



letspayfair.com Questions & Answers

1. School taxes represent 53 per cent of all property taxes collected in Winnipeg Who pays education tax?

Pull out last year's property tax bill and take a close look. You'll be surprised at how much is education tax.

People who own property (homeowners, business owners, farmers) or pay rent to a landlord contribute to the education tax. School boards control how much you pay and add it to your property tax bill. Your municipality then collects the taxes for them.

2. What three provinces have already eliminated education tax on property?

PEI, New Brunswick and Newfoundland have eliminated education tax from residential property tax bills. Other provinces like Ontario are actively reducing education tax on property year after year.

3. How much of education is paid for by my property taxes?

In Manitoba over 1/3 of education funding comes from property taxes taken from residential, business and farmland. This does not put us in a favorable light when trying to attract new businesses or residents to our province.

See www.letspayfair.com for a graph that describes the funding.

4. Education property taxes are high, but if we reduce or eliminate the tax won't it mean less money for my child's school?

Provinces that have eliminated education tax have continued their commitment to education and have found other ways to fund education.

The Manitoba Education Financing Coalition, which supports removing education tax from property, expects the province to make education a commitment and fund it properly from general revenues. The government's practice of adding more and more responsibilities on schools – such as social services – without matching grants to support those new initiatives, is unfair. Education is a core service and should be properly funded from general revenues.

5. The money to pay for education has to come from somewhere. Will other taxes have to increase to pay for a shortfall in property taxes?

Education is a core service that should be funded from the province's general revenues, paid for by everyone. The Manitoba government can find ways to fund education with existing revenues and by being more efficient.

There is no shortage of ideas on how to fund education in an equitable way, without increasing taxes.

In fact, the Manitoba government struck a task force in 2002 called The Minister's Working Group on Education Finance, which came up with several recommendations. Likewise, the Association of Manitoba Municipalities' own task force report "Rethinking Education Funding: Challenges and Opportunities 2001" contains several ideas. There are lots of ideas out there. It's time to act on them.

6. How quickly will this change happen?

Everyone knows that change takes time. A measured and planned reduction that eliminates education tax on property could stretch out over four or five years, but it has to start now.

7. Why do property taxes vary from school division to school division?

There are 38 school divisions in Manitoba. Each division has its own school board, which raises property taxes at its own discretion. That means 38 different tax rates can be imposed.

You may have a higher school tax than your neighbour who has the same house simply because the school division boundary changes in the middle of your street. It's inconsistent and unfair.

In Winnipeg alone, the school boards are responsible for levying 53 per cent of the money collected on the average property tax bill. School board trustees have as much power to raise your property taxes as mayors, reeves and councilors - even though many trustee seats go uncontested during an election and voter turnout for school board trustees is very low.

8. Will reducing or eliminating education tax on property lead to the elimination of my local school board?

No. School boards have great responsibilities in managing and directing education budgets to create the best education for your children and grandchildren. This role can continue with a change in source of funding.

9. What will I gain when education tax is removed from my property?

Everyone will gain when education tax is removed from property. The owner of an average home in Winnipeg will see their tax bill reduced by a \$1,000 or more. That money will be spent in other ways, helping put money back into the local economy. The Manitoba government will reap increased revenues from sales tax and income tax at the same time.

10. Farmers want education taxes off of their farmland, but don't they already get a rebate?

Farmers can now apply for a 60 per cent rebate on the education taxes they pay on farmland, but not on production buildings such as barns. Until the rebate was put in place, farmers were paying up to eight times as much in education taxes as their non-farming neighbours and shouldering more than their fair share. The rebate program doesn't solve the problem. Farmers want government to remove education taxes from all property, including farmland and production buildings.

The property tax system that pays for education has not kept up with the way today's farms operate. Instead of a homestead on every parcel of land, today's farms have a lot more land, and the burden of property taxes is much higher. Like anyone else who owns property, farmland and production buildings do not reflect a farmer's ability to pay. For farmers, land is a necessity to do business and they have no control over the prices they receive from the international marketplace.

11. Why is eliminating the education tax good for the economy and business?

The tax framework in Manitoba is not conducive to creating a strong business climate.

Manitoba businesses face a litany of taxes that put them in an uncompetitive position when compared with businesses in other provinces. We are the only province in Western Canada with a payroll tax and capital taxes. And Winnipeg is one of the only cities in Western Canada with a business tax and high property taxes, of which education tax makes up a significant portion.

If we want to live in a province that attracts new business, investment and people, we must create a tax climate that allows business to make decisions that will accomplish this.

One of two business leaders in Manitoba cite tax relief as the number one thing the provincial government could do to improve our business climate.

Source: 4th Annual Chamber/Meyers Norris Penny Manitoba Business Leaders Index

Business leaders also indicate that any tax relief they receive would be reinvested in Manitoba.

- 25% would hire more staff
- 22% would invest in capital expenditures
- 22% would invest in expanding their business
- 19% would invest in general improvements

Source: scientific poll conducted by Probe Research

12. How can I get school tax off my property tax bill?

Send politicians the message that you support a fairer tax system. **SEND A LETTER** directly from our website. In moments you'll have made a difference. Join the letsplayfair.com effort by telling your friends and neighbours about our on-line letter campaign.

For further information call:

Lenore Smaldon, KAP Communications. Cell: (204) 229-4733. Office: (204) 697-1140

David Rolfe, KAP President. Cell: (204) 483-0502.

Ron Cornell, BREB Political Action Representative. Cell: (204) 725-8836.