



October 21, 2019

**UDI-ER Research Brief - Fraser Institute - *Who Bears the Burden of Property Taxes in Canada's Largest Metro Areas?***

• **Summary**

- This research brief highlights a recent Fraser Institute study, which compares property tax ratios for major residential and non-residential property classes in five of Canada's largest metropolitan areas - including the Edmonton region.
- Data in this study is from 2017, 2018, and 2019.
- Main argument: *offsetting lower rates for residential property-owning voters is the most likely reason for non-residential land uses being taxed at higher rates in Canada's largest metropolitan areas.*
- While this brief focuses on the Edmonton region, the full study includes 182 municipalities representing 46% of Canada's population in 2016 (the most recent census year)<sup>1</sup>.

• **The Causes and Consequences of Higher Tax Rates on Commercial and Industrial Properties**

- According to this study, “a growing body of academic literature argues that local governments face incentives to minimize taxation on groups most likely to vote in local elections, most notably homeowners, while shifting more of the tax burden onto groups that are less likely or unable to vote, such as businesses.”
- This subsidization from one property class to another effectively nullifies the notion of the property tax as a “benefits” tax. This creates ambiguity regarding the true purpose of property taxes and therefore, likely leads to the following consequences:
  - Electoral considerations trumping considerations of fairness or equity.
  - Difficulties in holding the fiscal decisions of political leaders to account.
  - Erosion in business competitiveness - particularly in metropolitan areas with competing jurisdictions where businesses can more easily move.

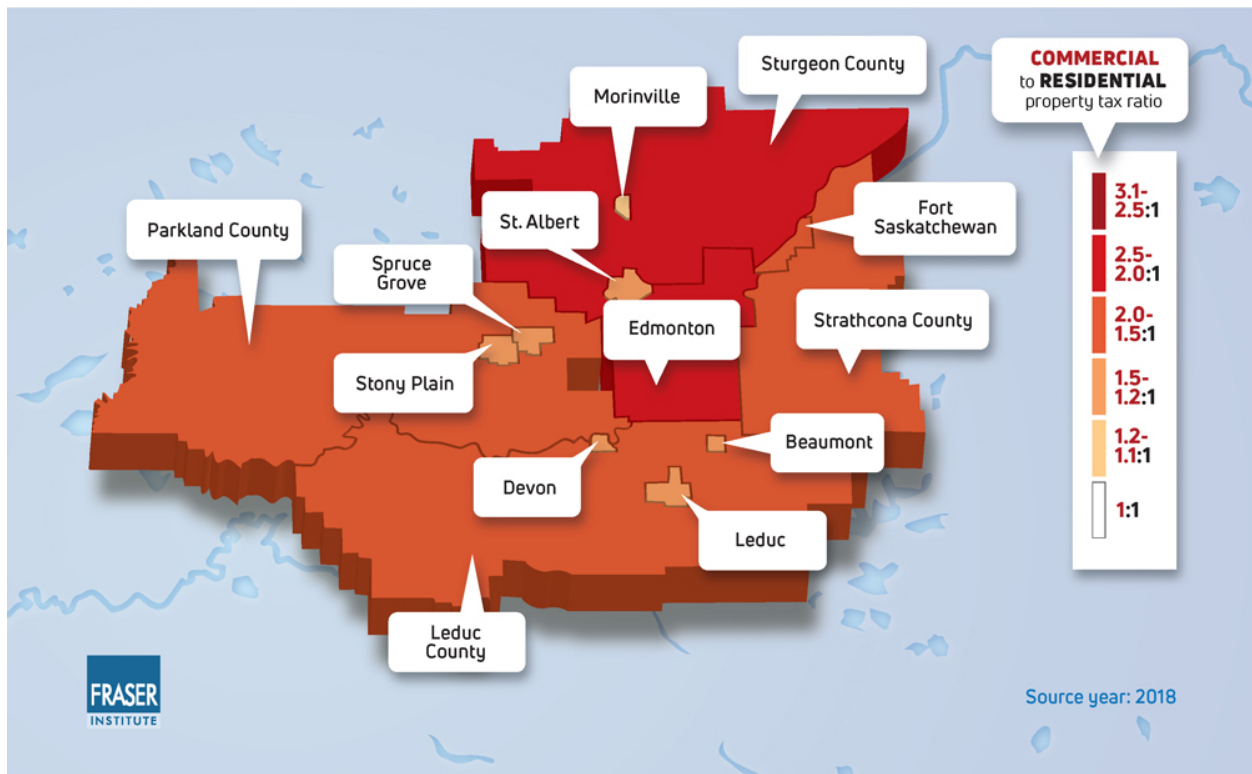
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<sup>1</sup> All documents related to this study found at the following link: [https://www.fraserinstitute.org/studies/who-bears-the-burden-of-property-taxes-in-canadas-largest-metropolitan-areas?utm\\_source=Email&utm\\_campaign=Who-Bears-the-Burden-of-Property-Taxes-in-Canada&utm\\_medium=Dev\\_email&utm\\_content=Learn\\_More&utm\\_term=525](https://www.fraserinstitute.org/studies/who-bears-the-burden-of-property-taxes-in-canadas-largest-metropolitan-areas?utm_source=Email&utm_campaign=Who-Bears-the-Burden-of-Property-Taxes-in-Canada&utm_medium=Dev_email&utm_content=Learn_More&utm_term=525)

