



PERSPECTIVES

ON LABOUR AND INCOME

Fact-sheet on property taxes

In 1999, 6 out of every 10 families owned a home. The rate of homeownership varied by province. Newfoundland and Labrador had the highest rate (73%) and Quebec the lowest (55%), while Ontario and British Columbia with rates of 60% and 58% respectively were close to the national average.

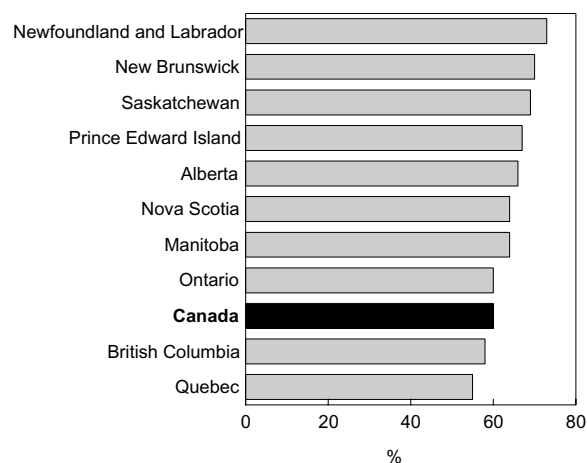
Provincial differences in property taxes

The 1999 Survey of Financial Security (SFS) collected the market value (rather than the assessed value) of homes in May to July 1999 and the property tax paid during the calendar year 1998. These charts and tables examine the link between the two at a provincial level.

The value of a home depends on several factors: size, location, appreciation in value since acquisition, local demand/supply situation, and price of developed land. Therefore, market values will vary not only across provinces but also among localities within a province.

A public-use microdata file for the 1999 SFS is available on CD-ROM (13M0006XCB, \$2,000). For more information, contact Client Services, Income Statistics Division at 1 888 297-7355; (613) 951-7355; fax: (613) 951-3012; income@statcan.ca.

Rate of homeownership



Source: Survey of Financial Security, 1999

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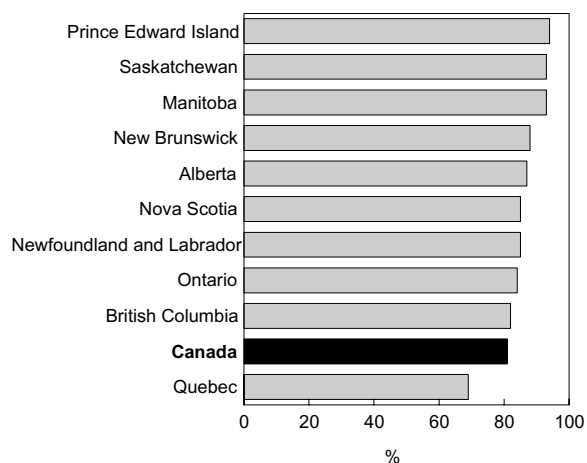
The owned homes took several forms: single/detached (with or without adjoining land in the case of farm families), double/semi-detached, row/terrace, duplex, apartment, or mobile home in a trailer park. The majority of homeownership families lived in a single detached home, the proportion varying from 93% in Manitoba to 73% in British Columbia. For Ontario and Quebec, the proportions were 80% and 74% respectively. The second largest group in Ontario were owners of double/semi-detached homes (8%). Second place in Newfoundland and Labrador was held by duplex owners (4%), and in the remaining provinces by owners of 'other' structures.

Homeowning families by type of property

	Single/ detached	Double/ semi- detached	Row/ terrace	Duplex	Other
	%				
Canada	79.5	5.2	4.3	3.4	7.6
Newfoundland and Labrador	88.9	2.2	1.8	4.4	2.7
Prince Edward Island	88.6	0.7	0.0	1.9	8.7
Nova Scotia	87.9	2.8	0.6	2.1	6.6
New Brunswick	86.0	0.8	0.8	1.6	10.8
Quebec	73.8	6.3	2.7	8.4	8.8
Ontario	80.5	7.9	5.1	1.5	5.0
Manitoba	92.5	1.8	1.4	0.7	3.7
Saskatchewan	91.5	0.5	1.5	0.8	5.8
Alberta	82.0	2.5	5.8	1.7	8.0
British Columbia	72.8	2.4	7.4	3.0	14.4

