



## **News Release – AUMA responds to Budget 2021**

February 26, 2021

**EDMONTON** – AUMA acknowledges that 2020 and 2021 have been a period of economic uncertainty, and that Alberta’s government faces difficult choices due to the COVID-19 pandemic, oil price shock and the global economic recession. While the provincial government attempts to re-establish a sustainable fiscal trajectory, the broken promises and choices made in Budget 2021 and the corresponding three-year fiscal plan will have a long-term impact on Albertans, who live and work in our communities.

### **Municipal Sustainability Initiative and Local Government Fiscal Framework**

It is unfortunate that the government’s commitment to funding municipal infrastructure has diminished. While Budget 2021 increases Municipal Sustainability Initiative (MSI) funding this year, the long-awaited Local Government Fiscal Framework (LGFF) is being deferred until 2024, and municipalities will see a 25 per cent cut in MSI funding collectively over the next three years.

“Over the long term, municipalities require stable and predictable funding to ensure economic growth and recovery,” said AUMA President Barry Morishita. “The changes to MSI and the LGFF are another example of the province changing its plan and going back on campaign promises, which forces municipal leaders to go back to the drawing board for how they will take care of their community infrastructure.”

AUMA will continue to advocate for the importance of the LGFF, which was first announced in 2019 and is now delayed for an additional two years. This is disappointing, as this program, once in place, promises funding for municipalities that is predictable, responsive, and legislated – all critical ingredients for municipalities to enact budgets that maintain their essential role in maintaining public infrastructure and creating jobs across the entire province.

### **Education property tax**

Although we are relieved the provincial government did not follow through with its planned increase to education property taxes, which the province requires municipalities to collect on its behalf, the Alberta government still takes over \$0.30 of every dollar that residents and businesses pay in municipal property taxes.

President Morishita adds, “This leaves a gap in expectations for citizens, who assume their municipal taxes will be used to pay for local services and infrastructure. The education property tax requirement also impacts local economic development, as a significant portion of citizens’ taxes leave their communities.”

## **Supports for housing, businesses, opioid crisis**

The budget does not address several immediate crises Albertans are grappling with. An immediate response is required to provide urban municipalities with funding to address homelessness and support struggling businesses. We are also dismayed to see that while it sets aside funding for recovery and treatment, the budget does not address the immediate death toll resulting from the opioid crisis.

## **Looking forward**

These past months have required more resilience and perseverance than ever before, as municipalities respond to urgent resident and business needs and provide additional services with less revenue. If our communities are going to keep growing and thriving, it is going to mean working together, ensuring municipalities have the funding to invest in initiatives that contribute to the fiscal health of our province.

AUMA will continue to advocate for collaborative partnerships with municipalities to ensure that responsible investment occurs in our communities, where we can maximize the return on our investments, create jobs and stimulate our economy.

## **For more information:**

[AUMA's Budget 2021 webpage](#)

At 11:30 a.m. today, AUMA President Barry Morishita will be participating in a virtual media availability to share municipal perspectives on Budget 2021. [Register here](#).

## **Media contact:**

[Carla Putnam Kerr](#)

Communications Manager, AUMA

780-668-2436