

# Education Property Tax Cuts in Manitoba: Examining Bill 71

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# Introduction

IN APRIL 2021, Scott Fielding, Minister of Finance for the Manitoba government, introduced Bill 71.<sup>1</sup> This bill was entitled *The Education Property Tax Reduction Act (Property Tax and Insulation Assistance Act and Income Tax Act Amended)* and was intended to initiate the elimination of the education portion of property taxes, which had been a campaign promise from fall 2019.<sup>2</sup> Most of the government's legislative agenda for the third session of the forty-second legislature was introduced in the fall of 2020, but the government did not introduce Bill 71 until April 19, 2021.<sup>3</sup> The bill received royal assent on May 20, 2021, in order for the rebate cheques to be sent out before municipal taxes came due in June.

There were several policy issues that came up from the legislative process of this bill. First, and most central to this bill, there were questions that arose from the role of education property tax itself and the best way to fund education. Next, there were issues relating to the implementation of the bill and to what extent those aligned with its purposes. Finally, there was an issue of to what extent the bill benefits renters, and to what extent it should. As will be seen, the bill presented several empirical and normative questions regarding whom the legislation benefits and whom it should benefit. This paper will consider these policy issues and contextualize them within the history and role of education property taxes. In addition, this paper will argue that the merits of the bill do not stand up to critical scrutiny, as the government did not effectively present a compelling policy basis for the implementation of the bill.

# History of Education Property Taxes

BEFORE TURNING TO Bill 71 in detail, it is worth considering the history and contemporary use of property taxes, and in particular the use of property taxes to fund education. Property tax has existed in Canada since at least 1793, and until the First World War it was the only tax that most Canadians paid.<sup>4</sup> In general, property tax in Canada is a tax on real property and has been referred to as “the backbone of the municipal revenue structure.”<sup>5</sup> These taxes are the primary funding source for local governments and contribute to services such as police, roads, sewers, and education. Property taxes are the third largest source of tax revenue in Canada, across all levels of government.<sup>6</sup> In Manitoba and many other jurisdictions, these taxes are typically expressed as a mill rate, which is the rate of tax in dollars for each \$1,000 of taxable assessed value.<sup>7</sup>

There are several justifications to raising taxes in this way. First, property taxes have the benefit of being simple. It is easy to identify the property that is to be taxed; the immobile and visible nature of the tax base makes it difficult to avoid.<sup>8</sup> Second, because of the local nature of property taxes there is a clear link between the source of the tax and the benefits to the taxpayer.<sup>9</sup> Typical criticisms against property taxes are that they could be inadequate, regressive, or impede growth.<sup>10</sup>

In Manitoba, property tax statements are made up of three elements. There is a municipal tax which accounts for a significant portion of municipal

revenues, a provincial education support levy, and a school division special levy. The education support levy was eliminated for residential and farm properties in 2006 but continues to be levied on other properties.<sup>11</sup> Both the education support levy and the special levy are applied under *The Public Schools Act*.<sup>12</sup> For the education support levy, the minister determines the amount to be raised by the levy, and then municipalities must set an appropriate mill rate to raise the amount and then remit it to the provincial government.<sup>13</sup> For the special levy, the minister notifies each school division of the amount of provincial funding that will be provided to them, and then each school division determines what additional amount must be raised from the municipalities that constitute it.<sup>14</sup> As with the education support levy, each municipality must then apply an appropriate mill rate to raise the required amount.<sup>15</sup> In order to reduce the burden of these property taxes, Manitoba also has a education property tax credit which can be claimed by all property owners and renters, as well as additional tax credits for seniors.<sup>16</sup> For the purposes of this paper, “education property tax” refers to the combined education support levy and special levy, but in the context of residential and farm properties only the special levy applies.

Within Manitoba, there has been pushback for decades against the way education property taxes are raised.<sup>17</sup> In part, this criticism comes from the unique system that the province uses to fund education. Although seven out of ten provinces levy a property tax to fund education, Manitoba is currently the only province where education property taxes are set by individual school boards.<sup>18</sup> Because property assessment levels vary between school divisions, the taxation capacity differs between divisions. To correct this disparity, the province uses an equalization system that provides additional funding to divisions with lower assessment levels per student. Therefore, the proportion of education that is funded by the province and the division is not equal across all school divisions, leading to are concerns about inequities between school divisions and the programs offered.<sup>19</sup>

# Framework of the Bill

BILL 71 WAS structured in three parts. Part I implemented the education property tax rebate, Part II amended the Manitoba *Income Tax Act* to reduce the applicable tax credits, and Part III amended several other statutes, most notably the *Residential Tenancies Act* (“RTA”).<sup>20</sup>

