



**RMA**  
RURAL MUNICIPALITIES  
of ALBERTA

# Budget 2026: RMA Response

March 2026



# Introduction

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.

In December 2025, RMA submitted input to the Government of Alberta in advance of Budget 2026. The input is structured around four themes representing opportunities for rural growth and provincial prosperity. These themes all build towards a significant need in rural Alberta – strategic and collaborative investment in infrastructure.

The four themes are:

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

In addition to these themes, RMA presented a budget request 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.

Following the Government of Alberta’s release of Budget 2026 on February 27, 2026, RMA has reviewed budget commitments and funding changes in relation to RMA’s priority themes and specific budget action items proposed in the original input. Given the complexity of both the budget itself and RMA’s themes, the response does not assign a grade or rating, but rather considers if and how the budget impacts the themes, notable program or funding changes, and gaps or risks.

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

## Theme Overview

Rural municipalities deliver essential services Albertans rely on every day – from maintaining the roads that connect communities to making informed decisions about land use and development. For RMA members, this responsibility extends across 85% of Alberta’s land base. Ensuring rural municipalities remain strong and viable is therefore foundational to Alberta’s long-term success. Achieving this requires the Government of Alberta to protect municipal tax and assessment autonomy, address growing viability challenges, and engage municipalities as true partners rather than downloading costs and responsibilities onto local governments.

## Action Items

Action item	Budget Relevance
Commit to maintain municipal authority over property tax rate setting	<ul style="list-style-type: none"> <li>◆ The <a href="#">Municipal Affairs business plan</a> includes objective 2.5, which seeks to limit the ability of municipalities to increase property tax rates.</li> <li>◆ This objective could influence or limit the autonomy of municipalities to establish tax rates and create or exacerbate local fiscal challenges.</li> </ul>
Reform provincial funding models to reflect rural cost drivers and ensure allocations are not limited to per-capita formulas.	<ul style="list-style-type: none"> <li>◆ Budget 2026 does not make changes to funding models or indicate future plans to revisit how grant funding is allocated.</li> <li>◆ The continued reliance on per-capita allocations does not account for the cost drivers unique to rural municipalities, which include large geographic areas, dispersed populations, and higher infrastructure demands linked to industrial development.</li> </ul>
Commit to modernizing and adequately funding the municipal viability review process to ensure fair, transparent, and sustainable outcomes for all communities.	<ul style="list-style-type: none"> <li>◆ The Municipal Affairs business plan objective 2.1 includes a reference to providing programs, grants and resources that promote municipal viability, among other things.</li> <li>◆ Budget 2026 does not commit any funds specifically for the viability review process, resulting in a misalignment between the business plan’s stated objective and the</li> </ul>

	financial support required to modernize and strengthen the process.
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## RMA Response

Budget 2026 does not directly respond to RMA’s action items related to the “Strong and Viable Municipalities” theme. While it does not indicate changes contrary to RMA’s submitted requests, it also stops short of making the policy or funding commitments required to strengthen municipal autonomy, address viability challenges, or enhance support for the long-term sustainability of rural municipalities.

RMA will continue to advance the “Strong and Viable Municipalities” theme through targeted advocacy. This includes ongoing engagement with Municipal Affairs on protecting municipal tax autonomy, advocating for updates to provincial grant programs that reflect rural cost drivers, and working with Municipal Affairs to pursue a modernized and adequately funded viability review process.

Together, these efforts will ensure that rural municipalities have the autonomy, tools, and provincial support needed to remain strong, sustainable, and capable of serving communities across Alberta.

## Next Steps/Follow-up

- ◆ RMA will continue to engage with Municipal Affairs on the importance of municipal autonomy for tax rate setting.
- ◆ RMA will seek to leverage the Closing the Gap campaign to request updates from Transportation and Economic Corridors and Infrastructure regarding updating their grant programs to reflect rural cost drivers.
- ◆ Pending upcoming engagement opportunities, RMA will continue to work with Municipal Affairs to seek a fulsome, proactive, and well-funded viability review process.

