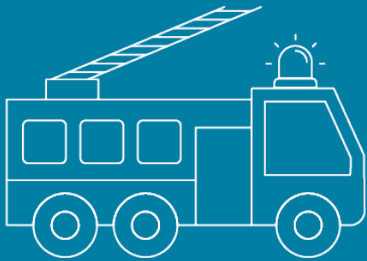


Property Taxes Reimagined: Fair Funding for Strong Communities

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

Municipalities are buying things that most households don't have to buy. For example, the cost of a fire truck has gone up **over 70%** since 2020.



Inflation: The Hidden Cost that is Driving Up Your Municipal Property Taxes

While Albertans have seen their costs to buy a house, car, and groceries go up in recent years, municipal governments have also seen their costs go up, but in different ways. Instead of buying groceries, your municipal government needs to:

- Buy things like equipment, trucks, pipes, concrete, and road materials
- Cover energy costs to heat and cool buildings and keep streetlights on
- Pay local contractors, workers, and employees

Some of these costs have skyrocketed for municipalities in recent years. For example:

- A fire truck now costs over \$1 million more than it did in 2020, that's a 73 per cent increase
- A garbage truck costs more than double what it did in 2019
- Building a recreation centre or community building has become so expensive that many municipal governments have had to delay or change their plans for their community

Just like you, municipal governments also need to buy gasoline and diesel to run equipment and trucks for staff to work on roads, parks, and other amenities.

How does inflation on municipal governments affect me?

Alberta has a law that your municipal government must balance its budget every year.¹ That means your council can't plan to spend more money than it will raise in taxes and other revenue.

When inflation increases the cost of items your municipality needs to buy, then your council has two choices:

Raise more money, usually by raising municipal property taxes or fees; or

Spend less money, which might mean cutting services for your community

This is the hard choice that your local council faces every year when setting the budget and property tax rates.

If council decides it needs to raise more money, it could mean that you will pay:

- Higher municipal property taxes
- Higher fees for water, sewer, or garbage services
- Higher fees to use the arena or swimming pool

¹ Municipal Government Act section 243(3)

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What services are municipal governments spending more on?

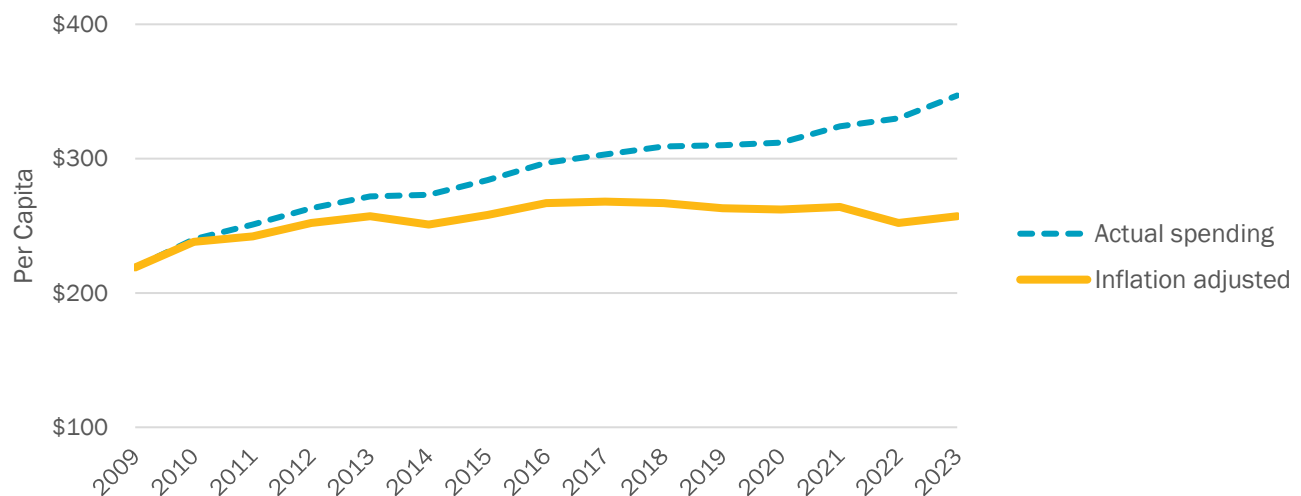


Policing costs for Alberta's municipal governments have gone up faster than inflation and population growth.

