

# Property taxes

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MUNICIPAL GOVERNMENTS PROVIDE many of our most visible services: water, snow removal, garbage collection, policing, and fire protection. The mix of services varies somewhat from province to province, since the framework for municipal services and financing is the domain of provincial governments.<sup>1</sup> Furthermore, the level and mix of services may vary within provinces because of the autonomous authority granted to municipalities.

Regardless of the services provided, property taxes are the major source of revenue for local governments across the country.<sup>2</sup> Municipal governments levy such taxes annually on residential, commercial and industrial properties. Other sources of income include grants or subsidies from the province.

Homeowners pay property tax directly to their local government whereas renters pay through their rent. The tax due is typically calculated by multiplying the assessed value of the property by the tax rate—commonly referred to as ‘mill rate’ and expressed as dollars of tax per \$1,000 of assessed value. Residential properties are usually taxed at lower rates than non-residential properties.<sup>3</sup> For example, in Ontario the residential rate is 85% of the non-residential rate (Slack 2000; OFTS 1993).

Property tax is one of the three main taxes paid by households. The other two are income tax and sales tax. Property tax differs in that it is a tax on an asset rather than a financial flow. Property tax is levied on the full value of the property, not the owner’s equity.

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Since property taxes are not directly related to the ability to pay, they may be a particular burden for some homeowners. How is this burden distributed across families with different levels of income? Does the burden vary among the provinces? Do property taxes contribute to after-tax income inequality in Canada? These questions are addressed using information on assets, liabilities and income. Because renters generally do not know the portion of their rent attributable to property taxes, the analysis is limited to homeownership families (see *Data source and definitions*).

## Property taxes highest in Central Canada

In 1998, the average homeowner paid \$1,830 in property taxes (Table 1), ranging from \$640 in Newfoundland and Labrador to \$2,230 in Ontario. Quebec was the only other province higher than the Canadian average, at \$2,030. In general, property taxes were lower in the Atlantic provinces and higher in Ontario and Quebec, with the Western provinces in the middle.

Property taxes are based on two factors: assessed value and mill rate. The assessed value was not available, but homeowners did estimate the current value of their homes. According to these estimates, average property values were highest in British Columbia (\$219,000) and Ontario (\$183,000), followed by Alberta (\$137,000) and Quebec (\$109,000). In the remainder of the country, the average home was valued between \$71,000 and \$92,000.

Dividing the property tax by the estimated property value yields an estimate of the effective property tax rate. Using this approximation, homeowners in Quebec, Manitoba and Saskatchewan were the most heavily taxed in 1998—1.8% to 1.9% of the estimated property value. At the opposite end of the scale, British Columbian homeowners paid just 0.7%. The effective property tax rates of other provinces were in a tight band between 0.9% (Newfoundland and Labrador) and 1.2% (Ontario).