Source: Survey of Financial Security, 1999

Share of total property taxes paid by owners of single/detached homes



Source: Survey of Financial Security, 1999

Overall, families in single/detached homes paid the bulk (81%) of the total \$12.6 billion paid for property taxes in 1998. The rate was over 90% in Prince Edward Island, Saskatchewan and Manitoba; and between 82% and 88% in Newfoundland and Labrador, Nova Scotia, New Brunswick, Ontario, Alberta and British Columbia. Owners of single/detached homes in Quebec, on the other hand, contributed only 69% of the total property tax in that province.

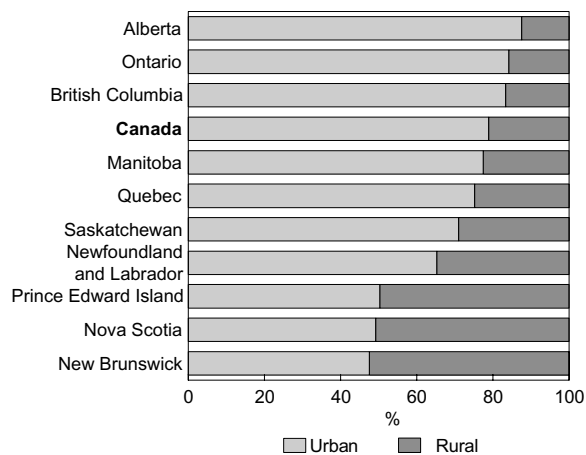
In 1998, homeowners with a single/detached home in Ontario paid the highest property tax (\$2,319) while those in Newfoundland and Labrador paid the lowest (\$611). Some of the interprovincial variation can be attributed to differences in the urban-rural mix and the value of homes across Canada.

Average property tax by type of property

	Single/ detached	Double/ semi- detached	Row/ terrace	Duplex	Other
	\$				
Canada	1,861	1,999	1,494	2,455	1,361
Newfoundland and Labrador	611	675	636	1,367	349
Prince Edward Island	1,073	1,025	0	925	388
Nova Scotia	956	745	980	3,830	559
New Brunswick	922	2,468	1,032	1,433	497
Quebec	1,898	2,220	2,083	2,903	2,120
Ontario	2,319	1,992	1,793	1,889	1,699
Manitoba	1,786	1,474	760	1,842	1,880
Saskatchewan	1,517	2,961	2,271	1,086	691
Alberta	1,456	1,896	852	1,274	810
British Columbia	1,605	1,609	972	1,696	721

Source: Survey of Financial Security, 1999

Homeowning families in urban and rural areas

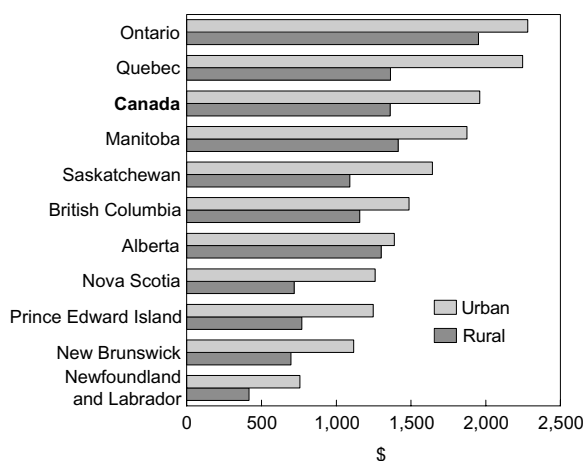


Source: Survey of Financial Security, 1999

The urban-rural split of homeownership families shows considerable variation by province. In Ontario, Alberta and British Columbia, between 83% and 88% of all families were living in urban areas, compared with around 50% in Prince Edward Island, Nova Scotia and New Brunswick. Overall, 79% of Canadian families were living in urban areas in 1999.

