

May 9, 2019

Municipal Impacts of a Late Provincial Budget

The Government of Alberta has **announced** that due to the recent election, a provincial budget will not be tabled until fall 2019. As provincial budgets are typically tabled in the spring of each year, this delay has impacts on some aspects of municipal planning and decision-making.

Education Property Tax Requisition

Municipalities are required to collect education property taxes each year from property owners on behalf of the Government of Alberta for distribution to school boards across the province. In 2018, municipalities collected approximately \$2.4 billion in education property taxes on behalf of the Government of Alberta, which comprised 30.6% of Alberta's consolidated education operating costs for the year.

Requisition amounts are typically determined in accordance with the release of the provincial budget, as the amount requisitioned from each municipality is dependent on the overall education budget for the year. Because municipalities depend on knowing the requisition amount to prepare tax notices for property owners, section 168(4) of the *School Act* directs municipalities to make requisition payments based on the previous year's requisition amount if the current year's amount is not determined by March 15. This means that until the 2019 provincial budget is tabled, municipalities will continue to be requisitioned by the province at 2018 requisition rates.

In terms of collecting requisitions from property owners, section 359(3) of the *Municipal Government Act* states that "If in any year the property tax imposed to pay the requisitions results in too much or too little revenue being raised for that purpose, the council must accordingly reduce or increase the amount of revenue to be raised for that purpose in the next year."

Municipalities have several options to determine how to determine 2019 education property tax rates, including the following:

- Using 2019 equalized assessment data available from the local assessor and the 2018 uniform education tax rates.
- Using their 2018 Education Property Tax requisition.
- Using any other method that can be explained to taxpayers.

When a 2019 provincial budget is released, s. 359(3) will allow municipalities to account for any variation in education property tax collected through their 2020 collection process.

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Municipal Budget Development

As municipalities begin the process of developing annual budgets, a lack of information on municipal funding levels and grant programs will contribute to uncertainty and challenges in the planning process. Unfortunately, RMA does not expect the Government of Alberta to release significant information on the status of grant programs prior to the release of the budget.

It should be noted the United Conservative Party platform committed to maintaining funding promised to municipalities for 2019-2020 (which should include MSI funding), as well as ensuring long-term, predictable infrastructure funding for municipalities.

It is also important to note that part of the purpose of the delayed 2019 budget is to allow the newly appointed “[Blue Ribbon Panel on Alberta’s Finances](#)” to complete their mandate, which is focused on reviewing and recommending changes to government operating and capital budgeting in order to balance the provincial budget by 2022-23 without raising taxes. Municipalities should consider the possibility that some municipal grant programs could be impacted by the panel’s recommendations and are encouraged to consider contingencies in case some grant funding is unavailable or re-purposed in budget 2019.

RMA plans to work closely with the Government of Alberta to emphasize the importance of sustainable municipal funding in both the short and long-term.

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