

Indexed Property Tax - A new tool to increase revenue and reduce inequality

Property taxes in most jurisdictions are flat taxes; the rate for a \$150K condo is the same as for a \$25M mansion. By definition flat taxes are regressive, and increase the wealth inequality gap. The condo owner has to choose between groceries or taxes, the owner of the mansion does not.

Countries with high wealth inequality like the United States have higher crime rates and less political stability. Those with lower wealth inequality, like Sweden and Finland have lower crime rates and much more stable governments. Indexed tax rates would allow cities to better align their tax policy with their social justice and community building policies which are negatively impacted by wealth inequality.

In Canada federal income tax is indexed; people with higher incomes pay a higher percentage in income tax. Most Canadians agree with this practice as a fair way to fund public services. However, the wealthy can avoid income taxes by taking a low earned income salary, while accruing untaxed wealth in their investments and properties. The lack of inheritance taxes in Canada allows the wealthy to avoid paying taxes on generational wealth as well, further increasing inequality. In the 2025 federal election campaign the Liberals proposed a Canadian wealth tax to reduce wealth inequality.

Indexed property taxes, where the percentage rate increases as the value of the property increases, would work to close the wealth inequality gap. Indexed property tax rates could be set so people in low value homes would pay taxes at a low percentage rate and high value properties would be taxed at a higher percentage rate.

Indexed property taxes could apply to residential and also commercial and some institutional properties. This approach could also apply to other municipal revenue sources such as permits, licences and fines. Provincial governments could be encouraged to index provincial corporate and personal tax as well.

Exemptions and conditions would be necessary to manage the transition effects that could disproportionately harm some individuals such as people who bought their homes 40 years ago who would see an increase in their taxes but no increase in their income.

Provincial legislation provides the authority to municipalities to set property tax rates. I urge you to lobby the BC provincial government to amend the legislation to allow for indexed property taxes. The Federation of Canadian Municipalities has recently issued a report that includes the option for indexed property taxes. Please consider supporting a resolution on indexed property taxes at the UBCM 2026 Convention.

Making Canada's Growth a Success: The Case for a Municipal Growth Framework. Federation of Canadian Municipalities. 2024. <https://fcm.ca/en/news-media/news-release/fcm-releases-roadmap-improve-quality-life-canadians-strengthening-municipal-finance>

Taxing land wealth for the public good: provincial policy options. Alex Hemingway, Canadian Centre for Policy Alternatives. 2023. <https://www.policyalternatives.ca/news-research/property-tax-reform/>

3 graphs that show Canada's deep and persistent wealth inequality. PressProgress. September 11, 2014. <https://pressprogress.ca/3-graphs-that-show-canada-s-deep-and-persistent-wealth-inequality/>

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