



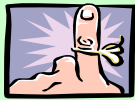
Contents

- Message from Minister Van Mulligen
- Education property tax relief for farmers
- Community Share 2006
- Revenue sharing top up

Events:

- [Municipal Leadership Development Program Calendar](#)

Have you updated
YOUR
information in the
Municipal Directory On-Line?



Check it out!

municipal.gov.sk.ca

Municipal Relations Division welcomes
your feedback on **Municipalities Today**.

Contact us by **phone:**
(306) 787-4340 or **email:**

muninfo@gr.gov.sk.ca



Message from Minister Van Mulligen

On February 3, 2006, I was appointed as the Minister of Government Relations. I'm looking forward to working with local governments and associations. In some ways, it is like coming home because my first experience as an elected official was serving on Regina City Council.

We are entering a new era of governance with *The Municipalities Act* that came into effect January 1 of this year. Local governments are seeing the advent of increased opportunity to make local decisions coupled with local accountability for the decisions made.

Recently announced increases to revenue sharing and one time funding for capital expenditures under the Community Share 2006 program have been announced. This financial commitment to municipalities demonstrates our support to Saskatchewan communities and our belief that the local governments are in the best position to determine local priorities.

For revenue sharing the increase has two components. For 2005-06 \$12.2 million of supplemental revenue sharing will be provided to urban, rural and northern municipalities. These funds will be transferred to municipalities by the end of March.

The second component is that for 2006-07 the revenue sharing base will be increased by \$12.2 million. This will mean the total money provided through revenue sharing will be \$97.2 million per year.

Community Share is a one-time unconditional capital grant, which municipalities may use for any capital projects of their choice. This can include options like a wheelchair ramp at the local seniors' centre, the purchase of a set of swings for the playground, the purchase of life-saving firefighting equipment, repairs to a bridge or street, a skateboard park, or to contribute to a recreation or sports complex project. Funds can be invested in projects such as energy saving enhancements to public facilities, used in the purchase of road building equipment, and ensuring the provision of safe drinking water.

Municipalities can pool these funds with their neighbouring communities to fund joint

projects that will benefit the larger community.

In my new capacity as Minister of Government Relations, I am also responsible for leading the charge on the equalization file. We have a new federal government that has committed to fundamental reform of the program. We will hold them to that commitment and we will want to see imminent action on the equalization file. Resolving the equalization issue in a way that is fair to our province will go a long way to having sustainable funding to put in place long-term sustainable solutions for issues like the funding of education.

I look forward to working with municipal governments and associations to address those issues of importance to you and to a strong future for our province.

Education property tax relief for farmers

Premier Lorne Calvert announced on March 3, 2006, that the province will provide an additional \$52.8 million in education property tax relief for agricultural land which establishes, on average, a 60/40 province/local education funding split for agricultural land. This commences for 2006.

This is ongoing, sustainable funding that fulfils the province's commitment to farmers and farm families. The 60/40 relationship

will be maintained in the future and provides a permanent property tax reduction for agricultural land.

This relief will be distributed using the current provincial education property tax credit (PEPTC) mechanism for the foreseeable future. The PEPTC program, worth \$110 million over the 2005 and 2006 taxation years, has been a key element of government's plan to address the concern regarding the current level of education property taxes. The credit that was used for the 2005 taxation year was 8%.

The process will remain the same as in 2005 for the PEPTC program, except that the credit for agricultural land changes from 8% to 38%. The 38% credit will only be applied to properties that are classified as either:

- Non Arable (Range) Land and Improvements; or
- Other Agricultural Land and Improvements.

These are the same classes of property already in use in the property tax system for the provincial percentages of value and are defined in regulations.

Government Relations contacted all the tax roll software vendors and they have started making the necessary software modifications to allow the percent change of the credit for agricultural land to occur. This will provide software suppliers the month of

March to reprogram, test, implement and distribute updated software so municipalities can begin to issue tax notices in April. Any costs incurred to make these modifications will be paid by the Department of Learning, as was done last year.

Administration of the tax credit remains the same. Municipalities will:

- calculate the appropriate credit;
- reduce the school taxes by the credit;
- show the credit on the tax notice for the property; and
- provide a written report respecting the credits to any school division on whose behalf it levies taxes.

The school division will then submit a form to the Minister of Learning for a grant that will compensate for the reduced revenue received from municipalities as a result of the credits.

The Education Property Tax Credit Regulations will be amended by the Department of Learning to enable the 38% credit to agricultural land. Other rules, such as the \$2,500 cap for properties that are identified as multi-unit residential (except condominiums), commercial and industrial, elevators, railway rights of way and pipelines remain intact.

There have been inquiries concerning acreages. The majority of acreages may contain

some agricultural land assessment (as defined in regulation) which would be eligible for the 38% credit. Municipalities will need to ensure the 38% credit is applied strictly to agricultural land as previously described. Ratepayers may contact their municipal office to determine how their acreage is classified and then they can estimate the impact of the announcement for their individual situation.

This provincial decision does not try to address any specific local circumstances relating to education property tax shifts, for instance due to assessment revaluation or school division restructuring. The impact of education property taxes for a specific property class will still depend on the mix of types of properties within each jurisdiction.

Government Relations is currently preparing a mail out that will go to all municipalities across the province explaining the recent change and how the 38% credit for agriculture land will be implemented in 2006.

Community Share 2006

On February 6, 2006, at the SUMA Convention, Premier Calvert announced the \$32 million Community Share 2006 program.

Community Share is a one-time unconditional capital grant, which municipalities may use for

any capital projects of their choice. It is not necessary to apply for the grant. Payments will be sent to each municipality by March 31, 2006.

Municipalities will be asked to provide information on how the grant was used. An information template will be provided to municipalities by March 31, 2006.

The grants for each municipality are calculated on a per capita basis. Each municipality will receive \$34.23 per capita, based on its 2001 census population.

Information on the grant amounts for each municipality are posted on the [Department of Government Relations' web site](#). Letters were also sent out to each municipality advising of their grant amounts in early March.

Revenue sharing top up

At the SUMA Convention on February 6, 2006, the Premier also announced a \$10 million one-time top of Revenue Sharing grants for all municipalities. Subsequent to the SUMA announcement, a further top up of \$2.21 million for urban municipalities was announced on March 10, 2006.

The original \$10 million top up will be distributed among the urban, rural and northern Revenue Sharing pools on a proportionate basis, with an 11.76% increase to each pool.

The additional \$2.21 million will be allocated to urban municipalities.

As a result of these top ups, the cities will move to a two-tiered per capita Revenue Sharing distribution. Each town, village and resort village will receive a \$10.13 per capita top up. Each northern municipality will receive a 10.78% top up. The top ups for rural municipalities were calculated by using the unconditional distribution formula implemented in 2003, after consultations with SARM.

The grants will be paid to all municipalities by March 31, 2006. Letters will be sent to each municipality advising of their top up amounts and the amounts will be posted on the department's web site.

For 2006-07, the \$12.21 million will be added to the Revenue Sharing base and distributed among the three pools in the same proportions as the top ups. The cities' grants will be distributed based on the two-tier per capita distribution formula agreed to with the cities. The rural grants will be distributed according to the formula that was implemented in 2003.