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

## Theme Overview

Rural municipalities provide the industrial land base, transportation corridors, and utility infrastructure that enable Alberta’s core and emerging industries to grow. However, current provincial grant programs for infrastructure are heavily weighted toward residential growth, leaving rural municipalities disadvantaged when pursuing industrial projects. Additionally, rural municipalities are facing a \$17-billion infrastructure deficit (as of 2023), that is projected to now be closer to \$25 billion. Many rural municipalities lack the dedicated, investment-ready industrial infrastructure funding needed to attract and retain major projects. Municipal property taxes can only cover so much of rural municipal capital responsibilities; without adequate provincial funding, the network is at risk.

Without strategic provincial partnership on a rural industrial infrastructure fund that provides long-term, predictable capital support for non-residential infrastructure projects directly linked to industrial economic development, rural municipalities may not be able to service industrial lands, upgrade roads and bridges, or expand water, wastewater, and energy systems at the scale required to support Alberta’s next wave of economic growth without incurring substantial debts and levying tax increases on ratepayers.

## Action items

Action item	Budget Relevance
Establish a rural industrial infrastructure fund for non-residential growth	<ul style="list-style-type: none"> <li>◆ Budget 2026 did not establish a rural industrial infrastructure fund to enable industrial growth in rural Alberta.</li> <li>◆ While \$2.7 billion over the next three years is earmarked to develop provincially owned roadways that support economic and industrial development in rural Alberta, the Alberta Transportation and Economic Corridors (TEC) Business Plan reduced several other items related to support for municipal infrastructure servicing non-residential and industrial growth.</li> <li>◆ These reductions include:               <ul style="list-style-type: none"> <li>◇ Strategic Transportation Infrastructure Program (STIP) funding was reduced to just \$29.3 million in 2026-2027.</li> <li>◇ The Local Government Fiscal Framework (LGFF) had its capital allocation cut by \$20 million, reducing the total LGFF allocation from \$820M to \$799M. All municipalities other than Edmonton and Calgary (including all RMA members) will receive just \$377 million, or 47% of the total LGFF amounts.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>◆ While \$2.6 billion has been allocated for municipal infrastructure support within the province’s Capital Plan, much of the funding within that total is dedicated towards projects within urban municipalities and will not support the industrial growth opportunities in rural municipalities.</li> <li>◆ Despite increases to the Alberta Municipal Water/Wastewater Program and Water for Life program, located within the 2026 Capital Plan and the Ministry of Transportation and Economic Corridors business plans, neither of these programs permit the allocation of grant funds to non-residential infrastructure projects that support industrial growth.</li> </ul>
Support tools to enable investment-ready rural industrial lands	<ul style="list-style-type: none"> <li>◆ Within the Ministry of Environment and Protected Areas Business Plan, objective 2.1 was to “modernize Alberta’s regulatory system through expediated decisions on approvals for priority projects, digital online system enhancements, and implementation of designated industrial zones, to facilitate regulatory efficiency, effectiveness and certainty, reduce red tape and support economic growth and investment in Alberta.” <ul style="list-style-type: none"> <li>◇ While this is a strong signal that the development of further investment-ready industrial zones is on the horizon, the province’s Capital Plan allocates just \$10.1 million for designated industrial zone pilot project development in 2026-2027.</li> </ul> </li> </ul>

## RMA Response

Budget 2026 does not meaningfully address the infrastructure funding required for rural industrial growth. The reductions to road and bridge infrastructure funding significantly limit rural municipalities’ ability to service industrial lands, maintain haul routes, and upgrade water and wastewater systems.

While the budget emphasizes economic diversification and industrial attraction – including data centres, irrigation expansion, and value-added agriculture – it does not provide the rural infrastructure investments necessary to support these sectors. Investment in rural municipal non-residential infrastructure is not just a secondary priority; it is an essential requirement without which industrial growth cannot move forward.

Overall, the budget’s economic ambitions are misaligned with the capital tools provided to rural municipalities.

