



October 7, 2024

## **Proposed Amendments to the Standards for First Nation Property Taxation Laws, 2016 and Standards for First Nation Annual Tax Rates Laws, 2017**

Standards established by the First Nations Tax Commission (FNTC) reflect best practices in property taxation and are designed to support: First Nation economic growth, First Nation jurisdiction, harmonization, and the interests of all stakeholders in the First Nation property tax system.

Under the *First Nations Fiscal Management Act* (the “Act”), the FNTC reviews and approves laws. Section 35(1)(a) of the Act gives the FNTC the authority to establish standards, not inconsistent with the regulations, respecting the form and content of local revenue laws. The standards established by the FNTC are additional requirements and, together with the Act and its associated regulations, form the regulatory framework governing First Nation taxation under the Act.

As a matter of policy, the FNTC seeks public input prior to introducing or significantly amending its standards. This input is critical in developing standards that are acceptable and effective for participating First Nations and taxpayers.

The *Standards for First Nation Property Taxation Laws, 2016* set out the requirements that must be met for First Nation property taxation laws enacted under paragraphs 5(1)(a) and (e) of the Act, and the *Standards for First Nation Annual Tax Rates Laws, 2017* establish requirements for laws made under subparagraph 5(1)(a)(ii) of the Act. Both Standards are used by the FNTC in its review and approval of property taxation laws and annual tax rates laws respectively, pursuant to section 31 of the Act, and are in addition to those requirements set out in the Act.

The proposed changes would enable the use of a base tax for First Nations in Saskatchewan. A base tax is a uniform amount of tax paid annually by every taxpayer in a property class. It is an additional tax, so that the total annual property tax is the base tax plus the property value (i.e., *ad valorem*) tax.

Since 2001, local governments in Saskatchewan have had access to this fiscal tool. Use of a base tax often results in lower annual property tax rates for taxpayers. For First Nations in Saskatchewan who wish to have competitive tax rates with their reference jurisdiction (i.e., a neighbouring jurisdiction) that use

base taxes, having the option to set base tax rates will ensure overall tax revenue remains stable.

The proposed amendments to the *Standards for First Nation Property Taxation Laws, 2016* would:

- provide that the authorization of base taxes be set out in property taxation laws (s. 2.4);
- provide that base tax rates may be different for different property classes (s. 2.5(b)); and
- ensure First Nations implementing property taxation for the first time and transitioning from a fee for local services, can set the full amount of base tax at once (s. 4.4).

The proposed amendments to the *Standards for First Nation Annual Tax Rates Laws, 2017* would:

- provide for a maximum amount of base tax (\$1,000), unless the First Nation is setting property tax rates identical to a reference jurisdiction's property tax rates and that jurisdiction has a base tax rate greater than \$1,000 (s. 17, 21);
- require base tax rates to not exceed a reference jurisdiction's base tax rates where the First Nation is setting property tax rates that are identical to the property tax rates set by the reference jurisdiction (s.21);
- provide that the base tax rate be included in determining the average tax bill within a class, for the purposes of tax rate setting (s. 20);
- preclude the use of a minimum tax in a property class where a base tax is applied (s. 19.1); and
- enable the use of a base tax instead of minimum tax where a First Nation is transitioning from the use of service fees to property taxes (s. 19.2).

The FNTC is seeking public input in respect of both proposed Standards. Electronic versions of the proposed Standards (changes are highlighted in red) are available at [www.fntc.ca](http://www.fntc.ca) or by clicking the link below:

[\*Proposed Standards for First Nation Property Taxation Laws, 2016\*](#)  
[\*Proposed Standards for First Nation Annual Tax Rates Laws, 2017\*](#)

Please direct your comments on or before November 8, 2024 to:

**First Nations Tax Commission**

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