Part I amended the *Property Tax and Insulation Assistance Act*<sup>21</sup> by adding a part entitled “General School Tax Rebate.”<sup>22</sup> This new part established a system under which a rebate cheque would be sent to all property owners in proportion to their education property taxes owed.<sup>23</sup> The amount of the rebate was differentiated by type of property. For residential and farm properties, the amount of the rebate for 2021 was 25 percent of the total education property taxes payable.<sup>24</sup> For subsequent years, the minimum rebate was 25 percent, but the amount could be increased by regulation.<sup>25</sup> In the case of other properties, the rebate for 2021 was 10 percent, which, like residential and farm properties, could be increased in subsequent years.<sup>26</sup>

Because the intention of the bill was to reduce net education property taxes payable, it also needed to proportionally reduce the tax credits that applied against the property taxes. Thus, Part II of the bill operated to reduce all education property tax credits available under the *Income Tax Act* by the same proportion as the rebate.<sup>27</sup> Accordingly, whereas the maximum value of the education property tax credit had previously been \$700, Bill 71 effectively reduced it to \$525.<sup>28</sup>

The significant portions of Part III of the bill were the amendments to the RTA. Because the education property tax credit — a tax credit available to

property owners as well as renters – was reduced, the intention of the *RTA* amendments was to provide a benefit to renters, who would not benefit from the rebate. The bill provided for a rent freeze in 2022 and 2023.<sup>29</sup>

For 2021, the government estimated that \$248 million in rebate cheques would be sent out, and the cost of mailing these rebates was \$1.3 million.<sup>30</sup> Given the reduction to the education property tax credit, the net cost of the rebate was \$151 million in 2021.<sup>31</sup> It was estimated that the average rebate in 2021 would be worth \$385.<sup>32</sup>

# Origin of Bill 71

BILL 71 CAME about as a fulfillment of the PC Party’s campaign promise that was made shortly before Manitoba’s 2019 general election. That September, Premier Brian Pallister stated that “Manitoba has one of the most complicated and uneven education property tax regimes in the country” and that his party would eliminate education property taxes if re-elected.<sup>33</sup> He promised to phase out the tax beginning the year after the budget was balanced and that the elimination would take no more than ten years.<sup>34</sup>

The intention to begin the tax elimination in 2021 was expressed in the October 2020 Speech from the Throne, which indicated that the purpose of implementing it was to provide financial assistance to Manitobans through tax relief.<sup>35</sup> The speech came shortly after a surplus of \$5 million was published for 2019–2020.<sup>36</sup> This was the first surplus following the government’s promise to balance the budget by 2022 and provided the condition precedent for eliminating the education property tax. However, due to high spending and low revenues in response to the COVID-19 pandemic, Manitoba suffered a deficit of \$2.08 billion in 2020–2021.<sup>37</sup> Although the province projected a return to balance in eight years, the economic consequences of the pandemic provided the additional justification of eliminating the property tax to provide financial support.<sup>38</sup> While the measure was framed as financial assistance, the bill essentially amounted to a tax cut for property owners that was funded through borrowing in a period of significant deficits.

The original intention was to increase the rebate amount for residential and farm owners from 25 percent to 50 percent for 2022.<sup>39</sup> However, as the



new Premier and leader of the PC Party, Heather Stefanson said in October 2021 that she would likely delay the further “cut,” but keep the elimination within the original ten-year promise.<sup>40</sup> Thus, while Stefanson intends to continue with the elimination of the education property tax she plans to delay further reduction. This may give an opportunity to square the financial support angle of the bill with the goal of reforming education finance which, as will be seen below, has thus far been largely ignored.

# Policy Issues

BILL 71 PRESENTED several policy issues that will be explored here. First, the messaging on the purpose of the bill was not unified and was disconnected from the actual benefits that the bill provided. Second, by attempting to reduce reliance on property taxes to fund education, the bill entered into the controversial and historied policy area of education finance but did not adequately address this issue. Third, as one of the ostensible purposes of the bill was to provide financial assistance, the efficacy of the bill’s mechanism to accomplish this must be considered. Finally, the effect of Bill 71’s rent freeze will be analysed.

