

NOTICE TO PROPERTY OWNERS IN FIRE DISTRICTS

Subject: Proposed Changes to Flat Rate Fire District Tax Calculation

Every year Fire District Committees meet to determine the Fire District Tax rate needed to pay for fire protection services for their respective coverage areas, as required by the *Fire Safety Act*. These meetings are typically held in March. The approved rate is submitted to the Department of Finance for collection through the provincial property tax system. We are writing to inform you of changes being considered by the Fire District Committee to the method of calculating Fire District Taxes in your area.

What is Changing?

Currently, Fire District Taxes are calculated in one of two ways:

- **Rate per \$100 System** – A tax rate set by the district committee is applied to your property's assessed value (with separate rates for commercial and non-commercial properties). This is the same method used for provincial, municipal, and some fire district property taxation.
- **Flat Rate System** – A fixed amount based on categories set by the district committee. Categories are subjective and rates vary across the Island. The flat rate system is not tied to your property assessment.

The Department of Finance is supportive of fire districts moving to the **rate per \$100 system**, which aligns with municipal and provincial taxation practices and offers greater fairness, equity and transparency.

The Fire District Committee for your area has reviewed the options available and is proposing to change the Fire District tax from a flat rate system to a rate per \$100 system.

Why Consider This Change?

- **Simpler for Committees** – Committees no longer need to assign categories for every property within the fire district—just a tax rate is needed. This significantly reduces the amount of administrative work imposed on Fire District Committees.
- **Reduce Errors and Complexity** – Eliminates property categorization and data entry errors.
- **Consistency** – Standardizes taxation practices across PEI, making it easier for residents to understand.
- **Fairness and Equity** – a rate per \$100 ensure taxes reflect property value.

Will property taxes go up?

Not necessarily. The rate per \$100 system is designed to be fair by basing fire district taxes on property value. The rate selected to cover your area's fire service combined with the property(s) assessed value will determine an increase or decrease in property tax.

Will property owners need to do anything?

No action is required from property owners. Fire District Committees will continue to set the annual rate at their March meeting. However, property owners are encouraged to attend the annual Fire District Committee meeting to learn about the proposed rate and ask questions.

What Happens Next?

- Fire District Committees will continue to hold annual meetings in early March to set tax rates.
- Property owners within the fire district are encouraged to attend these meetings to learn about the proposed rate and ask questions.

For more information, please contact taxandland@gov.pe.ca or 902-368-4070.
