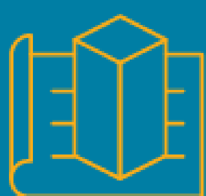
Alberta Municipalities
Strength In Members

Property Taxes Reimagined:
Fair Funding for Strong Communities

This is part of an informational series on the realities facing municipal government councils and the need to reimagine property taxes in Alberta.

Provincial funding cuts have caused local governments to:

Raise property taxes and fees



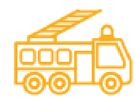
Delay or change building projects

Cut back on services to save money

Handing the Bill to Local Governments

Just like other provinces in Canada, Alberta's government gives money to municipal (local) governments to help pay for local services. This money helps grow the local economy, improve local services, and helps share the cost of big projects. For example, the Alberta government helps pay for:

Preventative social programs that support people before problems get worse



Police and fire departments

Roads, water systems, and places like recreation centres

But over the past 15 years, the Alberta government has been giving less money to municipal governments, while also asking them to do more. In 2009, municipalities got about $635 per person from the Alberta government. By 2023, that dropped to $327 per person, after inflation. This means your municipal government now gets about half as much money from the province to help run services in your community.

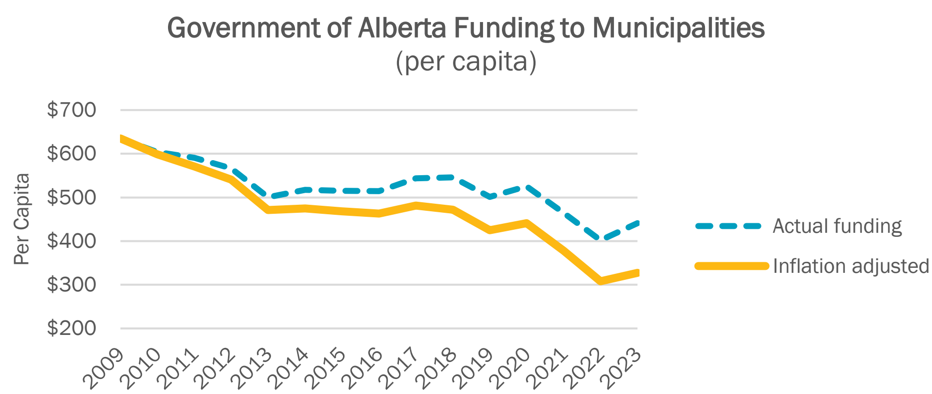


Figure 1: Includes capital and operating funding. Calculated using Alberta Municipal Affairs, Financial Information Returns, Schedules D and E(2). Inflation adjusted figures are based on 2009 constant dollars using Alberta's Consumer Price Index, Statistics Canada Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted. Population sourced from the Government of Alberta Regional Dashboard.

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Cuts in funding for community infrastructure

Over the past 15 years, most of the money the Alberta government gave to municipalities for building things came from a program called the Municipal Sustainability Initiative (MSI) Capital program. This money helped local governments build or fix important things like roads, water and sewer systems, fire trucks, and recreation centres.

The amount of money municipalities got from this program dropped a lot from 2011 to 2023. In 2011, they got $302 per person, but by 2023, that went down to just $79 per person, after inflation.

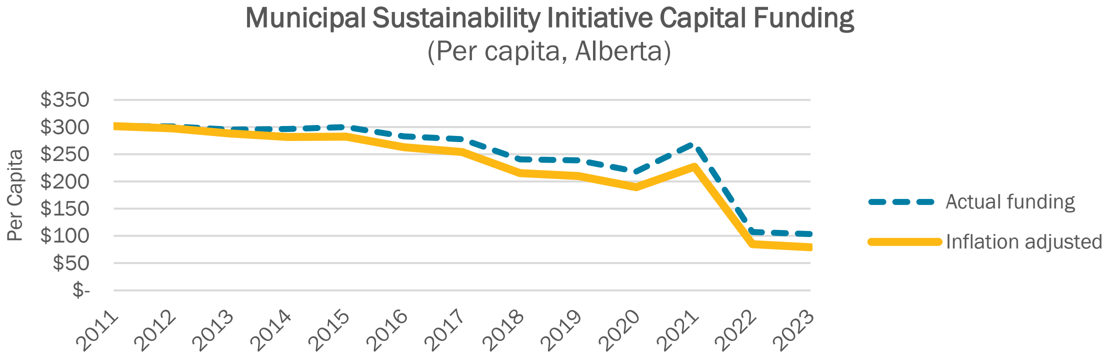

Figure 2: Data sourced from Alberta Municipal Affairs' annual allocation tables for MSI Capital, Statistics Canada, Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted, Alberta region, and Statistics Canada Table 17-10-0005-01 Population estimates on July 1.