**Table 1: Families by proportion of pre-tax income spent on property and income tax by province, 1998**

	Canada	Nfld. Lab.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
	%										
<b>Property tax</b>											
Less than 2.50%	40.5	78.0	65.4	65.1	69.6	29.5	32.1	36.1	43.8	55.8	55.1
2.50 – 4.99%	35.9	18.3	23.9	25.9	20.2	41.0	40.0	37.6	35.1	28.8	28.6
5.00 – 7.49%	11.6	2.1	5.9	4.7	3.6	14.2	13.7	14.7	11.9	7.9	7.8
7.50 – 9.99%	5.1	0.8	2.1	1.9	3.3	6.2	6.2	4.3	4.2	3.8	3.5
10.00 – 24.99%	5.9	0.7	2.8	2.0	3.0	7.9	6.9	6.1	4.1	3.2	4.3
25.00% or more	0.9	0.0	0.0	0.5	0.3	1.2	1.1	1.2	0.8	0.6	0.8
<i>Mean ratio</i>	2.9	1.4	2.0	2.0	1.9	3.4	3.2	3.1	2.8	2.1	2.3
<b>Income tax</b>											
Less than 2.50%	11.5	21.3	13.9	18.4	18.3	11.8	8.8	12.7	13.8	12.4	12.6
2.50 – 4.99%	3.7	3.5	4.5	3.9	4.9	3.1	4.1	3.3	3.5	4.1	3.1
5.00 – 7.49%	3.9	6.7	4.3	3.8	5.5	2.7	4.9	5.1	3.1	2.7	3.7
7.50 – 9.99%	5.6	6.9	7.5	5.3	7.1	5.2	5.7	4.5	5.9	5.4	5.9
10.00 – 24.99%	58.8	52.6	60.3	59.8	55.4	47.0	64.5	61.5	59.1	63.6	60.9
25.00% or more	16.5	9.0	9.6	8.6	8.9	30.3	12.1	12.8	14.7	11.9	13.9
<i>Mean ratio</i>	21.3	17.9	18.1	18.3	17.5	24.5	20.5	20.4	20.5	20.8	20.7
Mean pre-tax income (\$)	63,640	46,620	50,340	49,070	47,440	59,810	70,480	57,980	53,830	66,430	63,220
Mean home value (\$)	149,790	70,920	92,900	87,540	79,430	109,130	183,420	92,350	84,120	136,530	219,170
Mean property tax (\$)	1,830	640	1,010	990	900	2,030	2,230	1,770	1,480	1,380	1,430
Mean income tax (\$)	13,560	8,340	9,120	9,000	8,300	14,630	14,470	11,850	11,010	13,800	13,110
Property tax to home value ratio (%)	1.22	0.90	1.09	1.13	1.13	1.86	1.22	1.92	1.76	1.01	0.65
Families ('000)	6,888.9	112.2	34.9	218.0	193.2	1,661.4	2,534.1	271.5	248.9	723.5	891.3

Source: Survey of Financial Security, 1999

### On average, income taxes far exceed property taxes

Property taxes constitute a fairly small proportion of the overall family tax burden. The average family income tax bill of \$13,600 was more than seven times the average property tax bill. As a proportion of total income, 21.3% went for income taxes compared with 2.9% for property taxes.

Quebec had the highest rate of both income taxes (24.5%) and property taxes (3.4%). Income taxes ate up 20% to 21% of family income west of the Quebec-Ontario border, and 17% to 18% in the Atlantic provinces. In relation to income, property taxes were highest in Quebec, Ontario and Manitoba, falling off towards the east and west coasts.

Looking only at averages can understate the property tax burden for some families. Although more than three-quarters of families spent less than 5% of their income on property taxes in 1998, 1 in 15 spent more than 10%. Quebecers again felt the sting dispropor-

tionately, with 9.1% spending at least a tenth of their income on municipal taxes. Ontario (8.0%) and Manitoba (7.3%) also showed relatively high numbers.

### Income tax is progressive

A tax set at a fixed percentage of income or expenditure is termed a proportionate or flat-rate tax. For example, the GST is 7% on something that costs \$1 or \$10,000. In contrast, the income tax system is designed to be progressive—the tax rate increases at higher levels of income (see *Tax terminology*). A regressive tax has the opposite relationship with income—the tax rate falls as income increases.

The progressivity of income tax is evident (Table 2). Families with less than \$20,000 of pre-tax income in 1998 paid income tax equalling 4.0% of their income. The income tax rate rises for each successive income class, reaching 28.6% for families that brought in \$100,000 or more—the mark of a progressive rate structure.