Irrespective of province, families in urban areas paid more in property taxes than their counterparts in the rural areas. The differences were more pronounced in some provinces than in others. Although families in urban areas of Quebec and Ontario paid on average almost the same (around \$2,300), those in rural areas paid quite different amounts (\$1,362 in Quebec; \$1,952 in Ontario). Across Canada, the average amount paid by urban families ranged from \$758 in Newfoundland and Labrador to \$2,281 in Ontario. The amount paid by rural families ranged from \$416 and \$1,952 for the same provinces. The range of mean property taxes paid by urban and rural families was almost the same across Canada.

Average property taxes in urban and rural areas

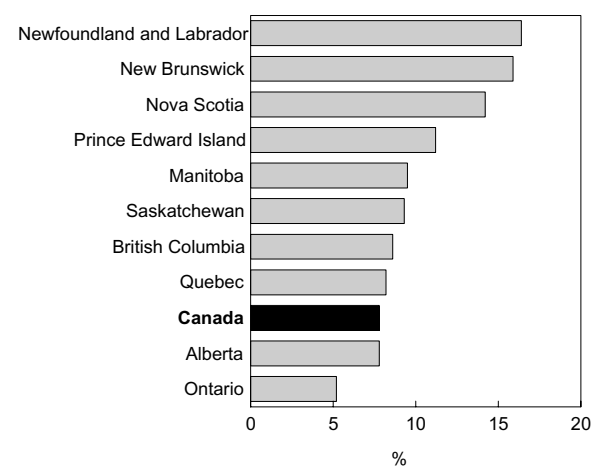


Source: Survey of Financial Security, 1999

A family with no or low income does not pay income tax. However, any family that owns a home must pay property tax. The proportion of families who paid property tax but no income tax was higher in the Atlantic provinces (ranging from 16.4% in Newfoundland and Labrador to 11.2% in Prince Edward Island) than in the Prairies (from 9.5% in Manitoba to 7.8% for Alberta). The proportion in Ontario was just over 5%.

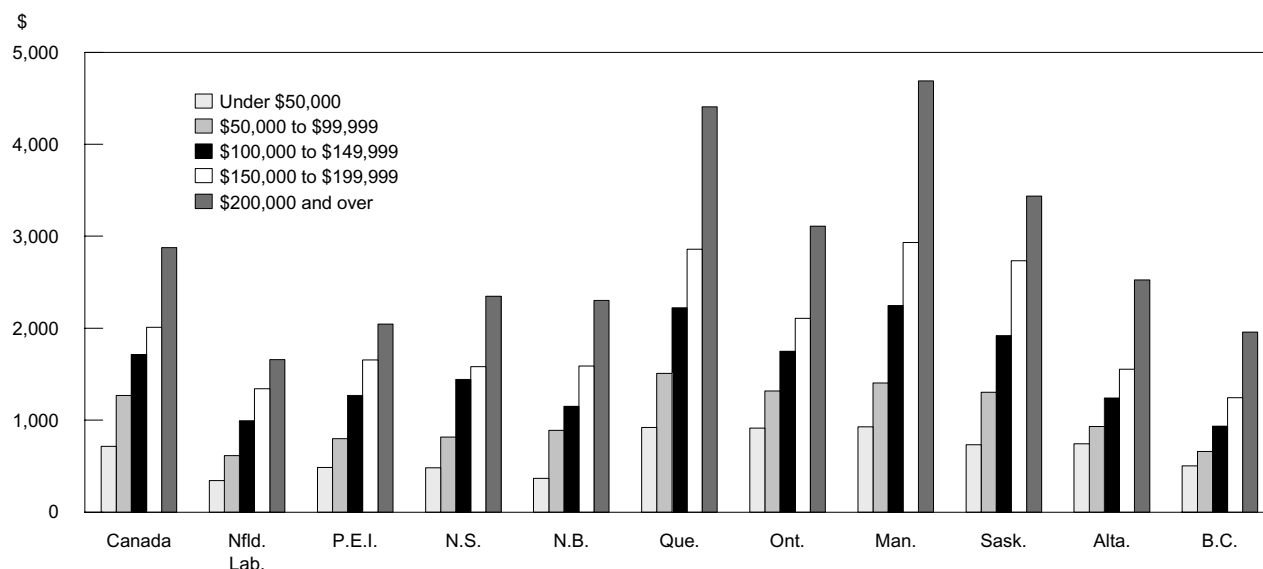
Families who paid property tax but no income tax were mostly elderly. The average age of the major income recipient in these families varied between 58 and 68 years across provinces. In families paying both kinds of tax, the average age ranged from 48 to 51.