During this time, the province provided two funding programs that municipalities could use towards building or fixing roads and other local amenities. One was a small annual grant, and the other was MSI Capital.[1] So, when the province gave less money through MSI Capital, municipal government spending on roads and streets started going down in 2015. This is one of the reasons why some of the roads in your community may not be in great shape today.

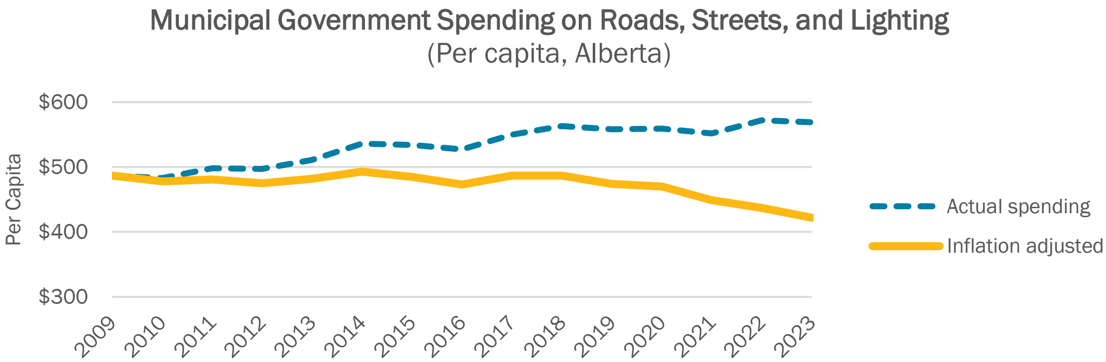

Figure 3: Data is sourced from Alberta Municipal Affairs, Municipal Financial Information Returns, Schedule C, as of January 2025. Total expenditures for all Alberta municipal governments including amortization of tangible capital assets. Inflation is based on Statistics Canada, Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted, Alberta region. Population is based on the Government of Alberta's Regional Dashboard for municipalities that reported spending in each year.

[1] The small annual grant is the Strategic Transportation Infrastructure Program (STIP). From 2011-2023, STIP was inconsistent, but provided an annual average of $9 per capita to municipalities (adjusted for inflation).

Cuts to everyday operating costs

The Alberta government also gives money to municipalities to help pay for the day-to-day costs of preventative social programs, policing, firefighter training, and regional collaboration but this funding hasn't kept up with Alberta's rising costs or growing population.

Here are some examples:

- The province cut the amount of money that municipalities get from each **traffic fine ticket** in 2020, which meant municipal property taxes had to go up to keep paying for police services.[2]
- **Grants to train local firefighters** haven't changed in over 10 years and there was no funding at all in 2020 and 2021.[3]
- **Police grants** have gone up as the population grows, but they haven't been adjusted for inflation so municipal governments have to cover the extra costs themselves.[4]
- The province's budget for **Family and Community Support Services** (FCSS) has only increased once in the last 10 years, but municipal governments have continued to increase their spending on FCSS because of their growing population and needs.