## Property taxes

**Table 2: Families by proportion of pre-tax income spent on property and income tax by income, 1998**

	Total	Under \$20,000	\$20,000 - \$34,999	\$35,000 - \$49,999	\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000 or over
							%
<b>Property tax</b>							
Less than 2.50%	40.5	12.8	23.4	29.6	43.3	55.7	75.2
2.50 – 4.99%	35.9	16.4	30.0	44.6	45.8	39.7	23.5
5.00 – 7.49%	11.6	13.6	24.8	17.3	7.9	3.9	0.9
7.50 – 9.99%	5.1	12.7	11.9	5.8	2.3	0.5	0.4
10.00 – 24.99%	5.9	35.8	9.7	2.6	0.5	0.2	0.0
25.00% or more	0.9	8.8	0.2	0.1	0.1	0.0	0.0
<i>Mean ratio</i>	2.9	10.0	5.2	3.9	2.9	2.4	1.8
<b>Income tax</b>							
Less than 2.50%	11.5	66.3	24.1	2.7	0.8	0.2	0.2
2.50 – 4.99%	3.7	9.2	10.1	3.8	0.9	0.1	0.1
5.00 – 7.49%	3.9	6.2	11.3	4.4	1.5	0.7	0.3
7.50 – 9.99%	5.6	6.7	13.1	8.3	2.8	1.9	0.4
10.00 – 24.99%	58.8	9.6	39.9	74.2	79.2	70.4	47.8
25.00% or more	16.5	1.9	1.4	6.6	14.8	26.8	51.3
<i>Mean ratio</i>	21.3	4.0	9.2	15.4	19.2	21.9	28.6
Mean pre-tax income (\$)	63,640	13,800	27,550	42,440	61,750	86,620	151,170
Mean home value (\$)	149,790	111,900	113,710	128,960	150,240	169,920	227,470
Mean property tax (\$)	1,830	1,380	1,440	1,650	1,810	2,090	2,670
Mean income tax (\$)	13,560	560	2,540	6,560	11,880	18,950	43,210
Property tax to home value ratio (%)	1.22	1.24	1.26	1.28	1.20	1.23	1.17
Families ('000)	6,888.9	677.3	1,206.5	1,320.0	1,657.6	1,070.1	957.4
<b>Distribution</b>							
Families	100.0	9.8	17.5	19.2	24.1	15.5	13.9
Total income	100.0	2.1	7.6	12.8	23.3	21.1	33.0
Total income tax	100.0	0.4	3.3	9.3	21.1	21.7	44.3
Total property tax	100.0	7.4	13.7	17.3	23.7	17.7	20.2

Source: Survey of Financial Security, 1999

### Tax terminology

**Effective tax rate:** tax paid as a percentage of total pre-tax income.

**Marginal tax rate:** tax rate levied on the last dollar received in income.

**Progressive tax:** one in which the effective tax rate increases as income increases. The income tax system is progressive.

**Regressive tax:** one in which the effective tax rate falls as income increases.

**Proportional tax:** The effective tax rate remains constant as income changes.

**Flat tax:** All income is taxed at the same rate.

**Elasticity of taxation rate** between income class  $i$  and  $j$  ( $j > i$ ): This coefficient of elasticity ( $E_{ij}$ ), used by Maslove (1973), measures the responsiveness to change in the tax rate due to the change in mean incomes from class  $i$  to  $j$  as follows:

$$E_{ij} = ((R_j - R_i) / (R_j + R_i)) * ((Y_j + Y_i) / (Y_j - Y_i))$$

where  $R_j$  and  $R_i$  are effective tax rates and  $Y_j$  and  $Y_i$  are mean incomes. Because elasticities are calculated in a sequentially paired order (between the second lowest and the lowest, between the third and the second lowest, and so on), no elasticity can be calculated for the lowest income class.

If  $E_{ij} > 0$ , the tax is progressive;

if  $E_{ij} < 0$ , the tax is regressive; and

if  $E_{ij} = 0$ , the tax is proportional between classes.

Families tend to live in increasingly expensive homes as their income increases, although the gradient is much less steep for home values than for income. Families with incomes less than \$20,000 lived in houses with an average value of \$112,000. Those with incomes of \$100,000 and over occupied homes averaging \$227,000. So while average income increased more than tenfold (from \$14,000 to \$151,000), the average home value only doubled.

At the local level, property taxes are generally set up as proportional taxes—the final tax is determined by multiplying the assessed property value times a constant mill rate. The Survey of Financial Security shows that effective property tax rates remain remarkably flat across the country. Homeowners in both the lowest and highest income groups paid 1.2%—also the overall average—of the value of their homes in municipal taxes. No other group varied by more than 0.1 percentage points from the average. Thus, despite the great variation in home values and effective mill rates across the country, property taxes, on average, were proportionate to the value of the property being taxed.

