

October 29, 2019

Government of Alberta Introduces Omnibus Bills with Municipal Impacts

Bill 20 and Bill 21 make a wide range of changes to current legislation, including the Police Act and the establishment of the Local Government Fiscal Framework Act

On October 29, 2019, the Government of Alberta introduced **Bill 20: Fiscal Measures and Taxation Act** and **Bill 21: Ensuring Fiscal Sustainability Act**. Both bills propose changes to a wide range of legislation, as well as introduce new acts.

RMA has not yet had an opportunity to analyze the entirety of each bill, but has identified several significant changes within the bills that will impact municipalities.

Introduction of the *Local Government Fiscal Framework Act*

Bill 20 introduces the *Local Government Fiscal Framework Act* (see page 86 of the bill), which establishes part of the mechanism for post-Municipal Sustainability Initiative (MSI) funding for both Edmonton and Calgary as well as all other municipalities in the province. The act empowers the minister to enter into funding agreements and establish funding formulas for all local governments, or for different classes of local governments.

The act also establishes the overall funding amount available to municipalities remaining under the current MSI (\$2,500,973,000), as well as the baseline amounts that Edmonton/Calgary (\$455,000,000) and all other municipalities (\$405,000,000) will receive in 2022-23 under the new Local Government Fiscal Framework.

The act also establishes formulas related to how annual funding amounts will be determined each year for both Edmonton, Calgary, and other municipalities above the baseline amounts, with both being based on 50% of the growth in provincial revenue three years prior to the current year. This is presumably intended to allow for certainty as to the extent to which the funding amount will change each year.

The act includes a specific formula for how funding will be allocated between Edmonton and Calgary, which is very similar to the formula currently used for the allocation of MSI. The Edmonton / Calgary formula is based on a combination of population (48%), education property tax requisitions (48%), and kilometres of roads (4%). All are based on figures from three years prior to the current funding year.

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It is important to note that the act **does not include an allocation formula for all other municipalities**. The act allows the minister to develop funding formulas for individual or classes of municipalities. This suggests that an allocation formula will likely be developed in the near future. RMA plans to advocate for involvement in the development of the allocation formula to ensure it meets the needs of rural municipalities.

Changes to the *Police Act*

Bill 21 makes several amendments to the *Police Act* related to the police cost model review (see page 45 of the bill). Most significantly, the changes insert language into the *Police Act* that allows the minister to establish regulations requiring municipalities that currently receive policing under the Provincial Police Services Agreement to “pay a cost for these services.” The act is also amended to specify that the minister may develop a regulation specifying the terms and conditions of the cost to be paid by municipalities.

It is important to note that the changes to the *Police Act* **do not equate to any change in the current model at this time**. These changes are to enable the minister to impose costs upon municipalities should they choose to in the future. The changes to the act also do not reference any specific costing model or costing portion to be covered by municipalities, as this would be established through a regulation.

Changes to *Alberta Health Care Insurance Act*

Bill 21 adds an additional section to the *Alberta Health Care Insurance Act* to provide the minister with greater control over physician resource planning (see page 5 of the bill). For rural municipalities, the most relevant section of the proposed addition relates to the ability of the minister to limit the number of practitioner identification numbers that may be issued based on geographic area of the province, practice type or specialty, or any other category prescribed by regulation. This would potentially allow the minister to restrict physicians from practicing in areas of the province that are adequately- or over-served, and instead direct them to underserved areas.

Other Changes

At this point, RMA has not had an opportunity to conduct an in-depth analysis of the entirety of both bills but will share additional information and analysis with members as it becomes available. Other notable changes made under Bill 20 and Bill 21 include:

- The *City Charters Fiscal Framework Act* is repealed
- Changes to public sector bargaining and job action rights
- Removal of tuition cap, with a limit of 7% tuition increases per year for the next three years
- Elimination of the Environmental Protection and Enhancement Fund
- Elimination of several tax credits



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