

GFOA Alberta Special Release Bulletin #26

October 24, 2019

Alberta Government 2019 Budget Announcement

The Alberta Government released the 2019 provincial budget on October 24, 2019.

The budget focuses on three key priorities:

- *Getting Albertans back to work;*
- *Making life better for Albertans; and*
- *Standing up for Alberta*

The following are some of the highlights of the budget's impact on Alberta municipalities, including the following changes made to municipal granting programs:

- **Municipal Sustainability Initiative (MSI) Capital** - The Province has reduced MSI Capital funding by \$94 million in 2020-21 and \$142 million in 2021-22. The Province will be creating a new Local Government Fiscal Framework, to begin in 2022-23
- **Alberta Community Transit Fund** – The Province cancelled this program.
- **Court Fines** – The forecast includes increases to revenue from sharing 60 percent of fines and penalties revenue with municipalities, instead of 73.3 percent, estimated at \$37 million per year beginning 2020-21.
- **Grants in Place of Taxes** – The majority of ministry savings come from a 25 percent reduction in the Grants in Place of Taxes (GIPOT) program in 2019-2020 and a further 25 percent reduction in 2020-21. Total savings at \$81 million over four years.
- **Education Property Tax** – Mill rate frozen for 2019.
- **Summer Temporary Employment Program (STEP)** - Eliminating the Summer Temporary Employment Program (STEP) after the 2019 program year saves about \$32 million over four years. Employers and youth will continue to be supported by existing programs and services. Reductions to various grant programs will save \$45 million over four years. Administrative savings, including eliminating vacant positions will save a further \$9 million over four years.

- **Housing Management Bodies** - Operating budgets for Housing Management Bodies (HMBs) will be reduced by an average of 3.5 per cent beginning January 1, 2020 for a total savings of \$17 million over four years. Government will honour existing rental assistance agreements. In addition, HMBs hold \$14 million in rental supplement advances. Operational efficiencies and transforming the housing system are also expected to create operational efficiencies of \$12-\$25 million over four years.
- **Policing Biology Casework Analysis** - Municipalities instead of the Province will pay for biology casework analysis.
- **Municipal Census Data** - Alberta is the only province that accepts population numbers from a municipal census to allocate municipal grants. Given that only a handful of municipalities conduct a census every year, shifting to population estimates will result in more consistent and timely information about Alberta's population and a fairer allocation of grants.
- **Municipal Policing Assistance Grant and Police Officer Grant** - Policing grants are maintained and will be informed by the Justice and Solicitor General review.
- **Municipal Property Tax Revenue** - Between 2008 and 2018, Alberta municipal property tax revenue almost doubled - from \$3.8 billion to \$7.4 billion – while provincial education property tax revenue increased from \$1.6 billion to \$2.4 billion (see pages 151–152 of the Tax Plan). The government believes that lowering overall taxes is a priority, given current fiscal, economic and employment conditions, and is exercising significant restraint to leave more in the hands of taxpayers and job creators. Municipal spending levels directly impact the overall tax burden, and restraint is encouraged.
- **Alberta Community Partnership Programs** - Funding will be reduced for the Alberta Community Partnership, saving \$1.5 million a year for four years. The funding formula for this program is being reviewed according to the provincial website.
- **Low Income Transit Support Pilot Program** - The low-income transit support pilot is prolonged to support vulnerable Albertans (\$9.5 million per year).
- **Strategic Transportation Infrastructure Program (STIP)** - The Strategic Transportation Infrastructure Program will continue to provide financial assistance to municipalities for total provincial support of \$84 million. Continuing this funding will promote economic growth and will improve and rehabilitate local transportation infrastructure such as local bridges, community airports and resource roads for communities.
- **Municipal Sustainability Initiative (MSI) Operating** - The Municipal Sustainability Initiative (operating grants) is maintained.
- **Federal Gas Tax Fund** - No changes.

- **New Building Canada Fund** - No new funding allocated.
- **Water and Wastewater Grant Programs** – Reduced slightly from 2018 forecast.
- **Clean Water Wastewater Funding – Phase 1** – Program ending, as scheduled.
- **First Nations Water Tie-In Program (formally called Access to Regional Drinking Water Systems (UNDRIP))** - Funding remains but has been reduced from \$24.4 million to \$18.3 million.
- **Municipal Cannabis Transition Program** – Program ending.
- **GreenTRIP** – Program ending.
- **Public Transit Infrastructure Fund (PTIF) Phase 1** – Program ending.
- **Family and Community Support Service Grants** – Family and Community Support Services grants are being maintained.
- **Alberta 911 Program** – Maintained at current levels.

To view the complete 2019 Provincial Budget visit: <https://www.alberta.ca/budget.aspx>

To view AUMA’s analysis of the 2019 Provincial Budget visit:
https://auma.ca/sites/default/files/About_AUMA/auma_analysis_of_provincial_budget_2019_final.pdf

To view the RMA’s analysis of the 2019 Provincial Budget visit:
<https://rmaalberta.com/news/alberta-budget-2019-20-the-facts/>

Prepared by the Emerging Issues Task Force

GFOA Alberta’s Special Release Bulletins

GFOA Alberta, through the Communications Task Force, augments its Quarterly Newsletter Publications with Special Release Bulletins that will be distributed from time to time to all Members. These Bulletins are intended to provide information pertinent to various aspects of municipal finance. They will also be utilized to profile upcoming professional development and training opportunities. The Bulletins are intended to outline information on a specific topic in a brief and concise manner. In some cases, contact references will be provided in order that readers can obtain more detailed information from specific sources. Current and archived Special Release Bulletins can be viewed on the GFOA Alberta website at www.gfoa.ab.ca.