



**RMA**  
RURAL MUNICIPALITIES  
of ALBERTA

# Rural Investment, Provincial Prosperity:

**RMA 2026 Provincial Budget Submission**

December 2025



# About the Rural Municipalities of Alberta

The Rural Municipalities of Alberta (RMA) advocates on behalf of Alberta's rural municipalities. RMA's members consist of 63 municipal districts and counties, five specialized municipalities, and the Special Areas Board. While villages and small towns are spread across rural Alberta, these are considered urban municipalities and are not represented by the RMA. The RMA's 69 members have several common traits: large land masses, small populations, and a lack of a traditional "population centre." Together, they provide governance across approximately 85% of Alberta's land base. Alberta is unique in Canada in that municipalities are responsible for governing land across the entire province, from border to border.

## This Submission

RMA's 2026 provincial budget submission is centered on the important connection between investment in rural municipalities and broader economic development. This submission is structured around four themes representing opportunities for rural growth and provincial prosperity. These themes all build towards a significant need in rural Alberta – investment in infrastructure. This final focus on investment in core infrastructure, which is covered in a distinct manner from the four themes, underscores a comprehensive need to ensure the ongoing success of rural Alberta and the province as a whole.

The four initial themes are:

1. Strong and Viable Municipalities
2. Rural Municipal Industrial Investment
3. Rural Economic Development
4. Community Support and Resilience

Each theme will include background information, specific budget-related action items, target ministries, and an explanation of why it is important to rural municipalities. The intent of the submission is to provide government decision-makers with a combination of "big picture" rural municipal budget priorities along with specific recommendations for changes or enhancements related to existing programs or issues.

In addition to these themes, RMA is also presenting a budget request related to a long-term project seeking Government of Alberta support to address the rural municipal infrastructure deficit. Acting to reduce and eventually eliminate the deficit represents a tremendous opportunity for rural growth and resiliency, while continuing down the current path poses significant risks.

It is important to note that not all funding priority issues for RMA members are included in this submission. This represents a cross-section of the wide range of important budget-related issues that impact rural municipalities.

# 1. Strong and Viable Municipalities: Safeguarding Rural Alberta's Future

Alberta's rural municipalities provide essential services to 85% of the province's geographic area. As the order of government closest to rural residents and many of Alberta's most important industries, RMA members are positioned to significantly benefit rural Albertans and continuing rural economic growth. However, rural municipalities face increasingly complex and impactful pressures that extend beyond conventional infrastructure and service obligations. Recent provincial policy changes, reductions in grant funding, and instability in property tax revenues have intensified fiscal strain. At the same time, rural municipalities are expected to deliver services across vast geographic areas, sustain critical infrastructure for both industry and residents, and uphold governance standards with limited resources.

The combination of unpredictable funding, unpaid property taxes, increased provincial downloading, and problematic assessment and tax policy decisions undermines rural economic growth, and in some cases threatens the long-term sustainability of rural municipalities. Without adequate support, these pressures introduce risks such as reduced service levels, underinvestment in core municipal infrastructure relied upon by industry, erosion of intermunicipal cost-sharing or joint service delivery, and in extreme cases, could lead to viability reviews, dissolutions, and post-dissolution processes that undermine local service delivery, infrastructure maintenance, and community identity. If left unaddressed, these challenges will not remain isolated; rather, they will extend outward, undermining regional stability and deterring investment, placing Alberta's rural economy at risk.

## Municipal Tax Autonomy and Assessment

Property taxes remain the cornerstone of municipal revenue, and the ability of municipalities to set tax rates in response to local needs is fundamental to local governance. This autonomy ensures municipalities can levy taxes appropriate to their unique circumstances and maintain control over their primary own-source revenue stream.

Equally important is the assessment system that underpins property taxation. A fair, consistent, and predictable assessment model is essential to municipal financial stability. When provincial policies reduce assessments on certain property types or introduce volatility into the system, municipalities lose the ability to reliably forecast revenues and plan for long-term service delivery. Lost property tax revenue from one property type often impacts all taxpayers in the form of reduced services or increased property tax rates. Municipalities must retain meaningful input into assessment processes to ensure they reflect local realities and do not erode municipal viability.

## Viability Challenges and Dissolution Risks

Financial strain is increasingly leading municipalities into viability reviews and, in some cases, dissolution. When a municipality dissolves, the absorbing rural municipality inherits infrastructure deficits, governance responsibilities, and service delivery obligations without adequate long-term funding. Current frameworks provide only short-term support, which are insufficient to address accumulated deficits. Strengthening municipal capacity, modernizing viability review processes, and ensuring equitable outcomes in dissolution scenarios are critical to sustaining rural governance.