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## Purpose of the Enactment

One of the key issues with Bill 71 was that the government never clearly articulated a persuasive policy goal for eliminating education property taxes. In the 2019 announcement that a re-elected PC government would begin to phase out education property taxes, the Premier stated that “Manitoba has one of the most complicated and uneven education property tax regimes in the country,” but the primary justification for the tax elimination appeared to be “saving homeowners thousands of dollars each year on their property tax bill when fully implemented.”<sup>41</sup>

When Fielding introduced the bill for its second reading, his comments largely focused on providing the “largest tax reduction in the history of the

province” that would “keep more money in the pockets of Manitobans” during the pandemic.<sup>42</sup> He did note that the bill would “pave the way for a new education funding system in Manitoba” and would fix the “misalignment between the funding levels and student needs” caused by the system of locally set property taxes.<sup>43</sup> Feilding announced that the bill would allow “governments to create a new funding formula that will focus on resources of where they’re needed most and achieve better results for students.”<sup>44</sup> However, the potential benefits to the education system consistently appeared to be peripheral to the goal of reducing taxes. When asked why the government was borrowing money during a pandemic to fund the tax rebate, Feilding responded that “Manitobans need the support right now. We wanted to supercharge our commitment to reduce taxes in the first two years because we’re in a pandemic and Manitobans need support.”<sup>45</sup> Other PC MLAs who spoke in support of the bill focused on the notion that Manitobans pay too much tax and that the government needed give “more of their hard-earned dollars back.”<sup>46</sup>

Based on these comments, it is clear that the primary concern of the bill was to reduce taxes and provide financial support for Manitobans during the pandemic. This may be a laudable goal, but if the purpose was to provide financial support to Manitobans who needed it, it is unclear why the rebate was tied to education property taxes or why the rebate was not income-tested for Manitobans who were demonstrably in need of financial support. If the bill was intended to reform the system of education funding in the province, it is unclear why was it structured as a rebate and why the government did not attempt to clearly outline the policy and evidentiary basis for eliminating education property taxes. Indeed, if the intent of the bill was to allow for a new education funding formula to be developed, why was there no consideration of what such a funding formula should look like before implementing the bill?

Some of these questions were raised during the legislative debates by members of the opposition. For example, NDP finance critic Mark Wasyliv suggested that instead of sending rebate cheques, the government could have passed legislation that would actually adjust property taxes.<sup>47</sup> NDP MLA Nello Altomare raised the issue that given the cost of \$1.3 million to send the rebate cheques, the government could have instead increased the education property tax credit which would have reduced the amount of tax immediately payable without the added cost.<sup>48</sup>

In fact, although the bill was ostensibly intended to reduce education property taxes, property taxes would continue to be collected in full. Accord-

ing to the government’s budget proposal “[p]roperty owners will continue to pay education property taxes but will receive a 25 per cent rebate of the school division special levy payable in 2021.”<sup>49</sup> In addition, the budget stated that education property taxes would be frozen at 2020 levels.<sup>50</sup> Thus, the bill did not immediately operate to reduce property taxes, but instead adopted a system whereby the taxes would continue to be collected and then refunded back to taxpayers. It is notable that the bill did allow the government to make regulations that would achieve an equivalent benefit to the rebate by reducing education property taxes, but it is unclear why this approach was not adopted initially.<sup>51</sup>

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## Education Finance Reform

It is important to note that although the sustainability of education funding was a common concern throughout the debates, Bill 71 did not reduce education funding. Instead of coming from the education budget, the rebate would be paid out of the province’s consolidated fund. While the bill did not affect the extent to which education would be funded, a freeze of education property taxes would centralize funding, as local school boards were formerly able to increase education property taxes directly. This was a key concern for school boards during the Bill 71 committee hearing, as school divisions in Manitoba had seen a reduction in real dollars of operating funds since 2016 and had used their special levy to compensate for that reduction.<sup>52</sup> From the 2015/2016 to the 2020/2021 education operation budget, the total budget increased from \$2.25 billion to \$2.5 billion.<sup>53</sup> This amounts to an increase of 11 percent, ahead of the rate of inflation for the same period of 8.1 percent.<sup>54</sup> However, the provincial contribution over the same period only increased from \$1.404 billion to \$1.456 billion, an increase of 3.7 percent.<sup>55</sup> Thus, provincial contributions to the operating budget had failed to keep pace with inflation, which amounted to a funding decrease of \$61.6 million. In terms of the proportion to the overall operating budget, provincial contributions had decreased from 62.4 percent to 58.2 percent over the same period.<sup>56</sup> In its 2021 budget, the government committed to increasing total education funding by \$1.6 billion over four years, which could help reverse this trend.<sup>57</sup> As this number includes capital spending, it is unclear to what extent this will provide additional operating resources.