## Next Steps/Follow-up

- ◆ To prioritize funding for rural industrial infrastructure, RMA will continue advocating for the development of a dedicated industrial and non-residential infrastructure funding program, in addition to continued advocacy for the creation and implementation of programs already announced or in place that would facilitate non-residential infrastructure development and rural economic growth.

- ◆ This includes the creation of the Integrated Water Program (IWP), intended to address key water infrastructure needs by supporting the development and upgrading of water treatment and distribution systems for the residential, industrial, and agricultural sectors, streamline funding for water infrastructure projects, and ensure alignment with the Government of Alberta's strategic goals of water security and economic sustainability.
- ◆ Additionally, RMA continues to engage with TEC to undertake a review of the STIP program to ensure that the program is properly funded and includes and addresses rural realities and cost drivers.

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

## Theme Overview

As rural municipalities provide local services to 85% of Alberta’s land base, it is important that the Government of Alberta contribute to support the key municipal infrastructure and services that ensure the viability and prosperity of the province at large. Abundant in natural resources and suitable land, rural municipalities are often the host regions for industries such as oil and gas, agriculture, critical minerals such as lithium, nuclear energy and data-enabled enterprises. Furthermore, water availability is a significant barrier to the sustained growth of these important industries. The Government of Alberta must implement targeted investment commitments along with strategic policy alignment to support these industries and contribute to local economic development in rural Alberta.

## Action items

Action item	Importance
Expand the Alberta Municipal Water/Wastewater Program	<ul style="list-style-type: none"> <li>Funding for the Alberta Municipal Water/Wastewater Program has increased from \$44.6 million in 2025-2026 to over \$63 million in 2026-2027.</li> <li>This is a positive development. RMA will monitor allocation to understand the portion of funding dedicated to rural projects.</li> </ul>
Create a value-added agriculture pilot program	<ul style="list-style-type: none"> <li>The Ministry of Agriculture and Irrigation Business Plan makes numerous references to the importance of value-added agriculture, and references existing grant programs and tax credits, but does not include any new or expanded funding or support to grow the sector.</li> <li>No funding allocations for a dedicated value-added agriculture pilot program.</li> </ul>

## RMA Response

Budget 2026 increases funding for the Municipal Water and Wastewater Program from \$44.6 million in 2025-2026 to over \$63 million in 2026-2027. While this amount is encouraging, it is still significantly lower than funding allocations of previous years (\$85 million in 2023) and is insufficient to keep pace with current residential infrastructure needs and agricultural food production requirements in rural Alberta.

Although increased investment in value-added agriculture is identified as a key objective in the Ministry of Agriculture and Irrigation’s business plan for Budget 2026-2027, there are no significant increases in funding

towards existing agriculture-specific initiatives and programs and most funding allocations remain stable from the previous budget year. RMA supports the continued growth and development of the agricultural sector and believes this is best achieved through the development of a value-added agriculture pilot program. With a dedicated funding program, the Government of Alberta can provide meaningful support towards sustaining and growing this important sector, particularly by attracting large scale and international agricultural investment to Alberta.

Overall, Budget 2026 recognizes the importance of rural economic development in Alberta, but falls short on investing meaningfully towards municipal infrastructure development and key rural Alberta industries like agriculture.

## Next Steps/Follow-up

- ◆ RMA has several resolutions, active and expired, that highlight the need for dedicated water and wastewater infrastructure funding and have informed RMA's advocacy efforts related to rural economic development:
  - ◇ Resolution 9-25S: Water and Wastewater System Funding
  - ◇ Resolution 1-23F: Strategic Transportation Infrastructure Program Funding
  - ◇ Resolution 2-23S: Provincial Funding Stream for Non-Residential Infrastructure

To advance advocacy on these resolutions, RMA will engage with the relevant Government of Alberta ministries to convey the importance of municipal and non-municipal infrastructure investment in rural communities.