## Provincial Downloading and Governance Changes

Recent provincial initiatives, including legislative changes, have expanded municipal responsibilities without corresponding funding or support. Downloading of costs related to governance, policing, social services, and



regulatory compliance disproportionately impacts rural municipalities with limited tax bases and high service delivery costs due to dispersed populations. Without adequate provincial resources, downloading exacerbates viability challenges and undermines the ability of municipalities to deliver services. This also undermines the principle of partnership between municipalities and the province, shifting responsibilities without the tools or resources to manage them effectively. A renewed commitment to equitable collaboration and predictable funding is essential to ensure municipalities can fulfill their mandates without compromising viability.

## Action Items

| Action item   | Importance   | Lead Ministry(ies)   |
|---|--|--|
| Commit to maintain municipal authority over property tax rate setting   | <p>Property taxation provides the majority of municipal own-source revenues in Alberta, making it the single most critical fiscal tool for local governments. Yet municipalities have limited flexibility when provincial policy changes alter assessment values or restrict tax autonomy. For example, government policy decisions to reduce some oil and gas property assessments, or provide property tax holidays on some new wells, have removed hundreds of millions of dollars in municipal tax capacity, disproportionately impacting rural municipalities with resource-dependent tax bases.</p> <p>Protecting municipal autonomy in tax rate setting is therefore essential to safeguarding fiscal stability, maintaining infrastructure, and sustaining rural viability.</p>          | Municipal Affairs  |
| Reform provincial funding models to reflect rural cost drivers and ensure allocations are not limited to per-capita formulas. | <p>Per-capita funding models systematically disadvantage rural municipalities, which must deliver services to support rural industries like energy production and agriculture across vast areas with sparse populations. For example, rural municipalities maintain over 75% of Alberta's roads and bridges despite serving less than 20% of the population. Current frameworks fail to recognize these disproportionate responsibilities, leaving rural municipalities underfunded relative to their obligations and the economic benefit generated within their boundaries. Reforming funding models to reflect rural realities would ensure equitable treatment, stabilize municipal finances, and align provincial investments with the true costs of service delivery in rural Alberta.</p> | <p>Treasury Board and Finance</p> <p>Municipal Affairs</p> |
| Commit to modernizing and adequately funding the municipal viability review process to ensure fair, transparent, and          | <p>Financial strain is increasingly leading municipalities into viability reviews, which assess their ability to continue operating effectively. However, the current process is limited in scope, under-resourced, and often results in short-term measures that fail to address long-standing challenges. Municipalities under review face uncertainty,</p>  | Municipal Affairs  |

|   |   |  |
|---|---|--|
| sustainable outcomes for all communities. | <p>while absorbing municipalities inherit infrastructure deficits and service obligations without adequate long-term support.</p> <p>A modernized viability review framework, backed by dedicated provincial funding, would allow for earlier intervention, more equitable outcomes, and stronger long-term planning. This should also include clear provisions for dissolution and post-dissolution scenarios, ensuring that absorbing municipalities receive sustained support to manage inherited deficits, maintain service delivery, and protect community identity.</p> |  |
|---|---|--|

## Why it is Important

Financially strong rural municipalities are better positioned to deliver services, maintain infrastructure, and support Alberta's energy and industrial sectors. Stable revenues and equitable provincial funding reduce fiscal volatility and allow municipalities to plan long-term, operate efficiently, and contribute more effectively to provincial economic growth. Policies that erode municipal autonomy, reduce revenues, or increase downloading heighten fiscal instability, weaken local service delivery, and ultimately threaten the long-term viability of rural municipalities.

## How Strong, Viable Municipalities Link to Investment in Rural Success

Strong rural municipalities are the backbone of Alberta's economy. They provide the infrastructure that enables industrial activity, the governance that supports local decision-making, and the services that sustain residents across vast areas. Investment in municipal viability is therefore an investment in Alberta's broader prosperity. When municipalities are equipped with fair taxation powers, predictable funding, and modernized viability frameworks, they create stability for industry, enable long-term infrastructure planning, and strengthen Alberta's competitiveness.

## 2. Rural Municipal Industrial Investment: Powering Alberta's Next Wave of Growth

Rural Alberta is poised to play a central role in the province's industrial future. From data centres to advanced manufacturing, rural municipalities offer the land, zoning flexibility, and proximity to natural resources that make them ideal locations for large-scale industrial investment. However, the infrastructure required to support this growth (particularly electricity generation and transmission) is not keeping pace with demand.

Data centres continue to be marketed as industrial growth opportunities across Alberta, yet the Alberta Electric System Operator (AESO) queue already exceeds 21,000 MW of demand, compared to less than 2,000 MW consumed by the entire city of Edmonton. While nuclear energy may provide long-term solutions, any developments are likely at least a decade away. In the meantime, innovative approaches such as "bring your own power" models may present a solution; however, more information is needed.

One promising option is the development of data centre powerplants in rural industrial zones, which could not only supply electricity to the centres themselves but also supply the provincial grid and support other industrial applications. Locating generation capacity closer to rural communities would reduce transmission costs, align with RMA's Resolution 11-22F on electricity rate disparities, and create opportunities for cost-sharing partnerships between municipalities, industries, and the province.