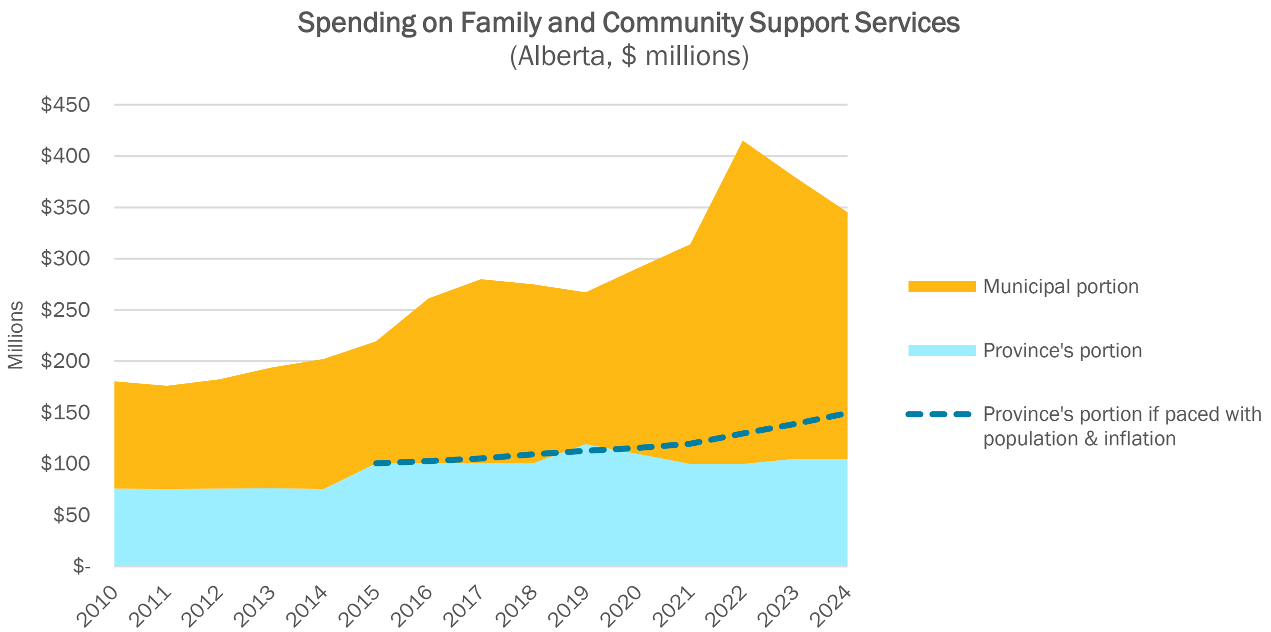

Figure 4: Municipal spending is sourced from Alberta Municipal Affairs, Municipal Financial Information Returns, Schedule C, column 01400 as of January 2025. The province's spending on FCSS is based on the Government of Alberta's annual Government Estimates reports. Total municipal spending has been adjusted to reflect the portion of spending funded by the province.

[2] Municipal governments used to receive 73% of the fine revenue for violations made under Alberta's Traffic Safety Act but in 2020, the Alberta government reduced the municipality's portion to 60%. Per the Government of Alberta's 2019 Fiscal Plan, this was estimated to reduce funding to municipalities by $37 million annually.
[3] Fire Services Training Grant.
[4] Policing Support Grant, formerly called the Municipal Policing Assistance Grant and Police Officer Grant.

- Since 2016, the Alberta government has been giving less money to help municipal governments work together. For example, in 2025, the province stopped providing funding for municipal governments around Calgary and Edmonton regions to plan for growth, such as how land should be used and how transportation is coordinated.[5]
- From 2020 to 2024, the province paid only half of what it would normally owe in property taxes for government-owned buildings.[6]
- Many local organizations depend on money from the Alberta government to run programs that help people in their communities. **When the province gives less money to these non-profit groups, they often ask their municipal government to help cover the loss in funding.** This puts pressure on council to raise municipal property taxes to keep these services going in their community. For example:
  - Alberta's **Community Facility Enhancement Program** helps fix community buildings that are owned by charities and non-profit organizations. In 2010, the province gave about $11 per person to this program. By 2024, that dropped to $7 per person, and between 2019 and 2021, it averaged $4 per person, after adjusting for inflation.
  - Alberta's **Community Initiatives Program** also supports charities and non-profit organizations to deliver local services. In 2010, the province gave $6 per person, but by 2024, it was down to just $2 per person, after inflation.[7]

These are just some of the biggest examples where provincial funding has been cut or hasn't kept up with Alberta's growth. In addition to needing more funding for local infrastructure and FCSS, there are other areas where municipalities want the province to invest more, like affordable housing and homelessness.

Has the province increased funding in any areas?

Yes. In 2023, the Alberta government doubled its general operating grant for all municipalities outside Calgary and Edmonton.[8] Then in 2024, the province started increasing infrastructure funding again by investing in a new program called the Local Government Fiscal Framework Capital program, plus they made investments in important road, transit, and downtown projects in Calgary and Edmonton.

But even with these increases, **the Alberta government is still giving hundreds of millions of dollars less to municipalities than it did 15 years ago**. In that time, Alberta's population grew by 1.3 million people and is still growing, which means there's more pressure on things like roads, water systems, and recreation and social support programs.

[5] Funding through the Alberta Community Partnership was $40 million in 2016 and is now down to $13.4 million for the 2025-26 fiscal year.
[6] The province provides a Grants in Place of Taxes program to compensate municipal governments for the property taxes that would normally be owed if a property wasn't owned by the Alberta government (e.g. provincial building, courthouse) because the municipality still provides services to those properties.
[7] Figures are sourced from the Government of Alberta's annual Government Estimates reports and ABmunis has adjusted for population growth using Statistics Canada Table 17-10-0005-01 and adjusted to constant 2010 dollars using Alberta's Consumer Price Index, Statistics Canada Table 18-10-0005-01.
[8] In 2023-24, MSI Operating funding increased from $30 million to $60 million and has continued at that level under its replacement program, the Local Government Fiscal Framework Operating.

