



Municipal Relations

Deputy Minister's Office
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June 8, 2021

Bill Campbell
President
Keystone Agricultural Producers
bill.campbell@kap.ca

Dear Bill Campbell:

Thank you for your recent letter to Honourable Derek Johnson, Minister of Municipal Relations, regarding Manitoba's portioning framework for property taxation. As Deputy Minister of Municipal Relations, I am pleased to respond.

Manitoba's portioning framework is, by design, very stable over time. A stable portioning framework ensures that property taxes regularly and accurately reflect changes in the dynamic property market, and that the allocation of property taxes is proportionate to the values of property. As a fundamental principle of fairness in a value-based taxation system, Manitobans expect that if the value of a property increases or decreases faster than average, that property will eventually bear a correspondingly higher or lower share of property taxes to reflect its increased or decreased value.

Intervention to artificially maintain tax levels for various types of property, including farm, in response to shifting market conditions could introduce further distortions in the market. For example, if the portioned value of a type of property decreased because of increase in the value of that property type, there would be further incentive for buyers to purchase that type of property and further drive up its value.

At this time, the province is not considering a change to portioned values. Farm properties will continue to receive preferential treatment compared to other property owners, with farm property having the lowest portioning of any major property class at 26% (45% for residences and 65% for other types of business). Changing province-wide portioning would have uneven and disproportionate effects on that property class across the province, and would have similarly varied effects on the property tax burden for all other classes of property across the province. Specifically, the type and value of farm property vary significantly within and between municipalities across the province, as you are aware of through the department's Impact of Reassessment for 2020 report.

Farm property is treated relatively more favourably from a tax perspective as a result of financial support through the Farmland School Tax Rebate, not being required to pay the Education Support Levy and recently receiving the higher level (25%) of Manitoba's Education Property Tax Rebate in 2021, compared to other businesses (10%).

Thank you again for your letter. I look forward to a continued relationship with KAP to support municipalities across the province, recognizing the critical role that the agricultural sector plays in the Province's ongoing success.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Gray", written in a cursive style.

Bruce Gray
Deputy Minister

- c. Honourable Derek Johnson, Minister of Municipal Relations
Honourable Scott Fielding, Minister of Finance
Keystone Agricultural Producers