Families paying property tax but no income tax



Source: Survey of Financial Security, 1999

Average property taxes by value of property



Source: Survey of Financial Security, 1999

In all provinces, the average tax paid rose as the value of the home increased, although the incremental tax increases with respect to home values were somewhat different. For example, in New Brunswick, families with homes worth \$200,000 and over paid 6.3 times the tax paid by those with homes valued under \$50,000, compared with 5.1 in Manitoba and 3.4 in both Ontario and Alberta.

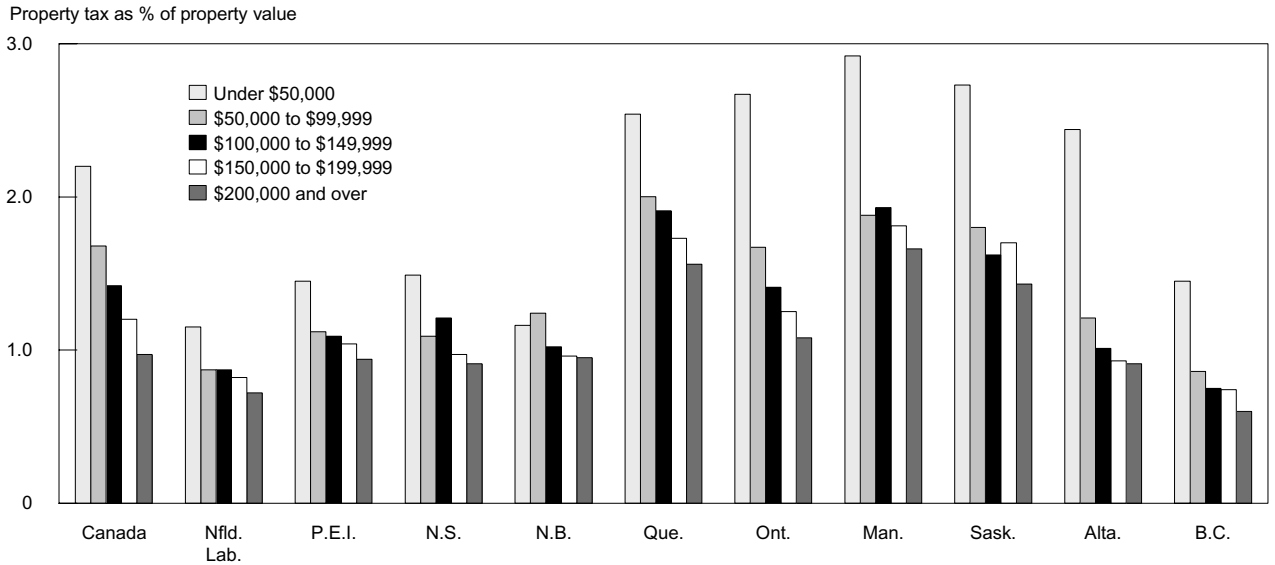
Evidently, families owning homes of equal market value were paying different amounts of property tax across the provinces. To illustrate, families with homes valued under \$50,000 paid, on average, property taxes ranging between \$344 and \$926. Those with homes

worth between \$100,000 and \$149,999 paid between \$933 and \$2,245. For homes \$200,000 and over, the range was between \$1,660 and \$4,691. For a given market value group, families in Manitoba and Quebec paid the highest taxes.

Families in British Columbia with high-priced homes (69% of all families owned homes worth \$200,000 and over) did not necessarily pay higher property taxes. The average amount paid by these families was \$1,957—fairly close to the \$1,660 paid by similar families in Newfoundland and Labrador. Similarly priced homes in Ontario and Alberta, on the other hand, had tax bills of \$3,111 and \$2,526 respectively.

These tables and charts complement the article "Property taxes" in this issue. For definitions and a description of the data source, see the article.