Examples of such partnerships already exist. In Sturgeon County, a data centre constructing a trench for broadband connectivity invited the municipality to lay its own fibre lines at the same time, dramatically reducing local internet upgrade costs. Similar collaborative approaches could be applied to power generation, water treatment, and other critical infrastructure, ensuring rural municipalities benefit directly from industrial investment.

Finally, the Government of Alberta should look to the success of the Industrial Heartland, where pre-zoned industrial lands have attracted significant investment and streamlined development. Providing resources and support to municipalities to expand this model to other regions would help rural municipalities to attract industrial projects, while ensuring that growth is strategically planned and supported by adequate infrastructure.

### Action items

| Action item   | Importance   | Lead Ministry(ies)  |
|---|--|---|
| Establish a rural industrial infrastructure fund for non-residential growth | <p>Current provincial grant programs are heavily weighted toward residential growth, leaving rural municipalities disadvantaged when pursuing industrial projects. Programs such as the Local Government Fiscal Framework, Strategic Transportation Infrastructure Program, Alberta Municipal Water/Wastewater Program, and Local Growth and Sustainability Grant often exclude or underfund projects tied to non-residential development, despite the fact that industrial growth drives significant provincial revenues.</p> <p>To address this gap, a dedicated Rural Industrial Infrastructure Fund should be established as a municipal grant program. This fund would provide long-term,</p> | <p>Alberta Treasury Board and Finance</p> <p>Alberta Municipal Affairs</p> <p>Alberta Transportation and Economic Corridors</p> |

|   |   |                           |
|---|---|---------------------------|
|   | <p>predictable capital support for non-residential infrastructure projects directly linked to industrial economic development, such as roads, bridges, stormwater systems, water and wastewater treatment, or power generation and transmission. These investments are essential for municipalities to attract and sustain industrial growth without substantial debts and tax increases.</p> <p>Unlike residential-focused programs, this fund would recognize the unique infrastructure demands of rural industrial growth, ensuring rural municipalities can compete fairly with urban centres and leverage their strategic advantages in land availability, zoning flexibility, and proximity to natural resources.</p> <p>By creating a fund specifically for municipalities to support non-residential growth, Alberta could:</p> <ul style="list-style-type: none"> <li>♦ Align provincial financing with its broader economic priorities</li> <li>♦ Unlock new opportunities for industrial expansion in rural regions</li> <li>♦ This approach reflects the intent of RMA Resolution 2-23S: Provincial Funding Stream for Non-Residential Infrastructure and strengthens Alberta's competitiveness in attracting large-scale projects through coordinated, strategic infrastructure investment.</li> </ul> |                           |
| Support tools to enable investment-ready rural industrial lands | <p>The success of Alberta's Industrial Heartland and other municipally managed industrial areas such as Nisku and Acheson demonstrate the value of investment-ready lands. In these areas, industrial zoning, servicing, and planning are completed in advance of large-scale developments, which helps attract investment, reduce regulatory delays, and provide certainty to industrial proponents while maintaining municipal autonomy. Extending this model to other parts of rural Alberta would allow municipalities to proactively plan infrastructure, utilities, and workforce needs, while minimizing land-use conflicts.</p> <p>To replicate these successes, RMA is calling on the Government of Alberta to provide tools, funding, and capacity-building supports to enable interested municipalities in siting, servicing, and marketing municipal industrial areas. This would include assistance</p>  | Alberta Municipal Affairs |

|  |   |  |
|--|---|--|
|  | <p>with infrastructure planning, utility extensions, and technical studies that smaller municipalities may not be able to undertake on their own.</p> <p>Investment-ready industrial lands provide a competitive advantage for rural municipalities by ensuring that industrial development is strategically located, supported by adequate infrastructure, and capable of maximizing economic impact. This represents a strategic opportunity to accelerate investment attraction, diversify the provincial economy, and strengthen rural municipal tax bases.</p> <p>By supporting municipalities in preparing industrial zones, the province can unlock new projects, assist interested municipalities with aligning their land use and infrastructure planning with the province's economic priorities, and position rural Alberta as a leader in industrial competitiveness.</p> |  |
|--|---|--|

## Why it is important

Rural municipalities are uniquely positioned to host Alberta's next wave of industrial growth, but they face significant infrastructure challenges that limit their ability to fully capture these opportunities. Large-scale projects such as data centres, advanced manufacturing facilities, and resource processing plants require reliable power, modern water and wastewater systems, efficient transportation networks, and high-speed connectivity. Ensuring that rural municipalities have the infrastructure to support industrial development is not only vital for local prosperity, but also for Alberta's long-term competitiveness in attracting global investment.

## How rural municipal industrial investment links to investment in rural success

Industrial investment in rural Alberta is directly tied to the province's overall success because strong physical infrastructure enables municipalities to attract and sustain large-scale projects. When investment is made into energy generation, roads, bridges, water and wastewater systems, and broadband, rural municipalities gain the stability and capacity needed to host industries that drive provincial revenues. This stability builds resilience, as counties are well-equipped with the local autonomy and skills to manage growth, adapt to changing demands, and support both industrial and community needs. In turn, resilient municipalities attract and retain industrial proponents, sustain local economies, and foster long-term provincial growth. Investment in rural industrial infrastructure is therefore not just about meeting immediate project requirements — it is a foundational strategy for ensuring that Alberta remains competitive, diversified, and capable of contributing to Canada's global industrial leadership.