### Property taxes are regressive with respect to income

Although property taxes are proportionate with respect to property values, they are regressive with respect to family income. In 1998, families with incomes under \$20,000 paid 10.0% of their income in property taxes whereas those with incomes of \$100,000 and over paid just 1.8% (Chart A). Between these two extremes, the proportion of income consumed by property taxes declined with each step up in family income.

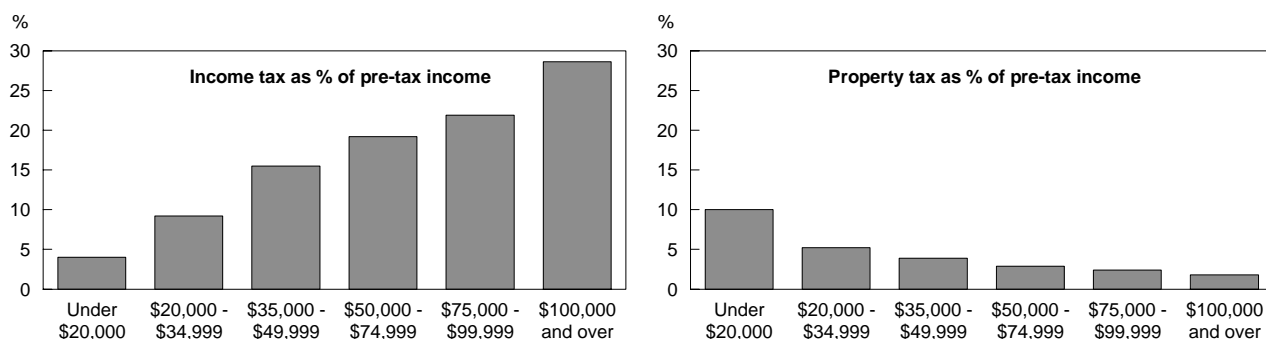
But the burden of property taxes was not the same for everyone within income classes. Property tax share of income varied considerably within groups, particularly at the lower end of the income scale. At the top end, almost all families with incomes of \$100,000 and over paid less than 5% of their income in property taxes. For families bringing in less than \$20,000, a considerable portion (29.2%) also paid less than 5%, but 44.6% paid more than 10%. Furthermore, 1 in 11 families in the lowest income category had tax bills in excess of 25% of their income, a situation that was virtually non-existent among families with incomes greater than \$20,000.

### Quantifying progressivity and regressivity

Comparing the rate of change in tax rates with the rate of change of the income being taxed yields a measure of progressivity termed the ‘elasticity’ of taxes with respect to income.<sup>4</sup> A positive elasticity indicates a progressive tax structure, zero elasticity a perfectly flat structure, and negative elasticity a regressive structure. While income taxes are clearly progressive across all adjacent income groups, property taxes are consistently regressive (Chart B). The pattern of elasticities across income groups shows that most of the action occurs at the lower end of the income distribution.

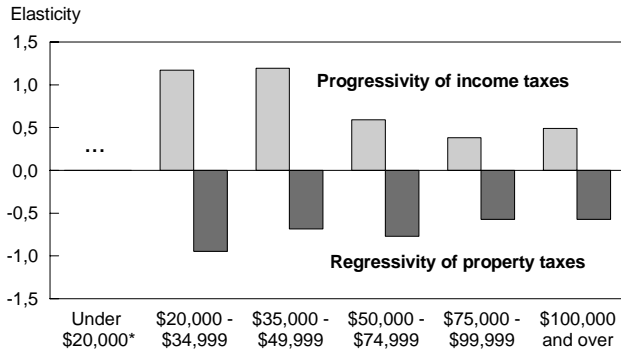
The greatest relative increases in income tax rates occur from the lowest to the lower-middle income groups. These spikes are related to several features of the income tax system. First is the basic progressive structure of income tax rates—they increase across designated income thresholds. Second, some personal deductions at fixed rates provide proportionately

**Chart A: Income tax and property tax shares of pre-tax income move in opposite directions.**



Source: Survey of Financial Security, 1999

**Chart B: Elasticity of income and property taxes is greatest at lower incomes.**



Source: Survey of Financial Security, 1999  
 \* No elasticity can be calculated.

greater tax relief to low-income individuals. Finally, some means-tested tax credits are clawed back as income increases. These features combine to create large proportionate increases in tax rates in the lower-income range since the starting base is effectively zero.