However, setting aside these objections to centralizing jurisdiction over education funding, it is worth considering if and how property taxes should

be used to fund education.<sup>58</sup> As noted above, the key argument against locally set education property taxes is that it can create inequities between schools based on different tax rates and values of the tax base. In effect, the concern is that it is easier for a school division with high property values to raise funds than a school division with lower property values. However, it is unclear to what extent Manitoba's reliance on local taxation adversely affects equity in practice. According to the 2020/2021 Manitoba K-12 education budget, divisions with high property values did not have correspondingly high operating expenses per student.<sup>59</sup> This is because the school funding formula includes "equalization support" which is provided to schools with lesser property tax bases in order to ensure that they can meet program requirements.<sup>60</sup> However, the Manitoba Teachers' Society argues that the equalization formula only represents a partial response to unequal revenue bases and that a wholly provincially funded model would fix these equity issues.<sup>61</sup>

Other interest groups also support the idea that education should be fully funded by the province. For many, the primary argument is that the education system is too reliant on property taxes, and that a model that draws to a greater extent on general revenues would be fairer.<sup>62</sup> However, a fully provincial system could continue to use property taxes, but likely a lesser proportion. This is the model that has been adopted in other provinces. By 1990, most provinces had moved from local models to a highly centralized model whereby the province contributed 90 to 100 percent of education funding, while Alberta, Saskatchewan, Manitoba, and Ontario continued to use locally set taxes.<sup>63</sup> By 2012, Manitoba remained as the only province to do so.<sup>64</sup> Despite further calls for reform, Manitoba had thus far continued to stand in contrast to other provinces and only minor changes had been made to date. A study by Joseph Garcea and Dustin Munroe described the situation in Manitoba thusly:

[Manitoba] is a paradoxical anomaly because increasing the degree of centralization of authority and responsibility for raising and distributing funds for education did not occur despite the fact that there was a higher degree of consensus among the major governmental and non-governmental stakeholders, other than the provincial government, to do so than in [Alberta, Saskatchewan, and Ontario].<sup>65</sup>

Garcea and Munroe suggest that the most likely explanation of this is that Manitoba governments did not want to assume financial or political responsibility for the education system and may have "felt that they did not

have either the requisite financial or political capital to achieve a radical shift in authority and responsibility.”<sup>66</sup> Although centralized funding would reduce local autonomy, organizations such as the Manitoba Teachers’ Society have preferred the possibility of equal education opportunities over local autonomy.<sup>67</sup>

However, other interest groups have advocated for continued local taxation coupled with a higher proportion of provincial support. Organizations such as the Manitoba Association of School Trustees argue that local taxing authority allows divisions to offer unique programs that reflect local needs, which may not be possible in a system where only the province contributes funds.<sup>68</sup> The Manitoba Minister of Education’s Working Group on Education Finance report in 2004 recommended increasing provincial contributions to 80 percent and decreasing reliance on local property taxes, but not entirely.<sup>69</sup> Similarly, Saskatchewan’s 2003 report on education finance recommended an 80/20 split between general revenues and property taxes. The report stated:

There are benefits to funding education locally. It respects a community’s ability to determine the level and type of education programs delivered locally. The community and the ratepayers hold the school division accountable for decisions about things like school closures. Some would argue that since the local community is the next most critical unit in society outside the family, education needs to remain at that level. Provincial governments recognize that local governance of education has prevented operating decisions, such as school closures, bussing routes, staffing and student discipline, from becoming issues for the province to manage. Local governance also provides an opportunity for solutions to mirror the needs and interests of the local community – something that is hard to achieve with a centralized governance model.<sup>70</sup>

Although these reports are nearly two decades old, the concern that an inability to raise taxes locally would harm programming is still present. In the committee hearing for Bill 71, Alan Campbell of the Manitoba School Boards Association summarized the position, saying that “[l]ocal voices and local choices is a philosophy that has extended well beyond governance to include funding as well.”<sup>71</sup>

The current Manitoba government’s promise to eliminate education property taxes signals a shift in policy towards the centralized model adopted by the other provinces. However, there has not been a recently published comprehensive review of education finance in Manitoba. Although the provincial government did form the Manitoba Commission on Kindergarten

to Grade 12 Education in 2019 to guide a review of the education system, the Commission did not focus on funding models.<sup>72</sup> It recommended that the government “[c]onduct a provincial review of the provincial funding formula to ensure an equitable distribution of education funding across the province.”<sup>73</sup> It noted that the government’s commitment to balance the budget and eliminate education property taxes were “clear signals that achieving equity in education funding is not simply about investing more money in the education system; it is rather about making better use of the resources we have.”<sup>74</sup> However, given the context of the government’s promise to eliminate education property taxes, it is difficult to conclude that the primary purpose was about achieving equity in education. It was announced during a campaign where the top policy priority was to reduce taxes and was not accompanied by any acknowledgement of the debate surrounding education funding.<sup>75</sup> The fact that the Commission recommended the government undertake a review of education funding after the promise to dramatically alter education funding indicates that the decision to eliminate property taxes was not primarily based on the question of education equity.

