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.

Did you know?

Alberta has a law that your municipal government (local government) must balance its budget every year.[1] That means they can't plan to spend more money than they will raise in taxes and other revenue. This simple law has a big impact on how municipal governments are run.

To Cut or Tax:

The Fight to Balance the Budget

How does this impact me?

Just like you, your municipality government has to pay for things and prices go up over time. For example, your municipal government needs to:

- Buy equipment, trucks, pipes, concrete, and road materials.
- Pay for energy to heat and cool buildings, and light streets.
- Pay local contractors, workers, and employees

When these things cost more, your council has two choices:

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

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

For example, to save money, your municipal government might:

- Push snow to the side of the road instead of hauling it away.
- Wait longer to fix or replace things in a recreation centre.
- Close a social support program.

What happens if more money is needed?

If your council needs more money to balance the budget, they will usually increase municipal property taxes. Most Albertans don't like paying more taxes, but it's sometimes needed to keep services running.

Costs rise over time and municipal governments must approve a budget to show they have a plan to collect enough money to cover all their costs for the next year. That budget also sets the amount of municipal property taxes to be collected from property owners that year.

How is this different from the provincial or federal governments?

The provincial and federal governments get most of their tax revenue from income taxes. That means when people or businesses earn more money, those governments automatically collect more taxes. Also, those governments don't have to balance their budget every year. They can plan to run a deficit and borrow money to cover their day-to-day costs if they think it will help in the long term.

But your municipal government can't do that.

Your council must figure out how much money they need each year and set their municipal property taxes to match. If your municipality's costs are going to rise, then your municipal property taxes will likely need to rise too.

[1] Municipal Government Act section 243(3)