

## **Appendix B: On the Use of “Owner-Occupied Principal Residence” Data**

The careful reader will note that, for tables 4 and 6, we use property tax payments on “owner-occupied, principal residences”. For these tables, we purposely exclude property tax on secondary homes, mostly vacation homes like cottages, cabins and the like. We do this for several reasons. First, Statistics Canada collects property tax data for secondary homes to include “water and sewerage” payments. Second, and most importantly, Statistics Canada discontinued the secondary residence “property tax plus water and sewerage spending” numbers after 2013.

There is also the issue of where cottages and other secondary residences are located. Family expenditure data surveys residents in a province, irrespective of where the spending takes place. We presume that a resident, in, say Nova Scotia, has his or her principal residence in Nova Scotia. But that resident could own his or her cottage in, say, Florida, or in another province. For a cottage in Florida, property taxes paid, akin to other housing service costs, are part of total spending on cottages by Nova Scotians, and so are included in the Family Expenditure Survey. This spending is part of Nova Scotia consumption, but is also part of imports, with spending on Florida property taxes treated as an import for a Nova Scotian. By excluding cottages and other secondary residences, we focus on property taxes paid on principal residences, by Atlantic Canadians, paid in Atlantic Canada.

Finally, for 2015, the average Canadian household spent only \$138 on property taxes, water and sewerage on secondary residences, but spent \$2,036 on property taxes and \$373 on water and sewerage on their principal residences (Source: CANSIM Table 203-0021). Therefore, for Canada, property taxes plus water and sewages for secondary residences constitute only about 5.7 per cent of the corresponding payments for principal residences.

Note as well, for tables 1 to 3 inclusive, the Consumer Price Index data include property tax spending both on principal residences and secondary homes. These data are not split out, so there is nothing to be done to further analyze this problem. However, given that property taxes on secondary homes are a small part of total property tax outlays, we consider this to be a minor problem which in no way invalidates the basic empirical and policy discussions in this paper.

**Table 1. "Property Taxes and Other Special Charges" by Province, Canada, and Region (100=2002).**

| <b>Province/Canada</b>             | <b>1992</b> | <b>2002</b> | <b>2016</b> | <b>Sept. 2017</b> |
|------------------------------------|-------------|-------------|-------------|-------------------|
| <b>Newfoundland &amp; Labrador</b> | 72.9        | 100.0       | 157.7       | 168.0             |
| <b>Prince Edward Island</b>        | 77.4        | 100.0       | 162.0       | 162.1             |
| <b>Nova Scotia</b>                 | 77.6        | 100.0       | 160.0       | 161.3             |
| <b>New Brunswick</b>               | 72.6        | 100.0       | 177.9       | 179.3             |
| <b>Maritime Provinces</b>          | 77.1        | 100.0       | 160.9       | 162.3             |
| <b>Atlantic Canada</b>             | 78.1        | 100.0       | 159.7       | 161.4             |
|                                    |             |             |             |                   |
| <b>Quebec</b>                      | 87.9        | 100.0       | 142.5       | 144.6             |
| <b>Ontario</b>                     | 83.5        | 100.0       | 153.6       | 153.6             |
|                                    |             |             |             |                   |
| <b>Manitoba</b>                    | 77.5        | 100.0       | 133.0       | 136.4             |
| <b>Saskatchewan</b>                | 78.9        | 100.0       | 139.3       | 142.1             |
| <b>Alberta</b>                     | 86.9        | 100.0       | 193.2       | 200.4             |
| <b>British Columbia</b>            | 72.5        | 100.0       | 166.1       | 169.8             |
| <b>Western Canada</b>              | 78.3        | 100.0       | 166.7       | 171.4             |
|                                    |             |             |             |                   |
| <b>Canada</b>                      | 82.6        | 100.0       | 153.6       | 156.9             |
|                                    |             |             |             |                   |

*Source:* Statistics Canada CANSIM tables 326-0021 and 326-0020.