- ◆ RMA supports government initiatives and approaches like the Alberta Agri-Processing Investment Tax Credit that incentivize large scale agricultural investment in Alberta and contribute to local economic development. RMA will continue to advocate for the development and funding of a dedicated value-added agriculture pilot program by corresponding with decision makers, monitoring provincial consultations and engagements, and undertaking relevant research and information-gathering.

# 4. Thriving at Home: Community Support and Resilience

## Theme Overview

In many cases, delivering community services in rural areas is more difficult and costly than in urban centres. Delivering rural community services requires programming design and funding approaches that work in areas characterized by sparse populations, long travel distances, and limited connectivity. As a result of provincial programming that does not reflect rural realities, many rural municipalities have been forced to contribute to funding or delivering services that are a provincial responsibility, but not accessible to rural residents. This shift has strained municipal budgets, resulted in local services providing support beyond their intended scope, and left rural residents challenged in accessing mental health and social support. Housing shortages and rising rural homelessness further highlight gaps that local governments and non-profits cannot fill alone. Across areas such as mental health, addictions, victim services, and affordable/seniors housing, rural municipalities are being asked to compensate for provincial shortfalls without adequate resources, making sustained provincial investment essential to the long-term viability and livability of rural communities.

## Action items

Action item	Importance
<p>Increase Family and Community Support Service (FCSS) funding amounts to ensure adequate FCSS service availability across Alberta</p>	<ul style="list-style-type: none"> <li>◆ Budget 2026 allocates \$105 million for FCSS services.</li> <li>◆ This is unchanged from several previous years despite continued inflation, as well as evidence that rural municipalities have increased their contribution amounts to FCSS significantly beyond their legislative requirements in an effort to fill provincial funding gaps.</li> </ul>
<p>Enhance provincial capital support for seniors’ lodges</p>	<ul style="list-style-type: none"> <li>◆ Funding for the Seniors Lodge Modernization Program is maintained at \$50 million per year until 2028-29.</li> <li>◆ According to a recent RMA member survey, rural municipalities have increasingly been requisitioned for capital costs by housing management bodies in recent years. This suggests that provincial funding is insufficient or may not be targeting appropriate projects, shifting an increasing responsibility onto the municipal property tax base.</li> </ul>
<p>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>	<ul style="list-style-type: none"> <li>◆ The GOA has proposed an additional \$7 million to support the Affordable Housing Partnership Program with a total of \$648 million to build, renew, and maintain affordable housing programs.</li> </ul>

	<ul style="list-style-type: none"> <li>◆ There were no additional details outlining the restructure of the Affordable Housing Partnership Program.</li> </ul>
Restore grants in-lieu-of taxes for housing units operated by public housing management bodies	<ul style="list-style-type: none"> <li>◆ Grants in Place of Taxes (GIPOT) coverage has been resumed to 100% for all eligible property tax amounts on provincially-owned properties. However, it is unclear whether this includes restoration of GIPOT for housing units operated by public housing management bodies.</li> </ul>
Provide funding for training to support municipalities in re-entry and invest in re-entry support for evacuees.	<ul style="list-style-type: none"> <li>◆ The GOA has made a commitment to ensure Alberta is prepared and resilient to the impacts of disasters. However, there is no commitment related to municipal re-entry support.</li> </ul>
Amend threshold to provide financial support to evacuees impacted by recurring, short-term evacuations.	<ul style="list-style-type: none"> <li>◆ There appears to be no changes to financial support for evacuees impacted by recurring, short-term evacuations.</li> </ul>
Invest in local solutions to rural homelessness, mental health, and addictions challenges	<ul style="list-style-type: none"> <li>◆ While there has been an increase in mental health and addiction recovery spaces, there is not currently information available on where these spaces will be built.</li> <li>◆ There appears to be no specific allocation of Budget 2026 funds to support rural solutions to homelessness, mental health, and addiction challenges.</li> </ul>

## RMA Response

Investment in community and social services is an investment in the health of rural communities. Budget 2026 represents a missed opportunity for the GOA to meaningfully invest in the social and community service needs of rural Albertans. While RMA recognizes the fiscal pressures facing the province, the absence of support for essential services will have long-term consequences on the well-being of rural communities and their residents. Community support and resilient continue to be foundational for municipal viability, especially in rural areas.