### 3. Building Futures: Rural Economic Development – Emerging Opportunities

Rural economic development underpins Alberta’s provincial prosperity. RMA members govern approximately 85% of Alberta’s land base and maintain the infrastructure that enables energy, agriculture, forestry, and manufacturing to operate. As global markets evolve and investor expectations shift, new opportunities are emerging for rural communities to attract non-traditional, value-added industries. These include agri-food processing, bioenergy and bioproducts, critical minerals such as lithium, advanced manufacturing, recycling and circular economy facilities, and data-enabled enterprises. Rural Alberta is also positioned to host next-generation energy projects, such as modular nuclear reactors alongside continued oil and gas development that remains vital to Alberta’s economy. These opportunities are place-based and infrastructure-dependent, requiring proactive provincial support to convert interest into jobs, tax capacity, and long-term growth.

However, rural municipalities face significant barriers to capturing these opportunities. Water availability is a critical constraint, particularly for industries such as food processing. Many municipalities lack the capital to expand water and wastewater systems to meet industrial demand. Many rural regions also struggle with limited transmission capacity, aging transportation networks, and housing shortages for workforce attraction, creating bottlenecks for projects requiring large-scale power, including data centres and modular nuclear facilities. These challenges compound existing fiscal pressures caused by provincial downloading, unpaid oil and gas property taxes, and other factors, leaving municipalities with limited resources to prepare sites or upgrade essential infrastructure. Without targeted provincial investment and policy alignment, rural communities will struggle to convert interest into jobs, tax capacity, and long-term growth. A practical pathway forward is to de-risk private investment in rural regions and support economic diversification that complements existing industries. Alberta can accelerate this shift by funding site-readiness, servicing, power availability, water/wastewater capacity, and workforce enablement, the essentials that rural municipalities must provide to land emerging projects.

## Action items

| Action item                                    | Importance   | Lead Ministry(ies)  |
|--|--|---|
| Expand the Municipal Water/Wastewater Program  | <p>Water availability is one of the most significant constraints on rural industrial growth. Provincial funding under the Municipal Water/Wastewater Program fell sharply from \$85 million in 2023 to just \$33 million in 2025, despite rising demand from sectors such as food processing. This decline has left municipalities unable to upgrade or expand water and wastewater systems, which are essential for attracting large-scale projects and supporting community needs.</p> <p>Increasing funding for the Municipal Water/Wastewater Program will strengthen rural Alberta's ability to support economic diversification and maintain and expand residential infrastructure essential for residents. These upgrades also position municipalities to contribute to broader provincial priorities by ensuring local infrastructure is not a barrier to investment. While municipalities are not expected to provide all infrastructure for large-scale projects, improved local systems create the foundation for growth, support residents' needs, and enhance long-term community resilience.</p> | Ministry of Transportation and Economic Corridors                                 |
| Create a value-added agriculture pilot program | <p>Alberta's agricultural sector is a foundation of the provincial economy, yet its potential for value-added growth remains underutilized. Attracting economic development to rural municipalities is of mutual interest to the Government of Alberta and rural municipalities. There is a role for both orders of government to play in attracting large-scale value-added agriculture projects.</p> <p>RMA is calling on the Government of Alberta to develop and fund a pilot program aimed at seeking partnerships with municipalities to attract and support value-added agriculture projects. This would include funding to support economic development capacity building, international investment attraction, and links to existing and new grant programs to support rural municipal infrastructure that is core to laying the groundwork for industrial investment.</p>  | <p>Alberta Agriculture and Irrigation;</p> <p>Alberta Jobs, Economy and Trade</p> |

## Why it is important

Economic diversification anchored in emerging rural opportunities is essential to municipal viability and Alberta's long-term competitiveness. Rural municipalities govern 85% of Alberta's land base and maintain infrastructure that supports energy, agriculture, and resource development. Yet, they face mounting fiscal pressures from volatile non-residential assessments and over \$250 million in unpaid oil and gas property taxes, limiting their ability to invest in site readiness and servicing.

At the same time, provincial priorities emphasize growth in critical minerals, agri-food processing, modular nuclear energy, and advanced manufacturing. These sectors require reliable water, power, and transportation infrastructure areas where rural Alberta is underfunded. For example, funding under the Municipal Water/Wastewater Program dropped from \$85 million in 2023 to \$33 million in 2025, despite rising industrial demand. Similarly, STIP allocations fell from \$43.5 million in 2024 to \$32.6 million in 2025, leaving municipalities unable to upgrade roads and bridges for heavy industrial traffic. Without targeted investment, rural communities' risk being bypassed for projects that could generate jobs, broaden tax bases, and strengthen Alberta's global competitiveness.