Similarly, property tax elasticity is most regressive at the bottom end of the distribution. This is related to the similarity in home values (and property taxes) across the three lowest income groups combined with large proportionate changes in income from one group to the next.

### Property taxes and family income inequality

One premise underlying the progressive income tax system is that it reduces inequality in the distribution of income among families. Thus high-income families pay a greater proportion of income in taxes, and the after-tax income distribution is more equal than the pre-tax distribution. For example, families with incomes of \$100,000 and over accounted for 13.9% of all homeowning families but received 33.0% of total income and paid 44.3% of total federal and provincial income tax in 1998. At the other extreme, families with incomes under \$20,000 constituted 9.8% of homeowning families, received 2.1% of total income, and paid 0.4% of income tax.

The Gini coefficient is a standard measure of inequality. Higher coefficients indicate more inequality, lower coefficients signal more equal distributions. The measure varies from 0 (everyone has the same income) to 1

(one family has all the income). Among homeowning families, the Gini dropped from a pre-tax 0.362 to a post-tax 0.321, indicating that income taxes reduced inequality in family incomes by about 11% (Table 3).

Since property taxes are regressive, they have the opposite effect on the Gini coefficient—they raise inequality. Considering the effect of property taxes alone, the Gini coefficient rose from 0.362 pre-tax to 0.369 after. Similarly, with property taxes netted out after income taxes, the 0.321 post-income tax Gini rose to 0.329. The effect of property taxes somewhat negates the effect of income taxes in reducing the income inequality.<sup>5</sup> The reduction of 11% in income inequality by income taxes reversed to 9% after property taxes were taken out of post-income-tax family incomes. However, not all families are equally affected.

**Table 3: Gini coefficients of family income**

	Gini coefficient	Gini index
<b>Total income</b>	<b>0.362</b>	<b>100.0</b>
Minus property taxes	0.369	101.9
Minus income taxes	0.321	88.7
Minus both taxes	0.329	90.9
Income taxes	0.547	...
Property taxes	0.361	...

Source: Survey of Financial Security, 1999

### Property taxes among low-income and elderly families

The elderly and those in low income are the groups most frequently cited as burdened by property taxes. Homeowning families below the low-income cutoff (LICO), both elderly and non-elderly, paid property taxes that were, on average, higher than their income tax bills (Table 4). Property taxes equalled 12% of the income of elderly low-income families and 11% of the income of other low-income families. The average property tax bills of both differed little (maximum of \$350) from those of homeowning families above the LICO. In contrast, families above the LICO paid income tax at rates four to five times higher than below-LICO families (with the absolute differences in dollar amounts higher by a factor of at least 17).

## Data source and definitions

The analysis is based on the **Survey of Financial Security (SFS)**, conducted between May and July 1999. The sample contained 23,000 dwellings from the 10 provinces. Excluded were persons living on Indian reserves, members of the armed forces, and those living in institutions such as prisons, hospitals, and homes for seniors. The SFS interview questionnaire (Catalogue no. 13F0026MIE-01001) is available free on the Statistics Canada Web site at [www.statcan.ca/cgi-bin/downpub/research.cgi](http://www.statcan.ca/cgi-bin/downpub/research.cgi). For more details about the sample, response rates, handling of missing data, weighting, and so forth, see *The assets and debts of Canadians: An overview of the results of the Survey of Financial Security* (Catalogue no. 13-595-XIE).

The survey collected socio-demographic and labour force characteristics of persons aged 15 years and over, and the assets and debts of their families as of the time of the survey. Income for 1998 was compiled from authorized linkage to tax records or collected in person. Collection was by personal interview, although respondents could also complete the questionnaire themselves. Financial data were sought from the family member most knowledgeable about the family's finances. Proxy response was accepted.