## Next Steps/Follow-up

- ◆ RMA will continue to strengthen partnerships with key community service providers to ensure that advocacy priorities are aligned.
- ◆ RMA will continue to support the Affordable Housing Partnership Program, while ensuring that advocacy for its restructuring remains a priority.
- ◆ RMA will continue to reinforce messaging that community and social services are requirements for economic growth.

# Closing the Gap? Budget 2026 and the Rural Municipal Infrastructure Deficit

## What is the Rural Municipal Infrastructure Deficit?

The rural municipal infrastructure deficit represents the one-time investment required to bring rural municipal roads, bridges, and utilities from their current observed condition rating back to a target condition rating. This definition is grounded in asset management principles: it reflects the cost of restoring assets to the target condition that delivers expected service levels in the safest, most reliable, and most cost-effective way.

RMA's 2024 [Rural Municipal Infrastructure Deficit Project](#) provided one of the most comprehensive analyses of rural municipal infrastructure ever completed in Alberta. It identified a \$17-billion deficit as of 2023, projected to grow to more than \$25 billion by 2025 without intervention. The project also quantified the consequences of underinvestment, including rapidly rising annual holding costs, increased emergency repairs, and growing pressure on rural taxpayers and industry.

RMA's [Closing the Gap campaign](#) took the findings of the Rural Municipal Infrastructure Deficit Project and translated them into a clear, province-wide call to action. Its purpose was to elevate the report findings back to the forefront of RMA's advocacy and show that rural infrastructure networks are more than just a municipal responsibility; they are the foundation of Alberta's economy, supporting major industries, supply chains, and communities across the province. The campaign aimed to raise public and provincial awareness of the scale and consequences of the deficit, build a shared understanding of the urgent need for investment, and present practical, evidence-based recommendations for Budget 2026 and beyond.

## Closing the Gap's Budget 2026 Priorities

The *Closing the Gap* campaign made four clear, practical recommendations for Budget 2026 and future budgets:

### *Immediate Increases to Existing Funding (Short-Term Stabilization)*

- ◆ Rural roads and bridges are deteriorating faster than municipalities can maintain them, with holding costs exceeding \$5 billion annually and projected to rise sharply as assets fall further below target condition. To prevent emergency closures, supply chain disruptions, and escalating long-term costs, RMA called for targeted short-term increases to existing programs, including:
  - ◇ Aligning LGFF capital funding with the 10-year historical average of MSI, accounting for the significant inflation and construction cost escalation over the past five years.
  - ◇ Strengthening STIP to support timely bridge rehabilitation and replacement, recognizing that current allocations fall far short of the needs of Alberta's rural municipal bridge network.
  - ◇ Providing targeted investments to address high-risk, high economic value assets and prevent failures that would impose far greater economic and fiscal costs on the province.

### *Collaboration on Fair and Sustainable Funding Models*

- ◆ Current provincial and federal funding formulas rely on metrics that do not reflect rural realities and cost drivers and do not account for the true economic value that rural municipal infrastructure networks

provide to the province. RMA urged the province to work collaboratively with rural municipalities to redesign funding models and create rural-specific funding streams that reflect:

- ◇ The scale and economic importance of rural transportation networks
- ◇ The true per-kilometre cost of maintaining rural roads and bridges
- ◇ Heavier industrial activity and a primarily non-residential assessment base
- ◇ Geographic remoteness and limited redundancy in rural infrastructure networks
- ◇ High inflation and construction cost increases

### ***Long-Term Commitment to Co-Develop a Provincewide Condition Assessment Strategy***

- ◆ RMA called for a provincial commitment to co-develop a renewed, long-term funding model, but to move Alberta from reactive crisis management to proactive asset stewardship, RMA recommended a provincewide condition assessment strategy be collaboratively developed for rural roads, bridges, and utilities. This strategy would:
  - ◇ Establish a standardized provincial condition assessment framework
  - ◇ Integrate municipal asset management data into provincial capital planning
  - ◇ Use a risk-based prioritization matrix to direct funding to high-value, high-risk assets
  - ◇ Support innovation in resilient construction and climate adaptation