How do these cuts in funding affect you?

When your municipality gets less money from the provincial government, it has two choices:

1. Cut back on services like fixing roads or offer fewer programs in your community, or
2. Raise municipal property taxes to make up for the lost money.

The funding cuts are creating a shift in how Albertans pay taxes. Provincial income tax rates have gone down, but you are now paying higher municipal property taxes.

Municipal governments got 20 per cent of their money from the Alberta government in 2009.

By 2023, that dropped to just 10 per cent. So now, municipal governments have to rely more on municipal property taxes to pay for the services your community needs.

Despite the increase in municipal property taxes, municipalities have still not made up for the loss in provincial funding. This means municipalities must do more with less.

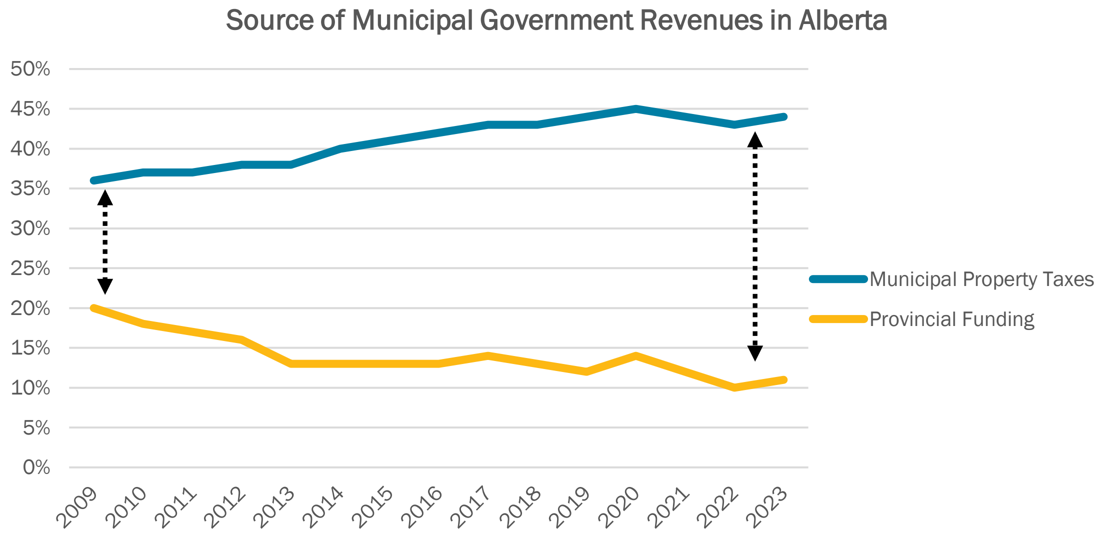

Figure 5: Calculated using Alberta Municipal Affairs' Financial Information Returns, Schedule D. Between 2009 and 2023, other revenues collected by municipalities have remained consistent at about 45 per cent of total municipal revenues.

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Should the current approach to provincial property taxes be reimagined?

Most people don't like paying taxes, whether it's a tax to the provincial government or your local municipal government. Life can get harder for people with low or fixed incomes, especially if their income isn't growing, when governments start relying more on property taxes.

Unless the Alberta government starts investing more money in municipalities, your municipal property taxes will likely keep going up. Here's why:

1. During the last decade of funding cuts, municipal governments have delayed important infrastructure projects, like repaving certain roads, replacing old water and sewer pipes, or fixing up arenas and pools.
2. If your community is growing, your municipality likely needs to add lanes to certain roads or add a new fire hall, police station, library, or recreation centre.
3. Costs keep rising, and **provincial law requires your municipal government to balance their budget.** So, if provincial funding doesn't keep up with inflation and population growth, your council will need to keep increasing municipal property taxes or the quality of your local services is going to decline.

What do you think?

- Should the Alberta government keep shifting more taxes onto property owners and renters?
- Should Alberta change how local services are funded?
- If things stay the same, will life in your community be better or worse?

If you have ideas, contact your local MLA or your municipal council and share your thoughts. It's a chance to help reimagine property taxes to strengthen the future of Alberta's communities.

Alberta Municipalities is the non-partisan organization representing and advocating for summer villages, villages, towns, specialized municipalities, and cities—the municipalities in which 85% of Albertans live. We support resilient and thriving communities by bringing together community builders from across Alberta.