## How does rural economic development link to investment in rural success?

Investment in rural economic development is not an abstract goal, it is a strategic, budget-driven approach to ensure rural municipalities remain viable, and Alberta remains competitive. When municipalities have the resources to prepare sites, secure water and power, and provide the services and infrastructure that new large-scale developments require, they attract industries that generate stable municipal revenues, strengthen local services, and reinforce provincial supply chains. This creates fiscal stability by broadening tax capacity and reducing reliance on volatile oil and gas revenues. It enhances industrial competitiveness by enabling faster project timelines, reliable utilities, and efficient logistics that make Alberta attractive for global investment. It also builds community resilience by creating jobs and housing demand that sustain local businesses and essential services. In practical terms, investing in rural diversification aligns directly with provincial priorities for innovation, sustainability, and economic growth, while ensuring rural communities remain strong contributors to Alberta's long-term prosperity.

# 4. Thriving at Home: Community Support and Resilience

While rural Alberta drives the province’s economy, rural communities are foundational to Alberta’s past, present and future. Because only approximately 18% of Alberta’s population live in rural communities, providing social and community services that may otherwise be easily accessible in cities, towns and villages can be challenging. Rural Alberta is characterized by dispersed populations and small hamlets or villages. As a result, rural residents typically accept that some services will not be readily available locally and may require more travel.

Despite these realities, rural municipalities have faced increasing pressures in recent years to either directly provide or supplement services previously offered or funded by the Government of Alberta. This has placed additional fiscal pressure on municipalities, led to difficult decisions related to service levels and balancing capital and operating funding priorities, and in some cases has led to viability challenges for rural communities.

An emerging example of provincial social service gaps that has impacted rural residents and municipalities relates to an increase in the use of virtual and telephone-based crisis support as a replacement for in-person service in rural communities. According to a [report](#) developed by RMA and the University of Alberta Centre for Sustainable Rural Communities (ACSRC), the withdrawal of in-person provincial social support services in rural areas had had fiscal impacts on municipalities in the form of increasing their financial commitment to Family and Community Support Services (FCSS). FCSS offices are not designed to address crisis situations, but are often the only local in-person resource available. This trend has impacted municipalities, many of which have had no choice but to increase their funding allocation to FCSS services, even as the provincial contribution remains unchanged. It has also impacted frontline FCSS staff who describe themselves as overworked and unable to focus on the proactive programming that they are mandated to deliver, and rural Albertans facing mental health or social challenges, who are less able to access provincial support and programming due to complex and impersonal virtual platforms.

Housing is another critical area where provincial gaps are felt acutely in rural communities. Affordable housing shortages and rising homelessness in rural Alberta place additional pressures on municipalities and local non-profits, who often lack the resources to develop or sustain housing initiatives without provincial partnerships. Stable housing is foundational to both economic participation and mental health recovery, yet rural communities are struggling to meet demand.

These challenges extend across a range of social services, from addictions to victim services. The common thread is that municipalities and rural non-profits are being asked to fill provincial gaps without adequate resources. Just as provincial investment in municipal infrastructure is vital to rural viability, so is provincial investment in housing, mental health, and FCSS. Without it, rural communities cannot sustain the services that make them livable.

## Action items

| Action item   | Importance  | Lead Ministry(ies)                          |
|---|---|---|
| Increase FCSS funding amounts to ensure adequate FCSS service availability across Alberta | The FCSS funding model is based on a legislated 80/20 provincial/municipal cost-share. However, because provincial funding for FCSS was stagnant at \$100 million from 2015 to 2023 (with a slight increase to \$105 million in budget 2023), many municipalities have had no choice but to contribute well above their 20% required share to | Alberta Assisted Living and Social Services |

|  |  |   |
|--|--|---|
|  | <p>ensure FCSS remains viable in their community. Not only have operational costs increased due to inflation and population growth, they have also increased due to the need for FCSS to fill gaps left by declining provincial social service levels in rural communities – tasks they were not designed to carry out.</p> <p>According to the RMA/ACSRC report, 63% of municipalities contribute more than their required 20% of local FCSS funding, with many contributing over 35% of FCSS costs. This results in municipalities being forced to make tough decisions to redirect budget from other services or projects to cover rising FCSS operational costs not addressed by the province.</p> <p>At minimum, provincial FCSS funding should increase to \$161 million to keep pace with inflation since its last major increase to \$100 million, in 2015..</p> |   |
| Enhance provincial capital support for seniors' lodges   | <p>Seniors' lodges, typically operated by local non-profit housing societies, rely on a combination of provincial funding, municipal requisitions, and fundraising to raise funding required to remain operational.</p> <p>Since 2018, funding amounts for the primary provincial support program for seniors' lodges (Lodge Assistance Program) have stagnated at \$18.5 million. This has resulted in inflationary pressures and increasing capital and maintenance costs as lodges age, most of which are being passed on to municipalities through increased requisitions. Much like the FCSS issue above, this results in municipalities having no choice but to reduce service levels in other areas or defer capital projects to support seniors housing in their communities beyond their mandated share.</p>  | Alberta Assisted Living and Social Services |
| Restructure the Affordable Housing Partnership Program funding model to better balance provincial and municipal commitments, and invest in the development of modular engineering designs for affordable housing facilities. | <p>While the Affordable Housing Partnership Program (AHPP) is highly valuable to supporting the development of affordable housing across Alberta, the current AHPP structure requires municipalities to make significant financial investments to a project before grant funding is confirmed. This not only increases fiscal pressure on municipalities, it also creates community expectations for project development prior to funding being confirmed. This impacts strategic planning and places the municipality in a difficult position if provincial funding is not approved.</p>  | Alberta Assisted Living and Social Services |