**Table 2. “Property Taxes and Other Special Charges” CPI Indexes, Relative to Total CPI Indexes, by Province and Canada (2002 = 100).**

| <b>Province/Canada</b>             | <b>1981/1990</b> | <b>1991/2000</b> | <b>2001/2010</b> | <b>2011/2016</b> | <b>% Δ<br/>1981/1991<br/>to<br/>2011/2016</b> |
|------------------------------------|------------------|------------------|------------------|------------------|---|
| <b>Newfoundland &amp; Labrador</b> | 75.4             | 93.8             | 102.8            | 115.0            | 52.6  |
| <b>Prince Edward Island</b>        | 78.1             | 97.2             | 111.3            | 120.4            | 54.0  |
| <b>Nova Scotia</b>                 | 87.8             | 95.6             | 106.8            | 119.7            | 36.3  |
| <b>New Brunswick</b>               | 69.5             | 93.4             | 111.5            | 136.3            | 96.2  |
| <b>Maritime Provinces</b>          | 80.3             | 94.9             | 108.9            | 125.7            | 56.6  |
| <b>Atlantic Canada</b>             | 79.3             | 107.9            | 107.9            | 123.9            | 56.2  |
|                                    |                  |                  |                  |                  |   |
| <b>Quebec</b>                      | 93.9             | 105.9            | 100.8            | 109.0            | 16.1  |
| <b>Ontario</b>                     | 82.6             | 103.7            | 105.2            | 114.3            | 38.4  |
|                                    |                  |                  |                  |                  |   |
| <b>Manitoba</b>                    | 80.9             | 102.2            | 95.7             | 98.2             | 21.4  |
| <b>Saskatchewan</b>                | 85.1             | 98.5             | 100.4            | 101.3            | 19.1  |
| <b>Alberta</b>                     | 96.7             | 110.1            | 105.1            | 132.1            | 36.6  |
| <b>British Columbia</b>            | 78.6             | 94.7             | 108.1            | 130.9            | 66.5  |
| <b>Western Canada</b>              | 85.1             | 100.8            | 104.5            | 123.3            | 44.9  |
|                                    |                  |                  |                  |                  |   |
| <b>Canada</b>                      | 85.3             | 102.8            | 104.1            | 115.9            | 35.9  |
|                                    |                  |                  |                  |                  |   |

*Source:* Statistics Canada CANSIM Table 326-0021 and authors’ calculations.

| <b>Table 3. Inflation Rates of “Real Property Tax and Special Charges” CPI relative to total CPI (average per cent change per year, broken up by decades).</b>   |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| <b>Province/Canada</b>   | <b>1981/1990</b> | <b>1991/2000</b> | <b>2001/2010</b> | <b>2011/2016</b> |
| <b>Newfoundland &amp; Labrador</b>   | 2.7              | 1.6              | 0.6              | 2.0              |
| <b>Prince Edward Island</b>  | -0.8             | 1.6              | 2.1              | 0.4              |
| <b>Nova Scotia</b>   | 0.0              | 1.0              | 1.8              | 0.6              |
| <b>New Brunswick</b>   | 3.3              | 1.9              | 2.8              | 0.9              |
| <b>Maritime Provinces</b>  | 1.0              | 1.4              | 2.2              | 0.7              |
| <b>Atlantic Canada</b>   | 1.3              | 1.4              | 2.0              | 0.9              |
|  |                  |                  |                  |                  |
| <b>Quebec</b>  | 0.1              | 1.0              | 0.0              | 1.3              |
| <b>Ontario</b>   | 1.0              | 0.9              | 1.3              | 0.3              |
|  |                  |                  |                  |                  |
| <b>Manitoba</b>  | 1.2              | 2.3              | -1.7             | 2.1              |
| <b>Saskatchewan</b>  | 4.1              | 0.6              | -0.3             | 1.0              |
| <b>Alberta</b>   | 1.4              | 0.7              | 0.9              | 3.3              |
| <b>British Columbia</b>  | 2.4              | 1.3              | 2.1              | 1.8              |
| <b>Western Canada</b>  | 2.0              | 1.2              | 1.0              | 2.3              |
|  |                  |                  |                  |                  |
| <b>Canada</b>  | 0.9              | 1.0              | 0.9              | 1.1              |
| <i>Source:</i> Authors’ calculations based on data from Table 2. A zero number reflects that “property tax and special charges” inflation moves exactly in line with total CPI inflation. A positive number represents the fact that “property tax plus special charges” is higher than overall CPI inflation. |                  |                  |                  |                  |

