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School tax relief at last

Posted 3 hours ago

To the editor:

Small steps by many led to a large step for all. At long last, Saskatchewan's provincial government is reducing school property taxes. Six years of advocacy has paid off for everyone, especially those in rural Saskatchewan.

In the 2009-10 budget, Finance Minister Rod Gantefoer took a major step to address the biggest, longest-burning tax issue in the province, school taxes. In a single year, the provincial share of school funding has grown from 51 percent to 63 per cent of the total. This 12 per cent increase matches all the progress made since 2003 when the Boughen Commission found the province funded just 39 per cent. The remainder, of course, comes from school taxes.

Until now, that modest progress was far from good enough. Since 2003, the Canadian Taxpayers Federation (CTF) has recommended the province cover 75 percent of the school tax bill, and has delivered 17,000 petitions asking for the same. The latest installment of 5,100 was given to MLA Jim Reiter in February, just as he was delivering his report on how to lower school taxes. The government avoided an even greater uproar by quickly adopting Reiter's suggestions.

The province has not yet committed to that 75 percent target, but it will reach 66 percent in 2010, a percentage that is guaranteed to increase in future years.

Saskatchewan has also followed six other provinces by taking control of setting school mill rates. This loss of taxation control for local school boards is easier to accept considering the province will cover all future cost-of-living and wage increases. This means that when the province gives teachers a raise, local school boards won't be stuck covering half the bill through higher school taxes.

Further, the Saskatchewan Party has fulfilled its election promises on property tax relief a year early. The campaign platform called for rebates on agricultural land to increase to 80 per cent, commercial rebates to increase to 10 per cent, and residential rebates to increase to 20 per cent. The plan unveiled at the budget will hit all of these benchmarks by 2010 (instead of 2011, the final year of the Sask Party's mandate), and residential tax relief will actually be 30 percent. Best of all, this new plan addresses the issue by setting tiered mill rates rather than larger rebates – which, again, is one less hassle for school boards.

What does this mean in dollars and cents? School property tax on residences totalled \$330.8-million in 2008, but will drop to \$257.7-million in 2010. Business school taxes will drop from \$284.6-million to \$273.5-million over those years. But farmers are the big winners. Property taxes on agricultural land totalled \$105.1-million in 2008, but will drop to \$38.6-million in 2010. This is a drop of more than 60 percent.

This said, urbanites shouldn't feel hard done by. School taxes always took a higher percentage of the property tax bill on farms than it did in towns and cities. Moreover, most of the extra \$32-million annually in the province's revenue-sharing deal with municipalities will go to urban municipalities. Those not getting as much property tax relief on the school side should get it on the municipal side.

Although the two-thirds portion of provincial funding for schools is not the three-quarters the CTF was hoping for, the accomplishment is remarkable nonetheless. In a single budget, the province has made a leap forward on property taxes and posted a \$424-million surplus while its western neighbours head to deficit. It's no small feat.

Lee Harding,

Canadian Taxpayers Federation, Saskatchewan director

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