Here's why:²

- **RCMP wages went up by 24 per cent** between 2017 and 2022.¹ Cities and towns with over 5,000 people that use the RCMP had to start paying those higher wages plus cover backpay going back to 2017. Municipalities that run their own police force have faced similar cost pressures to attract and keep police officers.
- In 2020, the **Alberta government started charging smaller communities for part of the RCMP costs** (like counties, villages, and towns under 5,000 people). Before that, those communities didn't have to pay for RCMP services.
- Some municipalities will also pay for support staff to help RCMP officers with paperwork and other tasks, so officers can spend more time on actual policing.

Municipal Government Spending on Policing
(Per capita, Alberta)



² 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.

³ In 2021, the Government of Canada finalized a collective bargaining agreement with the RCMP union (National Police Federation), which represents RCMP regular members and reservists. The agreement included five years of retroactive salary increases, meaning the salary of a First-Class Constable increased by 24% over a six-year period.

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Family and Community Support Services

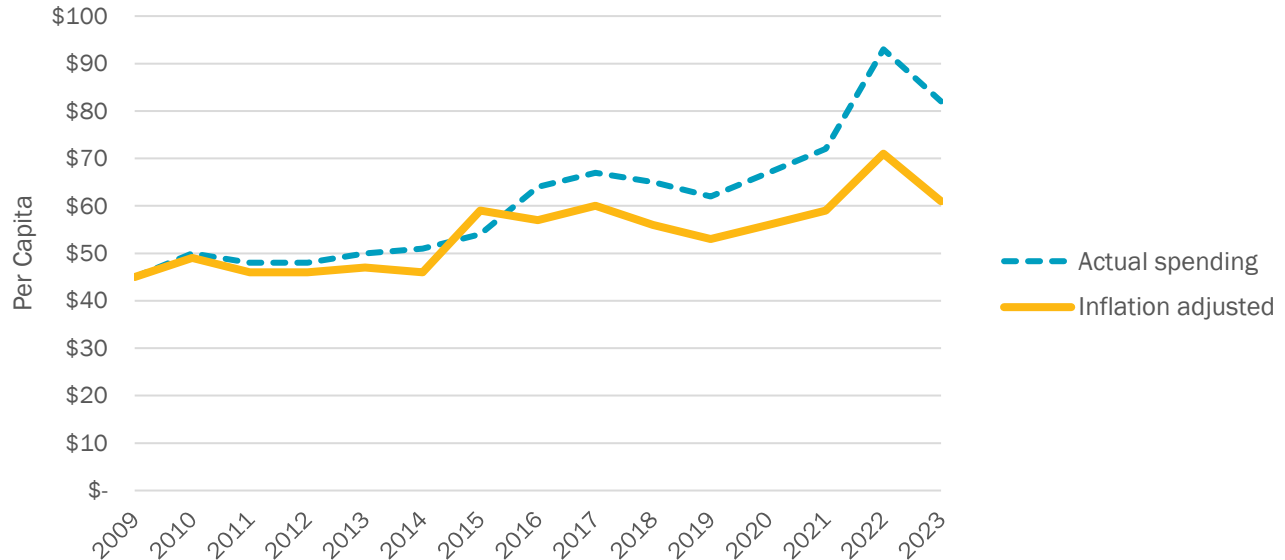


Municipal government spending on Family and Community Support Services (FCSS) has also risen faster than inflation and population growth for many years.

FCSS provides preventative programs in most Alberta communities. These programs help people deal with stressful or tough situations through counselling or parenting classes, so things don't get worse for them. Families get the services they need like a local foodbank, help for seniors to apply for benefits, and even help people prepare to find work. FCSS programs can help avoid emergency room visits, run ins with police or calls to 911.