| <b>Table 4. Average Property Taxes* Paid, by Province, Region, and Canada (dollars).</b>   |                  |                  |                        |
|--|------------------|------------------|------------------------|
| <b>Province/Canada</b>   | <b>1997-2000</b> | <b>2011-2015</b> | <b>Per Cent Change</b> |
| <b>Newfoundland &amp; Labrador</b>   | 456              | 1,031            | 126.10%                |
| <b>Prince Edward Island</b>  | 682              | 1,287            | 88.71%                 |
| <b>Nova Scotia</b>   | 714              | 1,329            | 86.13%                 |
| <b>New Brunswick</b>   | 601              | 1,212            | 101.66%                |
| <b>Maritime Provinces</b>  | 665              | 1,277            | 92.03%                 |
| <b>Atlantic Canada</b>   | 621              | 1,221            | 96.62%                 |
|  |                  |                  |                        |
| <b>Quebec</b>  | 1,074            | 1,762            | 64.06%                 |
| <b>Ontario</b>   | 1,477            | 2,299            | 55.65%                 |
|  |                  |                  |                        |
| <b>Manitoba</b>  | 1,247            | 1,574            | 26.22%                 |
| <b>Saskatchewan</b>  | 992              | 1,559            | 57.16%                 |
| <b>Alberta</b>   | 1,068            | 1,783            | 66.95%                 |
| <b>British Columbia</b>  | 1,015            | 1,621            | 59.70%                 |
| <b>Western Canada</b>  | 1,059            | 1,669            | 57.60%                 |
|  |                  |                  |                        |
| <b>Canada</b>  | 1,182            | 1,895            | 60.32%                 |
| * These data are average property taxes paid, per household, on owner-occupied principal residences (houses, condos, etc.), and exclude taxes paid on secondary residences (cottages, etc.). |                  |                  |                        |
| <i>Source:</i> Statistics Canada CANSIM tables 203-0021 and 203-0003   |                  |                  |                        |

| <b>Table 5. Ratio of Property Taxes Paid to the Canada Average (Per Cent)</b> |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| <b>Province/Canada</b>  | <b>1997-2000</b> | <b>2001-2005</b> | <b>2006-2010</b> | <b>2011-2015</b> |
| <b>Newfoundland &amp; Labrador</b>  | 38.5             | 43.4             | 48.7             | 54.4             |
| <b>Prince Edward Island</b>   | 57.7             | 59.9             | 70.3             | 67.9             |
| <b>Nova Scotia</b>  | 60.4             | 61.7             | 64.0             | 70.1             |
| <b>New Brunswick</b>  | 50.9             | 53.1             | 64.1             | 64.0             |
| <b>Maritime Provinces</b>   | 56.2             | 57.9             | 64.5             | 67.4             |
| <b>Atlantic Canada</b>  | 52.6             | 54.8             | 61.2             | 64.5             |
|   |                  |                  |                  |                  |
| <b>Quebec</b>   | 90.9             | 87.3             | 87.8             | 93.0             |
| <b>Ontario</b>  | 125.0            | 127.5            | 126.3            | 121.3            |
|   |                  |                  |                  |                  |
| <b>Manitoba</b>   | 105.5            | 98.1             | 86.1             | 83.0             |
| <b>Saskatchewan</b>   | 83.9             | 89.3             | 87.5             | 82.3             |
| <b>Alberta</b>  | 90.4             | 88.1             | 88.9             | 94.1             |
| <b>British Columbia</b>   | 85.9             | 85.5             | 86.4             | 85.5             |
| <b>Western Canada</b>   | 89.6             | 88.4             | 87.4             | 88.1             |
|   |                  |                  |                  |                  |
| <b>Canada</b>   | 100.0            | 100.0            | 100.0            | 100.0            |
|   |                  |                  |                  |                  |
| <i>Source:</i> Calculated directly from Table 4 above.                        |                  |                  |                  |                  |

**Table 6. Ratio of Property Taxes\* Paid to Total Shelter Costs\*, Owner-Occupied Housing, by Province, Region, and Canada (Per Cent)**