The ratio of average property tax to market value of home

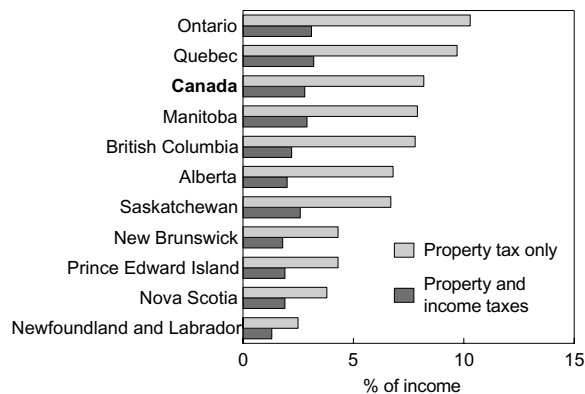


Source: Survey of Financial Security, 1999

The ratio of average property tax to market value of home is another indicator that can be used for interprovincial comparisons of property taxes. In almost all instances, the ratio declines as the market value increases, indicating that

property taxes are regressive in relation to home values. The ratio ranged between 1.15 and 2.92 for families with homes worth under \$50,000, and between 0.72 and 1.66 for those with homes priced at \$200,000 and over.

Property tax paid by payers and non-payers of income tax



Source: Survey of Financial Security, 1999

Homeowning families paying property tax but no income tax in 1998 spent a larger proportion of their income on property tax than families paying both property tax and income tax. In Ontario and Quebec, property tax was 10% of income for families paying only property tax compared with about 3% for families paying both taxes. In Newfoundland and Labrador, the proportions were 2.5% and 1.3%.

The average income of families who paid only property tax ranged from \$16,000 to \$18,000 across the provinces compared with \$52,500 to \$73,400 for those who paid both taxes. Families paying only property tax were most likely elderly with low incomes.

Decomposition of the difference in average property tax paid by province relative to Ontario, 1998

	Percentage decomposition due to:	
	Market value of home	Effective tax rate
	%	
Newfoundland and Labrador	76.1	23.9
Prince Edward Island	85.9	14.1
Nova Scotia	90.7	9.3
New Brunswick	91.9	8.1
Quebec	546.6	-446.6
Ontario
Manitoba	297.6	-197.6
Saskatchewan	191.3	-91.3
Alberta	61.3	38.7
British Columbia	-40.3	140.3

Source: Survey of Financial Security, 1999

Of the total difference in average property taxes paid in 1998 by families in Newfoundland and Labrador and in Ontario, 24% was due to the difference in effective tax rates and the remaining 76% to the difference in market values of homes; the corresponding proportions for Alberta were 39% and 61%. On the other hand, the difference in the average taxes paid by families in Ontario and those in Quebec, Manitoba, or Saskatchewan was much more attributable to the difference in market values of homes, whereas the difference in their effective tax rates had a more modifying and compensatory effect. However, the reverse was true in the case of British Columbia and Ontario where the difference in effective tax rates (proxied as mill rates) was more pronounced.

Since property taxes and values of owner-occupied homes are strongly associated, and since this association varies within a province, it may be interesting to see how unequally property taxes and market values of homes are distributed within each province. Does the province with the most unequally distributed market values of homes show the most unequal distribution of property taxes as well?

In each province, property taxes were more unequally distributed than market values of owner-occupied homes. The highest gap (38%) occurred in Nova Scotia, the lowest (9%) in British Columbia. For families in Ontario, the gap amounted to 10%—much closer to that experienced by their counterparts in British Columbia.

Gini coefficients of market values of owner-occupied homes and property taxes by province

	Values of homes (G1)	Property taxes (G2)	Ratio (G2/G1)
	%		
Newfoundland and Labrador	0.333	0.403	1.21
Prince Edward Island	0.286	0.388	1.36
Nova Scotia	0.299	0.412	1.38
New Brunswick	0.278	0.363	1.31
Quebec	0.288	0.326	1.13
Ontario	0.281	0.308	1.10
Manitoba	0.280	0.364	1.30
Saskatchewan	0.340	0.397	1.17
Alberta	0.276	0.379	1.38
British Columbia	0.324	0.352	1.09

Source: Survey of Financial Security, 1999