As of 2025, the Alberta government provides \$105 million to FCSS programs. Municipalities need to pay at least 20 per cent of the cost for eligible programs. **Since 2016, the Alberta government has spent the same amount on FCSS every year except for a 5 per cent increase in 2023.** Despite this, municipal governments are increasing their investments in FCSS programs, even going beyond the additional impact of inflation and population growth.²

Municipal Government Spending on Family & Community Support Services
(Per capita, Alberta)

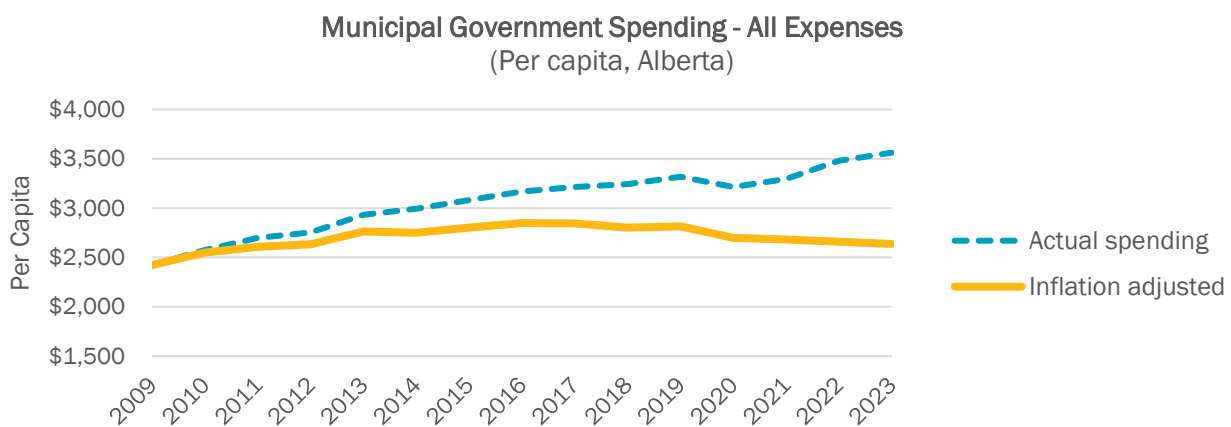


This shows that local councils believe these programs are important and that their communities need more support. In 2024, Alberta Municipalities' members called for the Alberta government to increase its FCSS funding to \$161 million to keep pace with Alberta's inflation and population growth.

What is the overall trend in municipal spending?

While spending on policing and FCSS has grown, spending on some services has declined over the last decade. **Overall, municipal spending in Alberta has increased, but the biggest reason is inflation.**

Between 2009 and 2023, total municipal spending increased from \$2,424 to \$3,562 per person. That's a 46 per cent increase over 15 years. But when you adjust for inflation, the increase is only 9 per cent, to \$2,637 per person.⁴



This means that municipal spending per capita grew more than inflation and there are many reasons why. For example:

- New laws from the federal or provincial governments can increase costs for municipal governments, like:
 - New requirements when upgrading a water plant
 - New rules for the treatment of wastewater
 - Worker safety standards
 - New rules for how local elections must be run
- People want better services in their community. Many municipal governments are spending money on things usually handled by the Alberta government such as social services, recruiting doctors to their community, or adding affordable housing
- Policing costs are rising and that can be a big part of a municipality's budget

Municipal governments also buy special equipment and materials like:

- Graders
- Fire trucks
- Street sweepers and garbage trucks
- Zambonis
- Concrete, asphalt, and gravel
- Culverts, garbage bins, and other items

These items can have big price swings which drive up costs for municipal governments.

⁴ 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

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What does this mean for Albertans?

The cost of taking care of your community is likely to keep rising. Since your council must balance their budget every year, they'll continue to have to make tough choices:

Raise property taxes;
or

Find savings by cutting or changing services
in your community



So, when you get your next property tax bill, ask yourself:

- Was it the provincial property tax or municipal property tax that changed?
- Is the change in property tax because of inflation?
- Is the change in property tax because services will get better or worse in my community?
- Or is it a mix of both?

Then consider talking with your family, neighbours, or local leaders about whether Alberta should reimagine how it funds local services, and if there might be better options.