The survey also asked about major on-going expenses associated with the principal residence: mortgage payments, property taxes (including school taxes, if paid separately), rent, electricity, water, and other services. Rent was not apportioned to property tax, utility charges, or landlord's share. Although expenses could be reported as a monthly or quarterly average, the data were processed and compiled on an annual basis.

Since missing property tax data were not imputed, homeownership families who did not report property taxes paid in 1998 were excluded from the sample. Thus the analysis is based on a sample of 9,769 or an estimated 6,889,000 homeownership families. Survey data are subject to sampling and non-sampling errors, especially for provinces with relatively smaller samples. Therefore, interprovincial comparisons should be made with caution.

The SFS estimate of property taxes paid in 1998 was \$12.6 billion compared with \$18.3 billion published by the Public Institutions Division (PID) of Statistics Canada (Statistics Canada 2003). The PID data for 1998 are based on a census of municipalities obtained from provincial departments of municipal affairs. (Data for more recent years are based on a sample survey.) One would expect a larger estimate from the administrative data simply because of differences in coverage. While the SFS covers only taxes paid on owner-occupied dwellings, the

administrative data also include taxes paid on rented and vacant dwellings. In addition, the administrative data cover all property taxes collected—commercial and industrial as well as residential. The relationship between the SFS and PID is in the expected direction, but determining if the size of the difference is appropriate would require substantial further study.

**Family:** Refers to economic families and unattached individuals. An economic family is a group of persons sharing a common dwelling and related by blood, marriage (including common law) or adoption. An unattached individual is a person living alone or with unrelated persons.

**Elderly family:** A family with a major income recipient aged 65 or over.

**Major income recipient:** The person in the family with the highest income before tax. If two persons had exactly the same income, the older one was treated as the major income recipient.

**Pre-tax family income:** Sum of incomes received by the six oldest family members aged 15 and over during the calendar year 1998 from all sources: wages and salaries, net income from farm and non-farm self employment, investment income (interest earned, dividends, net rental income, etc.), government transfers (Employment Insurance benefits, Old Age Security, child benefits, Canada/Quebec Pension Plan benefits, social assistance, etc.), retirement pension income, and alimony. Excluded are income in kind, tax refunds, and inheritances.

**Low-income family:** Families are classified using the after-tax low-income cutoffs for 1998 published by Statistics Canada. For more details, see *Income in Canada, 1998* (Catalogue no. 75-202-XPE).

**Income tax paid:** Sum of federal and provincial income tax paid during the calendar year 1998 by all family members.

**Market value of owner-occupied home:** Market value at the time of the survey and as reported by the family member most knowledgeable about the family finances. It is not an assessed value, which is usually less than the market value.

**Gini coefficient:** Used as a measure of inequality in the distribution of income, the Gini coefficient lies between 0 (no inequality) and one (total inequality—that is, one family has all the income). Thus, the closer this coefficient is to 1.0, the greater the inequality in the distribution of incomes among families.

**Table 4: Family income, property taxes, financial assets, and home equity by type of family**

	Pre-tax income (I)	Property tax (PT)	Income tax (IT)	Finan- cial assets*	Equity in home**	Ratio	
						(PT/I)	(IT/I)
			\$				%
<b>Non-elderly</b>							
Low-income	14,040	1,520	820	47,580	91,130	10.8	5.8
Non-low-income	72,940	1,870	16,110	93,650	103,830	2.6	22.1
<b>Elderly</b>							
Low-income	13,360	1,560	450	78,630	132,080	11.7	3.4
Non-low-income	42,740	1,780	7,610	148,920	134,160	4.2	17.8
<b>All families</b>							
Low-income	63,640	1,830	13,560	102,170	109,450	2.9	21.3
Non-low-income	13,930	1,530	750	52,840	98,060	11.0	5.4
Non-low-income	66,650	1,850	14,340	105,160	110,140	2.8	21.5

Source: Survey of Financial Security, 1999

\* Chequing/savings accounts in financial institutions, term deposits, Canada Savings Bonds, other bonds, stocks, mutual funds, shares in privately held companies, RRSPs, RRIAs, RESPs, RHOSPs, DPSPs, treasury bills, loans to others, mortgages, and other financial investments.

