Property Tax Overhaul – Realtor Briefing Q&As

On May 27th, a bill was introduced proposing changes to New Brunswick's Property Tax System. On June 11, an information session was conducted with the New Brunswick Real Estate Association and its members to outline those legislative changes and address any questions. Below is a summary of the questions raised during the session, along with the corresponding answers.

1. **Home Buyers:**
    a. **How does this reform work for buyers regarding tax hikes on purchase?**
    b. **Will buyers continue to be surprised by increases?**

The Local Rate Stabilizer is designed to improve overall stability in the system. Property tax increases should be driven by the revenue needs of local governments, not purely by rising property values. A property owner's tax bill should not increase simply because their property assessment has increased.

One of the goals of the reform is to strengthen predictability for property owners, including new buyers. By stabilizing the relationship between assessments and tax rates, and ensuring greater transparency from local governments, the system is designed to reduce unexpected changes.

It's understandable to expect that a sale price reflects market value, but property assessments are based on broader valuation models. These models consider trends across the market, comparable property sales, and valuation dates that may differ from the timing of an individual sale. As a result, there can be instances where an assessed value is higher or lower than a specific sale price. A single transaction may reflect unique circumstances (such as timing, negotiations, or property condition), while assessments aim to ensure consistency and fairness across all properties.

When buyers purchase a new home, they may not be aware that the current property is protected by the Spike Protection Mechanism (SPM). If the agent does not disclose this information, property owners may be surprised that their property tax is based on the full and true market assessment value. The onus is on the purchaser to be aware of any property tax implications.

2. **Assessments:**
    a. **Will we be able to see how assessments are calculated?**
    b. **I get the point that spike protection does not apply for sales. But why are there cases when the assessments come higher than the sales price? It's clear shows what the real market value is by looking at the selling price …**

c. **Shouldn’t it be automatic where an assessment can’t be higher than the sale price for a new transfer?**
d. **With recent COVID prices and high assessments, are they working on things backwards as the market has changed?**
e. **How would a property that last sold for $90k in 2024, that was original to its building date and is updated with new siding and windows, and that home is similar to neighbouring home except has a detached garage is tax double in the Greater Miramichi River Valley tax area**

We recognize that property assessments can raise important questions about fairness and accuracy, especially in a changing market. Improving transparency is one of the objectives of property tax reform.

It’s understandable to expect a sale price to represent market value. However, assessments are based on broader valuation methods that look at patterns across many properties, not just a single transaction. Sale prices can reflect unique factors, such as timing, negotiations, or the condition of the property at the time of sale, while assessments aim to ensure consistency and fairness across all properties in a region. As a result, assessed values may sometimes be higher or lower than a recent sale price.

Automatically resetting assessments to sale price could lead to uneven treatment between properties and create instability in municipal revenues. Instead, the system maintains a consistent valuation approach across all properties while using tools like the Local Rate Stabilizer to ensure tax impacts remain balanced and predictable.
Overall, these reforms are focused on creating a more stable and transparent property tax system. Local governments will benefit from steady, predictable revenue growth, while most homeowners, including buyers, are better protected from sharp increases tied to assessment changes.

In addition, proposed amendments will allow assessment notices to be delivered electronically, making it easier for property owners to access and review their information. Property owners also continue to have the ability to ask questions and, if needed, file an appeal - with the timeline extended from 21 to 30 days to provide more time to review and respond.

3. **Growth:**
   a. **How are you going to treat incremental new construction? Are they excluded from the overall calculation of tax base increase?**
   b. **Would it be fair to say that you are taking a position on an increased tax base as a means to work it backwards for the rate…does that exclude new construction?**

c. **And consider the average property tax for the GMA area for an average 100 units building is around 250k per year, you are still low on budget? Those buildings are popping up on each intersection every month...**

New construction is treated as real growth within the system, and local governments will continue to benefit from 100% of the revenue it generates. This means that investment in new homes, buildings, and development directly expands the local tax base and is not limited by the Local Rate Stabilizer.

At the same time, the stabilizer is designed to manage automatic revenue increases that are not tied to new development.

The reforms are designed to better align property taxes with local governments' actual revenue needs and budget decisions, rather than allowing revenues to automatically rise or fall based solely on changes in the overall assessment base. This approach supports more predictable revenue for local governments while maintaining fairness and stability for property owners.

4. **Non-Owner-Occupied Properties:**
   a. **How is this reform going to impact non-owner-occupied properties? On one of the slides, it showed a multiplier of 1.7 so does these mean that owners of properties that are not their primary residence will continue to pay close to a double tax.**
   b. **Does SPM help people who own rental properties?**
   c. **We can understand the difference for non-owner-occupied. We don't understand the base assessment.**

Regarding the multiplier rate, local governments have flexibility in setting non-residential and heavy industrial property tax rates. The upper and lower boundary of the existing rate multiplier is being adjusted to between 1.0 and 2.0 times the residential rate. This expanded range gives local governments more flexibility in how they set and distribute their tax rates between residential, non-residential and heavy industrial properties within their communities to ensure a shared burden.

Non-owner-occupied properties will continue to be subject to both provincial and local property tax rates. The Local Rate Stabilizer will help make sure changes in property tax are better aligned with local governments' service needs and budget decisions, instead of changes in the overall assessment base. The Provincial Rate Stabilizer will apply to the provincial non-owner-occupied residential tax rate, ensuring that provincial property tax rates are adjusted each year to achieve a predictable level of revenue growth. Rather than taxes increasing automatically with rising assessments, the stabilizers tie revenue growth to factors such as local government cost index (LGCI, for local rates) and CPI (for provincial rates).

One other important change is the expansion of the Equalized Payment Plan (EPP). Starting in the 2026 taxation year, eligibility for the EPP was extended to include non-owner-occupied residential, other residential, and non-residential properties.

5. **Can you build a calculator into your system so people could put the purchase price in and see what their new tax could go to?**

While a calculator is not currently available, residents can access their property information through Service New Brunswick's Property Assessment Online (PAOL) portal, which is available via the SNB website. Redacted property assessment notices have been accessible online since January 2026, and residents will also continue to receive their assessment notices by mail.

We recognize that property tax bills can sometimes be difficult to understand. That's why work is underway to redesign the property tax bill, so it more clearly shows who is collecting the tax, where the money is going, and how it is being used.

This improved, more user-friendly bill format is expected to be in place for the 2027 billing cycle.

6. **Is there an easy way to see exactly what the rate will be, as I thought there are special rates as government requires.**

When assessment bases are released publicly, the Local Rate Stabilizer will also be published for each local government.

Provincial stabilizer rates will also be published on or before December 15 each year (i.e., the 2027 provincial property tax rates will be published on or before December 15, 2026).

7. **Can you explain how salaries and wages are factored in?**

The Local Government Cost Index (LCGI) includes a component for salaries, which will reflect binding arbitration decisions. The LGCI was developed to better reflect the cost pressures faced by local governments in New Brunswick. The Local Rate Stabilizer is calculated using the LGCI and is designed to help local governments manage and absorb inflationary pressures, including salary increases, effectively.

GNB is committed to supporting our partners and stakeholders

For questions about:

Assessments and Property Tax Bills, contact Service New Brunswick, asmtheadoffice@snb.ca
The Local Rate Stabilizer, contact the Department of Environment and Local Government: ELG/EGL-info@gnb.ca
The Provincial Stabilizer, contact Finance and Treasury Board, wwwfin@gnb.ca.