|  |   |   |
|--|---|---|
|  | <p>Budget 2026 should invest additional funds into the AHPP to support applicants in absorbing upfront design and engineering costs of projects after an initial pre-approval. This would increase the likelihood of project success and reduce pressure on municipalities to commit to projects that are not yet fully funded.</p>   |   |
| <p>Restore grants in-lieu-of taxes for housing units operated by public housing management bodies</p>                  | <p>Public housing management bodies are exempt from paying municipal property taxes. Until 2015, the Government of Alberta provided municipalities with grants in-lieu-of taxes for such units. Since this practice was discontinued, municipalities have lost approximately \$16 million each year. Making up this revenue shortfall has forced municipalities to increase property tax rates for other property types or reduce services. Municipalities already make significant contributions to affordable housing, and restoring grants-in-lieu of taxes would signal an increased commitment on the part of the province.</p>  | <p>Alberta Assisted Living and Social Services Alberta, Municipal Affairs</p> |
| <p>Provide funding for training to support municipalities in re-entry and invest in re-entry support for evacuees.</p> | <p>Municipalities play a critical role in supporting residents during and after emergencies, yet they often lack specialized training and resources needed to effectively manage re-entry following evacuations. Providing funding for access to training ensures that municipal staff are equipped with the skills to coordinate safe and efficient re-entry processes.</p> <p>Investing in direct support for evacuees helps individuals and families rebuild stability more quickly, reducing long-term social and economic impacts. Without this investment, municipalities are often forced to absorb these costs, stretching already limited budgets and resources.</p> | <p>Alberta Public Safety and Emergency Services</p>                           |
| <p>Amend threshold to provide financial support to evacuees impacted by recurring, short-term evacuations.</p>         | <p>Recurring, short-term evacuations, often caused by wildfires, floods, or other emergencies, create significant strain for evacuees that must cover costs for transportation, housing, food, incidentals, and lost income. Current provincial support thresholds are designed for long-term displacements, leaving many residents without assistance. Including financial support for those impacted by recurring, short-term evacuations would recognize the cumulative burden these events have on residents. Without this change, evacuees are left</p>  | <p>Alberta Public Safety and Emergency Services</p>                           |

|   |  |                                     |
|---|--|-------------------------------------|
|   | to absorb expenses on their own, while municipalities and local organizations struggle to offer support.   |                                     |
| Invest in local solutions to rural homelessness, mental health, and addictions challenges | <p>In 2025, the Government of Alberta planned to spend \$148 million to implement the compassionate intervention framework, Recovery Alberta, and recovery communities.</p> <p>While this funding is warranted, there continues to be a focus on large urban centres. This is emblematic of the challenge faced by rural communities across Alberta: “proving” that they face similar challenges, even though they are often less visible.</p> <p>Due to dispersed populations in rural areas, it is often much more difficult to quantify social issues, and to provide services in a cost-effective manner. As a result, many rural Albertans struggling with these issues either “fall through the cracks” or require rural service providers (such as FCSS) to offer supports outside of their mandates.</p> <p>Providing rural communities with one-time funding similar to that allocated to large cities in 2022 would be transformative; it would allow rural municipalities and non-profits to build capacity and conduct research to better understand where needs exist. Such funding should be allocated based on priorities determined through collaboration between the province and rural municipalities and non-profits.</p> | Alberta Mental Health and Addiction |

## Why it is important

Living in a rural community has many rewards, but also many challenges. While it is a fact of life that some services will be less accessible in rural areas than in urban areas, rural Albertans deserve to know that supports will be available in times of need. This is not only important to those already in rural communities, but is also linked to attracting new rural investment.

## How community support and resilience link to investment in rural success

Community support and resilience are directly related to investment in rural success because strong social infrastructure enables rural residents to thrive despite geographic and economic challenges. When investment is made into services such as affordable housing, mental health, and FCSS, they create stability that allows individuals and families to remain in their communities rather than being forced to relocate for basic needs. This stability builds resilience, as residents are better equipped to cope with crises, adapt to change, and support one another through local networks. In turn, resilient communities attract and retain workers, sustain local businesses, and foster long-term economic growth. Investment in community support is therefore not just about

meeting immediate social needs, it is a foundational strategy for ensuring that rural Alberta remains viable and capable of contributing to the province's overall success.