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## Financial Support

The key justification for Bill 71 given during the legislative debates was that the bill was necessary to provide financial support to Manitobans during the pandemic. A crucial issue that was brought up during the debates was that if the rebate was primarily a form of financial support it should have been directed towards Manitobans most in need.<sup>76</sup> As pointed out by Kevin Rebeck of the Manitoba Federation of Labour during the committee hearing, because “property tax levels are based on the assessed value of the property, they tend to ensure that wealthier individuals pay higher taxes. That means that the rebates created by this bill would pay out more to wealthier Manitobans on average.”<sup>77</sup> Fielding’s response appeared to categorically characterize property owners on the whole as wealthy or not. In reference to the average house sale value in Manitoba, Fielding responded to Rebeck: “I just don’t think that someone that’s in a \$325,000 house, the 658,000 property owners, are wealthy.”<sup>78</sup> In support of Fielding’s comments, David von Meyenfeldt of the Manitoba Real Estate Association argued that “the vast majority of Manitobans are not wealthy or would not describe themselves as such.”<sup>79</sup> In contrast, Josh Brandon of the Social Planning Council of Winnipeg noted that “there are low-income homeowners, and... there are

even homeowners living in poverty. They're far fewer than renters. But for lower income homeowners, they tend to live in lower valued properties, and so they will receive a disproportionately small share of the benefit of this... \$190-million tax cut.”<sup>80</sup>

Fielding's framing of whether property owners are wealthy or not sets up a false dichotomy. It is possible for there to be both wealthy and non-wealthy property owners, and the critics of Bill 71 did not dispute this fact. In fact, it is largely irrelevant whether property owners are typically wealthy. The issue was that those who own more valuable property would receive substantially larger rebate cheques than those who own less valuable property. Thus, if the purpose of the bill was to help address financial need, the operation of the bill appeared to run counter to this principle. As noted by Brandon, renters have lower incomes than property owners, yet they were left out of this rebate system entirely. Therefore, Bill 71 was ineffective in implementing a strategy to assist Manitobans experiencing financial hardship due to the pandemic.

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## Protections for Tenants

To contextualize the impact of Bill 71's rent freeze, the process of how rent increases work in Manitoba should first be outlined. Once a year, residential landlords can legally increase rent. The government limits the amount by which rents can be increased, and this limit is called a rent increase guideline.<sup>81</sup> Bill 71 set the rent increase guideline to zero percent for 2022 and 2023, thereby “freezing” rent at 2021 levels.<sup>82</sup> However, landlords are also able to increase rent above the guideline amount by applying to the Residential Tenancies Branch. It is important to note that the Branch typically approves every application for an above guideline increase that it receives.<sup>83</sup> This leads to average rent usually increasing ahead of the increase guidelines each year.

One issue present in Bill 71 was whether renters would be adversely affected by the reduction to their education property tax credit. The government's 2021 budget estimated that renters would see a modest net benefit when taking into account the rent freeze. Taking an example monthly rent of \$1,200, a zero percent increase would leave the annual cost at \$14,400, compared to a guideline increase of 1.6 percent which would result in an increase to \$14,630. In this scenario, the savings of \$230 would offset the tax credit reduction of \$175, leaving the renter with a net benefit of \$55.<sup>84</sup> Of course, this analysis only applies if rent never increases above the rent increase guidelines. Because rent consistently increases above the guidelines,



it is likely that renters will see a lesser benefit than estimated. Regardless, if the purpose of Bill 71 was to provide financial assistance, it is difficult to see why such a comparatively small possible benefit was arranged for renters, who are more likely to have lower wages than owners.<sup>85</sup>