- **Edmonton Region**

- In comparison to the Calgary region, the ratio of non-residential to residential property taxes rates is lower in the Edmonton region.
  - In the Edmonton Metro regions' 13 municipalities with more than 5,000 residents, this rate is 1.75, which is less than the Calgary region.
  - In the City of Edmonton, the non-residential tax rate is 2.81 times the residential base rate, compared to 3.93 in Calgary.
- However, when comparing the City of Edmonton to other jurisdictions within the Edmonton Metro region, businesses are paying more in property taxes than residents.

**Businesses in Greater Edmonton are paying 2.5X higher property tax rates than residents, well above the regional average**



- Table 4.4 (on the next page) was produced using the most recent year of data from the Alberta Ministry of Municipal Affairs – 2018.

Table 4.4: Property tax ratios, by property class, in the Calgary and Edmonton regions (2018)

	Residential			Non-Residential		
	General Municipal Tax Rate	Education—Alberta School Foundation Fund Tax Rate	Total	General Municipal Tax Rate	Education—Alberta School Foundation Fund Tax Rate	Total
<b>Calgary</b>						
Airdrie	1.00	1.00	1.00	2.05	1.50	1.84
Beiseker	1.00	1.00	1.00	1.07	1.44	1.15
Calgary	1.00	1.00	1.00	3.93	1.67	3.06
Chestermere	1.00	1.00	1.00	1.88	1.29	1.73
Cochrane	1.00	1.00	1.00	1.38	1.43	1.39
Crossfield	1.00	1.00	1.00	1.31	1.55	1.39
Irricana	1.00	1.00	1.00	1.41	1.11	1.33
Rocky View County	1.00	1.00	1.00	3.00	1.39	2.18
<b>Edmonton</b>						
Beaumont	1.00	1.00	1.00	1.39	1.36	1.38
Betula Beach	1.00	1.00	1.00	1.00	1.42	1.22
Bon Accord	1.00	1.00	1.00	2.02	1.47	1.85
Bruderheim	1.00	1.00	1.00	2.16	1.37	1.95
Calmar	1.00	1.00	1.00	1.35	1.58	1.39
Devon	1.00	1.00	1.00	1.47	1.48	1.47
Edmonton	1.00	1.00	1.00	2.81	1.53	2.45
Fort Saskatchewan	1.00	1.00	1.00	1.78	1.46	1.67
Gibbons	1.00	1.00	1.00	1.85	1.40	1.72
Golden Days	1.00	1.00	1.00	1.00	1.27	1.11
Itaska Beach	1.00	1.00	1.00	1.00	1.30	1.10
Kapasiwin	1.00	1.00	1.00	4.45	1.49	2.92
Lakeview	1.00	1.00	1.00	1.00	1.51	1.22
Leduc	1.00	1.00	1.00	1.20	1.59	1.30
Leduc County	1.00	1.00	1.00	2.09	1.47	1.81
Legal	1.00	1.00	1.00	2.40	1.45	2.15
Morinville	1.00	1.00	1.00	1.00	1.44	1.12
Parkland County	1.00	1.00	1.00	2.00	1.50	1.80
Point Alison	1.00	1.00	1.00	4.96	1.43	2.31
Redwater	1.00	1.00	1.00	2.33	1.42	2.10
Seba Beach	1.00	1.00	1.00	1.00	1.47	1.22
Spring Lake	1.00	1.00	1.00	1.00	1.17	1.06
Spruce Grove	1.00	1.00	1.00	1.43	1.45	1.43
St. Albert	1.00	1.00	1.00	1.39	1.33	1.38
Stony Plain	1.00	1.00	1.00	1.33	1.40	1.35
Strathcona County	1.00	1.00	1.00	2.07	1.48	1.84
Sturgeon County	1.00	1.00	1.00	2.85	1.40	2.25
Sundance Beach	1.00	1.00	1.00	1.00	1.29	1.12
Thorsby	1.00	1.00	1.00	1.94	1.51	1.86
Wabamun	1.00	1.00	1.00	2.46	1.33	2.12
Warburg	1.00	1.00	1.00	1.71	1.46	1.65

Source: Alberta, Ministry of Municipal Affairs, 2018.