### ***Dedicated Provincial Support for Municipal Asset Management Capacity***

- ◆ Many rural municipalities lack the fiscal and staffing capacity and resources to collect, maintain, and analyze the asset data needed for evidence-based planning. While asset management is not a substitute for funding, it is a multiplier that increases the effectiveness of every dollar invested into rural infrastructure. Strengthening municipal asset management capacity is a high-leverage provincial investment that improves decision-making and ensures provincial dollars are directed to the assets that matter most. RMA recommended that the province:
  - ◇ Fund municipal asset management software, training, and data collection
  - ◇ Support consistent, up-to-date asset inventories across all rural municipalities
  - ◇ Integrate municipal asset management data into provincial funding frameworks

## **A Missed Opportunity to Invest in Rural Growth**

Budget 2026 did not deliver the investments needed to meaningfully address the rural infrastructure deficit or the programming that RMA requested through *Closing the Gap*. While water infrastructure programs received modest increases, core funding for road and bridge infrastructure, the backbone of rural economic activity, was reduced or left stagnant.

- ◆ Only \$265.6 million was allocated over three years (2026-27 to 2028-29) under the Strategic Transportation Infrastructure Program (STIP) and other dedicated grants for municipal road and bridge improvements and airport upgrades. This is a decrease of over \$79 million from Budget 2025, which allocated \$344.9 million over three years. Budget 2026 allocates only \$29.3 million to STIP in 2026-2027, which is almost \$10 million less than the amount allocated in Budget 2025.

- ◆ LGFF capital funding was reduced from \$880 million in Budget 2025 to \$860 million in Budget 2026, reflecting a \$20 million decrease to the LGFF capital component. Unfortunately, this reflects the volatility of linking the funding to provincial revenue rather than the actual needs of rural infrastructure networks.
- ◆ No commitments were made toward long-term funding reform, condition assessment, or asset management support for rural municipalities.

These decisions represent a missed opportunity to invest in the infrastructure that supports 41% of provincial investment and 28% of Alberta’s GDP. Underinvestment today increases long-term costs, accelerates deterioration, and places greater financial pressure on rural taxpayers and industries that rely on safe, reliable transportation networks.

Budget 2026 could have slowed the growth of the deficit and reduced future fiscal risk. Instead, it leaves rural municipalities facing rising holding costs, more emergency repairs, and widening gaps between asset needs and available funding.

## The Path Forward on Closing the Gap

Despite the setbacks in Budget 2026, RMA will continue to advocate for a provincial approach that recognizes the economic importance of rural infrastructure and the scale of the investment required to sustain it.

RMA's priorities moving forward include:

- ◆ Renewing calls for stabilization funding – especially in the context of higher than projected oil prices – to prevent further deterioration of high-risk assets and avoid more costly failures.
- ◆ Re-engaging the province on long-term funding reform, including a commitment to a collaborative process to design a capital funding model that reflects rural realities and supports provincial economic growth, as well as moving forward on engagements such as the STIP program review working group.
- ◆ Securing a provincial commitment to advance the development of a provincewide condition assessment strategy, to help ensure that both municipalities and the province have consistent, comparable data to guide infrastructure investment decisions.
- ◆ Securing dedicated support for municipal asset management, so municipalities have the tools, training, and data needed for evidence-based planning, and continuing to work with other asset management stakeholders.
- ◆ Strengthening local advocacy, using the findings of the Infrastructure Deficit Project and RMA’s member resources, to demonstrate the economic and fiscal consequences of continued underinvestment.

*Closing the Gap* is not a one-year effort. It is a long-term commitment to aligning provincial investment with the true cost of maintaining the infrastructure that drives Alberta’s economy. While Budget 2026 may have been a missed opportunity for the province to recognize the true economic value of rural municipal infrastructure assets, the need – and the case for action – has never been clearer.