\*\* Market value of home less outstanding mortgages.

On average, homeowners—even those below the LICO—had significant assets in 1999 compared with the size of their property tax bill. Regardless of income, elderly homeowners held similar equity in their houses (\$132,000 to \$134,000). Moreover, elderly families above the LICO held an average \$149,000 in financial assets,<sup>6</sup> while those below averaged \$79,000.<sup>7</sup>

## Summary

Property taxes make up a relatively small component of the tax bills of most Canadian families. On average, homeowners paid 2.9% of their family income for property taxes in 1998, compared with 21.3% in income taxes.

Quebec homeowners faced the highest tax burden, paying 24.5% of income for income taxes and

3.4% for property taxes. Along with Manitoba, Quebec had the highest tax rate with respect to the estimated value of the home, at 1.9%. Saskatchewan followed closely at 1.8%, while all other provinces had rates of 1.2% or lower.

Although property taxes are generally manageable for most families, about 1 in 15 paid 10% or more of their income in property taxes. This figure rose to 1 in 11 in Quebec, and was also relatively high in Ontario and Manitoba.

Income taxes and property taxes differ in their relationship to family income. Under Canada's income tax system, higher-income families pay higher rates of income tax—a progressive tax structure. Although property taxes are proportionate with respect to property values across income classes, low-income

families spend a higher proportion of their income on property taxes than do higher-income families. Property taxes are therefore regressive with respect to family income.

The progressive nature of income taxes and regressive nature of property taxes are evident throughout the income distribution, but the steepest gradient for both types of taxes is at the lower end of the income distribution.

The redistributive nature of income taxes lowers a standard measure of inequality (the Gini coefficient) by about 11%. However, property taxes work in the opposite direction, increasing the post-income tax measure by almost 2%.

Although discussions about property tax effects frequently focus on the elderly, data show that low-income families—young or old—pay relatively high proportions of their incomes in property taxes. However, elderly homeowners have relatively high levels of home equity and financial resources, particularly compared with elderly renters.

## Perspectives

### Notes

1 The role of the province in local decision making is described in Bird and Slack (1993) as follows:

... Since the British North America Act was first implemented, the provinces have had the exclusive right to create or disband municipal corporations. The provinces also determine the powers and responsibilities of their constituent municipalities, and hence their expenditure requirements. They also dictate which revenue sources are available to finance these expenditures. [For example, some provinces delegate primary and secondary

school funding to municipalities, while others fund schools from provincial revenues.] Municipalities can only undertake those functions assigned to them by the provinces.

In each province, there is generally a provincial statute governing various aspects of municipalities. . . . (p. 13)

2 The term ‘property’ as used in this article refers to an owner-occupied home or farm; property owned but used for rental or business purposes is excluded.

3 Non-residential properties include multi-unit apartments, retail stores, office towers, parking lots, farms and managed forests, vacant land, pipelines, and industrial complexes.

4 Elasticities shown in Chart B are based on pre-tax family incomes. However, use of after-tax family incomes (out of which property taxes are paid) would have resulted in fractionally smaller elasticities but would not have changed the outcome of the analysis.

5 Several provinces offer property tax rebates for lower income homeowners through the income tax system. However, a separate analysis of Ontario and Manitoba—two provinces with such rebate programs—indicate that the net effect of income and property taxes was a smaller drop in inequality than was observed at the national level and in the remaining provinces. So any progressive effect associated with rebates is likely small. A more thorough assessment of this issue would require detailed income tax information on all provincial rebate programs.

6 Financial assets include savings accounts, term deposits, bonds, mutual funds, equity shares, registered savings/retirement income plans, loans, mortgages, and other financial investments.

7 In contrast, elderly renters had much lower average financial assets—\$57,900 for non-LICO families and just \$11,200 for LICO families—and, of course, no home equity (data not shown).

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More information on provincial differences in property taxes can be found in *Key labour and income facts*.