

Property Tax 101

What do my property taxes pay for?

- There are two levels of property tax: provincial and local (municipal).
- The provincial tax helps pay for healthcare, education, social services, the administration of justice and more.
- Municipal taxes help pay for municipal services such as policing, fire services, general administration and more.
- In the case of local service districts, there is a combined provincial/local tax that helps pay for local services in these areas.

How is my property classified?

- Taxable property is classified as either:
 - residential or non-residential (i.e., businesses).
- Residential property is further classified as either:
 - owner-occupied (i.e., homeowners) or non-owner occupied (e.g., rental property, cottages, farmland, etc.).

Who determines the local or municipal tax rates?

- Individual municipalities and rural communities determine municipal/local property tax rates during their annual budget process.
- The provincial government determines the local property tax rate to be levied on property within individual LSDs and in rural communities for services provided by the province.

Who is responsible for property assessments?

- The province, through Service New Brunswick (SNB), is responsible for the assessment of all real property (land) for property tax purposes.

Who collects the tax?

- The province, through the Department of Finance, sends out tax bills and collects property tax on behalf of itself, municipalities, LSDs and rural communities.

What rates do I pay if I live in a municipality or a local service district?

- Your tax rates will be different depending on whether you live in a municipality or a local service district. Your tax rates will also be different depending on what type of property you own.

If I live in a municipality, what property taxes will I have to pay?

| 2010 Property Tax Rates for Municipalities (per \$100 of assessed value) | | | |
|--|-----------------------|-------------------------------|------------------|
| Property Type | Provincial Tax | Municipal Tax Average* | Total Tax |
| Residential Owner-Occupied | \$0.00 | \$1.5133 | \$1.5133 |
| Residential Non Owner-Occupied | \$1.4573 | \$1.5133 | \$2.9706 |
| Non-Residential | \$2.1860 | \$2.2700 | \$4.4560 |

*Individual municipalities determine their own tax rates. These numbers represent the average municipal tax rates for 2010.

If I live in a local service district, what property taxes will I have to pay?

| 2010 Property Tax Rates for Local Service Districts (per \$100 of assessed value) | | | | |
|---|-----------------------|-----------------------------|--------------------------------|------------------|
| Property Type | Provincial Tax | Provincial/Local Tax | Local LSD Tax Average * | Total Tax |
| Residential Owner-Occupied | \$0.00 | \$0.6315 | \$0.2782 | \$0.9097 |
| Residential Non Owner-Occupied | \$1.4573 | N/A | \$0.2782 | \$1.7355 |
| Non-Residential | \$2.1860 | N/A | \$0.4173 | \$2.6033 |

*The Minister of Local Government determines the local tax rates for individual LSDs. These numbers represent the average local tax rates in LSDs for 2010.

What led to these differences in rates between property types in the LSD's?

- Provincial property tax on owner-occupied residential properties was phased out completely between 1975 and 1978.
- At that time, property owners in LSDs paid minimal local property tax rates, so there would have been virtually no property tax on owner-occupied residential property in LSDs by 1978. This created a financial incentive to move outside municipal boundaries.
- To overcome this, a special provincial/local property tax of \$0.40 per \$100 of assessed value on owner-occupied residential property in LSDs was introduced. It was then raised to \$0.65 per \$100 of assessment in 1984.
- The \$0.65 rate was reduced to \$0.6315 in 2010 as part of an overall reduction in provincial property tax rates