# Conclusion

AFTER THE IMPLEMENTATION of Bill 71, the Manitoba government announced in November 2021 that it was creating a consultation team to assist in the development of a new education funding model in order to ensure equitable funding across the province.<sup>86</sup> As noted above, a review of this nature was recommended by the government’s Commission on K-12 education. The goals of this review were to include “developing a stable, predictable and phased implementation plan to transition from the existing funding formula to the new formula in a way that can accommodate the progress of eliminating education property taxes.”<sup>87</sup> A new funding model is intended to be implemented for the 2023–2024 school year. Recall that a key concern with the current system under which school divisions determine their own property tax rates is that it has the potential to create inequities due to differences between rates and property values in different school divisions. Thus, this issue needs to be studied and a new model may need to be adopted, as has already been done in other provinces. However, it is significant that a comprehensive review was not done before the decision to eliminate education property taxes, and the new announcement suggested that the new system will accommodate the elimination of education property taxes. As demonstrated above, there are potential benefits to using property taxes to fund education, and an approach that uses both general revenues and property taxes has been adopted in most other provinces. In order to assess the best way to fund education in the province, the government should not start with the assumption that property taxes cannot be used before initiating any systematic review of education funding policy.

Bill 71 exists within a context of education finance reform on which there has been debate for decades. Although the trend among Canadian provinces has been to centralize the responsibility for education funding wholly with the provincial government, Manitoba has thus far been the exception. Therefore, Bill 71 represents a significant departure from tradition to a new funding mechanism. Additionally, the move to entirely eliminate education property taxes represents a significant departure from Manitoba's close neighbours, which have all adopted a model where provincially levied property taxes contribute substantially to education. Despite the significance of this change the government did not effectively communicate a coherent policy rationale for the change in relation to education finance. While the bill's promoters in the legislature paid brief attention to the notion that locally set property taxes can result in inequities between school, a strong case for this based on empirical evidence was not made. Instead, the bill was primarily promoted as a mechanism to deliver a tax break that would assist property owners during the pandemic. Manitoba may be due for education finance reform, but that debate should take place on the merits of the reform in relation to education.

Therefore, the bill addressed significant policy questions, but largely in a superficial manner that did not engage with the core of those issues. Although there may have been legitimate reasons for adopting the bill, there was little attempt to justify the bill in a comprehensive or logically coherent manner. The result was a poorly executed rebate system which served to assist only property owners, without justifying why they were most in need of the rebate. The bill and the surrounding discussion could have been improved by clearly identifying the policy basis for eliminating education property taxes and by outlining the relevant empirical and normative arguments. In addition, a clear plan for reforming education finance should have been presented before fundamentally changing one of the largest single sources of education funding. The bill suffered from mixed messaging because the stated reason for implementing it was to provide financial support against the backdrop of education finance. Separating these policy goals that have no clear link would have allowed each issue to be debated on their individual merits. Due to this alignment of the bill's messaging, it appears that the purpose of the bill was to implement an election promise to cut taxes rather than to meaningfully engage with the issues of financial support or education reform. Unfortunately, the government was not willing to respond effectively to the legitimate shortcomings of the bill, and thus, democracy in Manitoba suffered.

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## Endnotes

- 1 Bill 71, *The Education Property Tax Reduction Act (Property Tax and Insulation Assistance Act and Income Tax Act Amended)*, 3rd Sess, 42nd Leg, Manitoba, 2021 (assented to May 20, 2021).
- 2 See “Education Property Taxes to be Phased Out” (September 3, 2019), online: *Progressive Conservative Party of Manitoba* <pcmanitoba.com> [perma.cc/AEG7-7UHD].
- 3 See Manitoba, Legislative Assembly, *Speech from the Throne*, 42–3, (October 7, 2020).
- 4 See Harry Kitchen, Enid Slack & Tomas Hachard, *Property Taxes in Canada: Current Issues and Future Prospects*, (Toronto: Institute on Municipal Finance and Governance, 2019) at 2.
- 5 J Stefan Dupré, “The Property Tax in Canada” (Paper delivered at the National Tax Association’s Annual Conference on Taxation, 1958), (1958) 50 *Proceedings of the Annual Conference on Taxation under the Auspices of the National Tax Association* 77 at 77.
- 6 See Josef Filipowicz & Steven Globerman, *Who Bears the Burden of Property Taxes in Canada’s Largest Metropolitan Areas?* (Vancouver: Fraser Institute, 2019) at 3.
- 7 See “How are Taxes Calculated - Tax Rates” (April 7, 2021), online: *City of Winnipeg Assessment and Taxation* <assessment.winnipeg.ca> [perma.cc/L67E-PGUE].
- 8 See Bev Dahlby & Melville McMillan, *The Right Tax for the Job: The Role of Property Taxes in Funding Cities* (Toronto: Institute on Municipal Finance and Governance, 2019) at 2.
- 9 *Ibid.*
- 10 *Ibid.*
- 11 See Manitoba, Legislative Assembly, *The 2006 Manitoba Budget Address*, 38–4 (March 6, 2006) at 25.
- 12 CCSM c P250.
- 13 *Ibid.*, ss 181-185.
- 14 *Ibid.*, s 186.
- 15 *Ibid.*, s 188.
- 16 See *Income Tax Act*, CCSM c I10, s 5.4.
- 17 See eg “Trustees’ evasions”, Editorial, *Winnipeg Free Press* (March 10, 2004) A14.
- 18 See Molly McCracken, “Fast Facts: Education property tax cut is misguided effort” (July 8, 2021), online: *Canadian Centre for Policy Alternatives* <policyalternatives.ca> [perma.cc/57N8-TYLS].
- 19 See eg Danton Unger, “Manitoba education funding model review to begin in the fall, deputy minister says” (June 15, 2021), online: *iHeartRadio* <iheartradio.ca> [perma.cc/XZ8V-8HGA].
- 20 CCSM c R119 [RTA].
- 21 CCSM c P143 [PTIAA].
- 22 See Bill 71, *supra* note 1, s 2.
- 23 See PTIAA, *supra*, note 21, ss 12.2-12.3.
- 24 *Ibid.*, s 12.1
- 25 *Ibid.*
- 26 *Ibid.*

