own affairs – including greater powers over taxation and property assessment.

What's next

The 8 Cities are recommending that the Province implement fair and equitable **property tax reforms** in New Brunswick that will ensure greater equity, equal opportunity, fewer tax breaks for big business and spur economic development and more reasonable rental rates. Ultimately, we believe the Province of NB should follow other Canadian provinces and leave property tax as an economic tool for municipalities across the Province. Important next steps should include:

- **A fair tax commission** – a broader review of New Brunswick's tax system in collaboration with municipalities to make recommendations in the design and implementation of a more equitable tax system in the province of NB. (12 months)

TIMELY PROPERTY TAX REFORMS – ESSENTIAL IN CREATING A TRULY SUSTAINABLE FUTURE FOR THE PROVINCE OF NEW BRUNSWICK