# Closing the Gap: Addressing the Rural Infrastructure Deficit

The preceding section details the benefits of investment in rural Alberta. Those investments are critical to and bring direct benefits to the province. This section demonstrates how investment in rural infrastructure is fundamental to providing nearly every service in rural Alberta. RMA urges the Government of Alberta to seize *Budget 2026* as an opportunity to invest in rural municipal infrastructure as a strategic driver of Alberta's economy, growth, resilience, and community well-being, and to work with RMA to build a full understanding of the scope and importance of the rural municipal infrastructure network, and a long-term approach to funding maintenance and growth.

## The Rural Infrastructure Funding Gap and Taxpayer Burden

Rural Alberta is home to less than 20% of the province's population, yet RMA municipalities are responsible for maintaining around 75% of Alberta's bridges, 30% of Alberta's water and wastewater systems, and over 130,000 km of roads. Expansive geography, aging assets, and declining provincial funding have left rural municipalities carrying infrastructure costs that are far beyond their fiscal capacity; in turn, this has created inequities with urban communities and has discouraged rural economic and industrial growth.

While several programs are available for rural municipalities to access provincial and federal infrastructure funding, the amount of funding allocated to rural Alberta has simply become inadequate to maintain and construct rural transportation infrastructure on the required scale. For example:

- ♦ **Water Utility Funding:** RMA members received only 17% of provincial water funding in 2023, despite managing 30% of the province's water utility infrastructure, and funding under the Municipal Water and Wastewater Program has dropped from over \$85M in 2023 to only \$33M in 2025.
- ♦ **Local Government Fiscal Framework (LGFF):** LGFF replaced the previous Municipal Sustainability Initiative (MSI) funding program, but LGFF is funded well below MSI's historical average. Between 2013 and 2023, MSI funding ranged from \$515M in 2022 to over \$2B in 2017, averaging around \$1B per year for all municipalities. However, 2025's total LGFF funding was just over \$800 million, a reduction of nearly 20% *before* accounting for inflation.
- ♦ **Strategic Transportation Infrastructure Program (STIP):** STIP decreased from \$43.5M in 2024 to \$32.6M in 2025; during the same period, STIP's Local Road and Bridge Program (LRBP) averaged just \$24.3M annually from 2020–2025 shared unevenly across all municipalities, despite RMA members managing 75% of bridge assets with a portfolio value of several billion dollars.

Current provincial allocations to rural municipalities cover less than 5% of the annual holding costs of rural roads alone, leaving rural bridges, utility infrastructure, emergency repairs, and new projects underfunded. According to the findings within RMA's Rural Municipal Infrastructure Deficit Project, as of 2023, each rural Albertan would need to contribute over \$24,000 to restore the condition of rural Alberta's infrastructure to an ideal 94% condition rating. Additionally, federal funding formulas further compound this inequity; in 2023, through the Canada Community Building Fund (CCBF), RMA municipalities received just \$45M – only 17% of Alberta's \$265M allocation – because the population-based metrics used fail to account for rural cost drivers.

The rural infrastructure funding gap directly undermines rural municipal viability. Many RMA members spend upwards of 50% of their budgets on transportation infrastructure, yet with approximately 49,000 km of rural roads and 60% of rural bridges already below 50% condition, municipalities cannot continue to manage these deteriorating assets without immediate provincial support. Reliable roads and bridges are essential for municipalities to deliver services, attract residents and businesses, and maintain fiscal stability. Without predictable, equitable infrastructure funding, municipalities are forced into reactive, crisis-driven decisions

rather than responsible long-term planning, weakening their role as strong partners in Alberta's governance framework.

## Rural Infrastructure is Alberta's Economic Engine

Rural transportation networks are the backbone of Alberta's economy. They connect Alberta's energy, agriculture, forestry, and manufacturing industries to global markets, enabling trade, resource development, and supply chain reliability. These networks are not local conveniences; rather, they are provincial economic drivers that benefit every Albertan.

Rural municipalities manage \$21.95B in road assets and \$4.83B in bridge assets, directly supporting 41% of Alberta's investment and 26% of GDP. However, chronic under-investment has left rural highways with the lowest condition ratings of all rural transportation infrastructure. Without increased funding, infrastructure conditions will rapidly deteriorate by 2028, such as bridge condition falling from 49% to 21% and road condition from 61% to 14%; this will undoubtedly erode billions in asset value and threaten both public safety and industrial competitiveness.

Therefore, strategic investment in rural transportation infrastructure is an investment in Alberta's prosperity. Reliable roads and bridges unlock industrial opportunities, facilitate workforce mobility, and sustain the supply chains that drive oil, gas, forestry, and agriculture. They also lay the groundwork for economic diversification, connecting entrepreneurs, tourism operators, and agricultural producers to markets.