| <b>Province/Canada</b>   | <b>1997-2000</b> | <b>2011-2015</b> | <b>Per Cent Change</b> |
|--|------------------|------------------|------------------------|
| <b>Newfoundland &amp; Labrador</b>   | 14.9             | 16.6             | 11.41%                 |
| <b>Prince Edward Island</b>  | 18.4             | 22.5             | 22.28%                 |
| <b>Nova Scotia</b>   | 17.9             | 19.6             | 9.50%                  |
| <b>New Brunswick</b>   | 16.6             | 21.2             | 27.71%                 |
| <b>Maritime Provinces</b>  | 17.4             | 20.4             | 17.24%                 |
| <b>Atlantic Canada</b>   | 17.0             | 19.5             | 14.71%                 |
|  |                  |                  |                        |
| <b>Quebec</b>  | 27.7             | 25.8             | -6.86%                 |
| <b>Ontario</b>   | 22.4             | 22.3             | -0.45%                 |
|  |                  |                  |                        |
| <b>Manitoba</b>  | 28.8             | 20.5             | -28.82%                |
| <b>Saskatchewan</b>  | 27.0             | 20.3             | -24.81%                |
| <b>Alberta</b>   | 18.6             | 16.8             | -9.68%                 |
| <b>British Columbia</b>  | 15.9             | 15.6             | -1.89%                 |
| <b>Western Canada</b>  | 18.8             | 16.8             | -10.64%                |
|  |                  |                  |                        |
| <b>Canada</b>  | 21.9             | 21.0             | -4.11%                 |
| * These data are average property taxes paid, per household, on owner-occupied principal residences (houses, condos, etc.), and exclude taxes paid on secondary residences (cottages, etc.). |                  |                  |                        |
| <i>Source:</i> Calculated from data in Statistics Canada CANSIM tables 203-0021 and 203-0003.  |                  |                  |                        |

**Table 7. New Brunswick Municipal Property Tax Rates, General Residential Assessments, and Revenue from General Residential Assessments, 2002-2016\***

|  | <b>2002</b>      | <b>2016</b>      | <b>Per Cent Change</b> |
|--|------------------|------------------|------------------------|
| <b>General Residential Assessment</b>                  | \$12,684,279,900 | \$28,016,397,100 | 120.87%                |
| <b>Effective Tax Rate, Per \$100 of Assessed Value</b> | \$1.4585         | \$1.5303         | 4.92%                  |
| <b>Revenue From General Residential</b>                | \$185,000,222.34 | \$428,734,924.82 | 131.75%                |

\* These data are the combined general residential assessment for all New Brunswick municipalities and the average (effective) tax rate for all New Brunswick municipalities.

*Source:* Calculated from data in annual reports of municipal statistics for New Brunswick (2002-2014) and unpublished data for 2015-2016 obtained directly from the New Brunswick Department of Environment and Local Government.



**Table 8. New Brunswick Municipal Expenditures, by Class and Total, 2002-2016\***

|   | <b>2002</b>   | <b>2016</b>   | <b>Per Cent Change</b> |
|---|---------------|---------------|------------------------|
| <b>National All-Items CPI</b>           | 100           | 128.4         | 28.4%                  |
| <b>General Government</b>               | \$60,868,782  | \$101,214,881 | 66.28%                 |
| <b>Police</b>                           | \$74,934,494  | \$128,879,200 | 71.99%                 |
| <b>Fire Protection</b>                  | \$48,381,513  | \$86,974,117  | 79.77%                 |
| <b>Water Cost Transfer</b>              | \$9,932,746   | \$15,383,738  | 54.88%                 |
| <b>Emergency Measures</b>               | \$4,498,929   | \$4,587,728   | 1.97%                  |
| <b>Other Protection Services</b>        | \$4,936,624   | \$10,759,886  | 117.96%                |
| <b>Transportation</b>                   | \$85,876,351  | \$163,105,299 | 89.93%                 |
| <b>Environmental Health</b>             | \$16,677,990  | \$27,747,981  | 66.37%                 |
| <b>Public Health</b>                    | \$165,802     | \$237,579     | 43.29%                 |
| <b>Environmental Development</b>        | \$20,692,914  | \$49,702,871  | 140.19%                |
| <b>Recreation and Cultural Services</b> | \$48,822,502  | \$95,749,942  | 96.12%                 |
| <b>Debt Costs</b>                       | \$51,345,654  | \$86,984,683  | 69.41%                 |
| <b>Transfers</b>                        | \$19,631,015  | \$77,702,641  | 295.82%                |
| <b>Deficit</b>                          | \$1,478,715   | \$1,931,056   | 30.59%                 |
| <b>Total</b>                            | \$448,244,031 | \$850,961,602 | 89.84%                 |

\* These data are the combined expenditure costs for all New Brunswick municipalities.

*Source:* Calculated from data in annual reports of municipal statistics for New Brunswick (2002-2014) and unpublished data for 2015-2016 obtained directly from the New Brunswick Department of Environment and Local Government.