- 27** See Bill 71, *supra* note 1, ss 9-13.
- 28** *Ibid*, s 10.
- 29** *Ibid*, s 16(2).
- 30** See Dan Lett, “Pallister spares no expense in delivering tax rebate cheques”, *Winnipeg Free Press* (April 8, 2021), online: <winnipegfreepress.com> [perma.cc/8YVA-WBX8].
- 31** See Manitoba, Legislative Assembly, *Manitoba Budget 2021*, 42–3 (2021) at 60.
- 32** See Manitoba, Legislative Assembly, *Hansard*, 42–3, vol 75, No 52B (April 20, 2021) at 2563 (Mark Wasyliv).
- 33** “Education Property Taxes to be Phased Out”, *supra* note 2.
- 34** *Ibid*.
- 35** See Manitoba, *Speech from the Throne*, *supra* note 3.
- 36** See Bartley Kives, “Manitoba posts tiny surplus in 2019–20, but the black ink will be short-lived”, *CBC News* (September 29, 2020), online: <cbc.ca> [perma.cc/9HUT-NJUM].
- 37** See Warren Lovely & Daren King, “Two years of pandemic deficits, giving way to modest shortfalls” (National Bank of Canada, 2021).
- 38** See Manitoba, News Release, “Province Sets Target to Return to Balanced Budget Within Eight Years” (March 15, 2021) online: *Province of Manitoba* <news.gov.mb.ca> [perma.cc/6BDR-BX4Z].
- 39** See Manitoba, *Manitoba Budget 2021*, *supra* note 31 at 62
- 40** See Dan Lett, “Premiers-in-waiting break silence”, *Winnipeg Free Press* (October 27, 2021), online: <winnipegfreepress.com> [perma.cc/34S5-JSDV].
- 41** “Education Property Taxes to be Phased Out”, *supra* note 2.
- 42** Manitoba, Legislative Assembly, *Hansard*, *supra* note 32 at 2557 (Hon Scott Fielding).
- 43** *Ibid*.
- 44** *Ibid* at 2558.
- 45** *Ibid* at 2559.
- 46** *Ibid* at 2574 (Josh Guenter). See also *ibid* at 2567, 2569, & 2574; Manitoba, Legislative Assembly, *Hansard*, 42–3, vol 75, No 53 (April 21, 2021) at 2600 & 2602.
- 47** See Manitoba, Legislative Assembly, *Hansard*, *supra* note 32 at 2562 (Mark Wasyliv).
- 48** *Ibid* at 2572 (Nello Altomare).
- 49** Manitoba, *Manitoba Budget 2021*, *supra* note 31 at 143.
- 50** *Ibid* at 54.
- 51** See *PTIAA*, *supra* note 21, s 12.9(d).
- 52** See Manitoba, Standing Committee on Social and Economic Development, 42–3, vol 75, No 12 (May 10, 2021) at 539.
- 53** See Manitoba Education, *FRAME Report 2015/16 Budget* (Winnipeg: Province of Manitoba, 2015) at i; Manitoba Education, *FRAME Report 2020/21 Budget* (Winnipeg: Province of Manitoba, 2021) at i.
- 54** See “Inflation Calculator” (2021) online: *Bank of Canada* <bankofcanada.ca> [perma.cc/S6D8-J9KJ].