Targeted reinvestment strengthens local economies while reducing long-term maintenance and holding costs. By bringing assets closer to their target condition ratings of 94%, annual holding costs will decrease by billions, achieve measurable returns within years, and free up both provincial and municipal fiscal capacity for growth. This positions rural municipalities not as liabilities, but as partners in building global competitiveness, resilient communities, and a stronger provincial economy.

## Rural Infrastructure Drives Industrial Growth, Diversification, and Resilience

Alberta's industrial growth and the tax base that sustains both rural and provincial prosperity depend on rural transportation networks. Roads and bridges enable access to industrial sites, facilitate workforce mobility, support logistics, and underpin investment in resource development and trade competitiveness. Unfortunately, chronic underinvestment has left rural highways with the lowest condition ratings of all rural transportation infrastructure, threatening the supply chains that drive Alberta's oil, gas, forestry, and agricultural sectors.

Strategic investment in rural transportation infrastructure unlocks industrial opportunities that strengthen Alberta's global competitiveness, reduces long-term costs, and catalyzes economic growth. At the same time, dependable infrastructure is essential for diversification, as roads, bridges, and utilities connect entrepreneurs, tourism operators, agricultural producers, and other industries to markets. Targeted reinvestment not only strengthens local economies but also lowers maintenance costs, delivering measurable returns within years. By reducing holding costs across asset classes, provincial investment frees fiscal capacity for growth while easing the burden on rural municipalities.

Resilience is equally critical. Deferred investment escalates repair and maintenance costs, risks public safety, and erodes the reliability of core transportation networks and trade corridors. Proactive funding ensures communities can withstand growing industrial demands, demographic change, and the impacts of climate change; more extreme weather events are expected to accelerate asset deterioration and renewal timelines, compounding risks for assets that are already below target condition ratings. With provincial priorities now including large-scale data centres, expanded drilling for oil and gas, the expansion of the renewable energy industry and emerging industries such as critical mineral mining, investing in rural transportation networks is akin to investing in Alberta's industrial and economic capacity.



Beyond industry, safe and reliable infrastructure is the backbone of community resilience. Roads and bridges connect residents to health care, education, and emergency services. Provincial investment in rural transportation infrastructure is therefore not only an economic imperative, but also a commitment to ensuring equitable community support across the province.

## Direct Requests for Budget 2026

### *Collaboration on Fair and Predictable Funding*

RMA urges the Government of Alberta to act on the findings of RMA's Rural Municipal Infrastructure Deficit Project (RMIDP) Reports and work in partnership with rural municipalities to co-develop and re-work sustainable funding models and allocation frameworks.

Short term, emergency increases are needed to stabilize critical assets, but long-term collaboration is essential to ensure Alberta's infrastructure deficit is addressed strategically rather than reactively. Predictable, equitable investment frameworks will empower municipalities to plan responsibly, leverage asset management, and deliver infrastructure that serves both local residents and the provincial economy. Revising funding formulas to reflect rural cost drivers or carving out rural-specific funding will allow municipalities with extensive infrastructure networks to sustain assets that are critical to provincial industries, and a collaborative provincial-municipal condition assessment strategy will ensure evidence-based planning, equitable funding distribution, and long-term fiscal sustainability.

### *Immediate Increases to Existing Funding (Short Term Relief)*

RMA requests immediate provincial investment to address critical bridge and road funding shortfalls identified in RMA's RMIDP Reports, as current levels are wholly insufficient to effect improvements. Specifically, RMA calls for increased allocations under LGFF and STIP that reflect actual holding costs and rural cost drivers. This short-term funding will stabilize municipal budgets, reduce taxpayer inequities, prevent escalating costs from deferred maintenance, and unlock industrial and economic development opportunities province wide.

### *Long Term Commitments (Funding and Condition Assessment Strategy)*

RMA calls for a provincial commitment to co-develop a long term, predictable funding model and a province wide condition assessment strategy for rural municipal infrastructure. This aligns with provincial priorities on economic growth, resilience, and community safety, while supporting evidence-based asset management and proactive planning. Key elements should include:

- ♦ A standardized provincial condition assessment framework for roads, bridges, and utilities.
- ♦ Integration of municipal asset management practices into provincial planning.
- ♦ A prioritization matrix to direct funding to high risk, high value assets.
- ♦ Innovation funding to support new construction techniques and climate resilience.

### *Asset Management Support*

RMA's RMIDP revealed that municipal infrastructure data is incomplete, and therefore, the infrastructure deficit could be even larger than projected. Asset management capacity is essential for municipalities to maintain and improve infrastructure strategically, yet many lack the resources to collect and manage data; significant

investments in municipal asset management must accompany infrastructure funding to ensure new allocations target the most critical priorities, from community access and safety to industrial development potential.

## Conclusion

By investing in bringing rural municipal assets closer to their target condition ratings, the Government of Alberta can reduce annual holding costs by billions and begin achieving returns within just a few years. While a \$17B investment in rural roads, bridges, and utilities is not immediately feasible, targeted revisions to existing funding and grant programs are essential to prioritize rapidly deteriorating rural assets and secure Alberta's long-term prosperity.