

Nearly 75% of New Brunswick residents own the home they live in.

New Brunswick has one of the highest home ownership rates in Canada.

This is good news for the economy of New Brunswick. Research shows home ownership is

a key factor in building and maintaining strong economies by ensuring the provincial government and municipalities have a strong revenue base from which they can then provide services. One means of revenue generation is property taxation. An effective property tax system not only provides governments with required revenue levels, but also encourages economic development.

In theory, the property tax system should be relatively simple to understand: the province of New Brunswick sends out appraisers who assess a home for its *value*. That value is then used by a municipality or a local service district in a *property tax formula* to determine the amount of tax home owners pay on their home.

However, this simple theory has become extremely complicated and has created confusion in the marketplace. Assessment and the Property Tax process is the basis for a discussion paper from the New Brunswick Real Estate Association (NBREA).

NBREA strongly believes that, for an issue that impacts all New Brunswick residents and their quality of life, the assessment and property tax system **must** be a primary election issue among



candidates during the 2010 election campaign. The property tax system is flawed. The system needs to be more transparent, easier-to-understand, and we need to level the playing field to provide fairness for everyone: home owners, renters, seniors and low-income earners.

What is the issue?

- The property tax system situation is urgent. New Brunswickers need property tax relief.
- The property tax system is unpredictable, difficult to understand, it lacks transparency, and it is inconsistent across New Brunswick.
- The property tax system situation is urgent. Candidates need a plan to address the issue of property assessment and taxation in New Brunswick – our future economic prosperity could depend on it.

Why is assessment an important issue?

- Home ownership and affordable housing is vital part of building and maintaining strong economies.
- We must create an “environment” to attract and retain immigrants and migrants. Property assessments affect the amount of property taxes homeowners pay. An unfair system discourages people and businesses from buying property in New Brunswick.
- More than 5,000 home owners appealed their assessments this year – this signals a very real issue.

Who does this issue affect?

- Home owners in New Brunswick, 75% own the home they live in.
- Renters, double taxation results in rent increases by passing on tax costs.
- Seniors, fixed and low-income earners, and others for which affordable housing is an issue. Nearly 23% of private homes are occupied by residents over the age of 65.
- Increased rent and home costs can create a barrier to entry for immigrants and migrants. 52% of immigrants to Canada purchase a home within three years of arriving, but in those first three years they are tenants.

What is double taxation?

- New Brunswickers with non-owner occupied residential properties (e.g., apartments, cottages) must pay both provincial and municipal taxes on these properties. These individuals are being taxed twice for the same property.
- Double taxation is an unfair practice that is creating a serious imbalance in the tax system by passing an unequal share of the tax burden to renters and business.
- Double taxation can “lock” people into staying in rental units or their current homes.

NBREA’s key recommendations for property tax system improvements:

Simplify property value assessment calculations

- Property value assessment is at the heart of the issue – assessments do not reflect real market conditions.
- Many home owners believe there are problems with how property value assessments are calculated, their accuracy and how they are presented.

Make things easier for property owners to understand

- Provincial and municipal governments must make the system easier for property owners to understand, including changes to how assessment notices and property tax invoices are delivered.

Address urgent issues for fixed and low income residents

- Use a formula to help seniors (those over 65) and low income residents maintain home ownership based on a provincial allowance.

Eliminate double taxation on non-occupied property owners

- Double taxation shifts a disproportionate share of the tax burden to renters.
- Double taxation can “lock” people into rental units or their current homes.

What is the accountability mechanism and why is it ineffective?

- The accountability mechanism is a formula the province developed to reduce tax rates in municipalities and provide tax relief.
- Only five of 101 municipalities adopted the Accountability Mechanism tax rates.
- It puts property owners in the middle of a jurisdictional battle between the Province and the municipalities or local service districts.
- It does account for major annual variations in the value of property.

Only 5 of the 101 municipalities adopted the rates under the new Accountability Mechanism.

What does NBREA recommend to improve/change the situation?

- The property tax system situation is urgent. New Brunswickers need property tax relief.
- We must make the property tax system transparent and level the playing field for all New Brunswickers.
- We must take action to help those with limited resources maintain home ownership.
- Double taxation creates a serious imbalance in the property tax system. We need to eliminate double taxation now.

What can be done to improve the system?

- Simplify and standardize property value assessment calculations.
- Make things easier for property owners to understand by changing how assessment notices and property tax invoices are delivered (e.g., two notices, not one).
- Transition property value assessments to reflect real market conditions.
- Address urgent issues for fixed and low-income residents and seniors.
- Eliminate double taxation on non-occupied property owners.

Visit www.NBREA.ca to see our discussion paper
“A Discussion About Property Taxes in New Brunswick”



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Property Taxes in New Brunswick



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