- 55** See Manitoba Education, *FRAME Report 2015/16 Budget*, *supra* note 90 at i; Manitoba Education, *FRAME Report 2020/21 Budget*, *supra* note 53 at i.
- 56** See Manitoba Education, *FRAME Report 2015/16 Budget*, *supra* note 90 at i; Manitoba Education, *FRAME Report 2020/21 Budget*, *supra* note 53 at i.
- 57** See Manitoba, *Manitoba Budget 2021*, *supra* note 31 at 54.
- 58** Within the debate on education reform there is an issue of whether a localized or centralized decision-making body is best suited to determine the needs of individual schools. This is a topic that merits discussion on its own and a fulsome analysis of the issue is largely outside of the scope of this paper.
- 59** Based on Manitoba Education, *FRAME Report 2020/21 Budget*, *supra* note 53 at 60. However, there is a lopsided tax burden in Manitoba, as divisions with lower property assessment levels per student generally have higher mill rates.
- 60** See Schools' Finance Branch, *Funding of Schools 2020/2021 School Year* (Winnipeg: Province of Manitoba) at 17.
- 61** See Dick Henley & Jon Young, "School Boards and Education Finance in Manitoba: The Politics of Equity, Access and Local Autonomy" (2008) 72 *Canadian Journal of Educational Administration and Policy* 1 at 13.
- 62** *Ibid.*
- 63** See Joseph Garcea & Dustin Munroe, "Reforms to Funding Education in Four Canadian Provinces" (2014) 159 *Canadian Journal of Educational Administration and Policy* 1 at 6.
- 64** *Ibid* at 7.
- 65** *Ibid* at 27–28.
- 66** *Ibid* at 28.
- 67** See Henley & Young, "School Boards and Education Finance in Manitoba", *supra* note 61 at 13.
- 68** *Ibid* at 14.
- 69** *Ibid.*
- 70** Ray Boughen, *Finding the Balance* (Regina: Commission on Financing Kindergarten to Grade 12 Education, 2003) at 50. Note that Saskatchewan did eventually adopt a centralized model that included a uniform property tax levy across the province. See Garcea & Munroe, "Reforms to Funding Education in Four Canadian Provinces", *supra* note 63 at 19
- 71** Manitoba, Standing Committee on Social and Economic Development, *supra* note 52 at 511.
- 72** See Commission on K to 12 Education, *Public Consultation Discussion Paper* (Winnipeg: Government of Manitoba, 2019) at 15.
- 73** Commission on K to 12 Education, *Our Children's Success: Manitoba's Future* (Winnipeg: Government of Manitoba, 2020) at 128.
- 74** *Ibid* at 131.
- 75** See "Education Property Taxes to be Phased Out", *supra* note 2.
- 76** See eg Manitoba, Legislative Assembly, *Hansard*, 42–3, vol 75, No 54B (April 22, 2021) at 2667 and 2676.
- 77** Manitoba, Standing Committee on Social and Economic Development, *supra* note 52 at 529.

**78** *Ibid* at 533.

**79** *Ibid* at 520.

**80** *Ibid* at 531.

**81** See Residential Tenancies Branch, *Rent Increases* (Winnipeg: Rental Tenancies Branch, 2019).

**82** See Bill 71, *supra* note 1, s 16(2).

**83** See Ian Froese, “Critics doubt Residential Tenancies Branch will start saying no to landlords who push for rate hikes”, *CBC News* (April 9, 2021), online: <cbc.ca> [perma.cc/K6MG-UM66].

**84** See Manitoba, *Manitoba Budget 2021*, *supra* note 31 at 61.

**85** In 2017 median income of owner households in Manitoba was \$90,400 and for renter households it was \$42,100. See Statistics Canada, Canadian Income Survey 2012–2017, *Survey of Labour and Income Dynamics 2006–2011* (Ottawa: Statistics Canada, 2019) [perma.cc/A6HD-7PK8]. In addition, low-income earners are less likely to own property and were more likely to be economically disadvantaged by the pandemic. See Molly McCracken, “Education Property Tax Cuts Worsen Income Inequality in Manitoba” (May 18, 2021), online: *Canadian Centre for Policy Alternatives* <policyalternatives.ca> [perma.cc/9K57-NSLS].

**86** See Manitoba, News Release, “Province Begins Work to Redevelop Education Funding Model” (November 18, 2021) online: *Province of Manitoba* <news.gov.mb.ca> [perma.cc/W6SJ-RD3T].

**87** *Ibid*.



**CCPA**

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