

Building better communities

*A fair funding toolkit for Canada's cities
and towns*



CUPE

“We actually have a pretty good vision of what we’re trying to build: communities, neighbourhoods, transportation systems, clean water, fire and police. My hope for 25 years from now is that we’ve gotten on top of this mountain of infrastructure, instead of forever staring at it.”

Naheed Nenshi, Mayor of Calgary (*The Globe and Mail*, March 14, 2013).



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Building fair and sustainable communities

Municipalities are the building blocks of our country, and the bedrock of our daily lives. They are where we live, work and raise families.

We all depend on municipal services and infrastructure for our health and well-being, but Canadian cities and towns are facing unprecedented pressures and lack the sound financial footing to meet growing needs. Our municipalities need better revenue sources if we want them to continue to feed Canada's success.

Many Canadian municipalities are struggling to pay for the infrastructure and services their residents need to have a decent quality of life. Cities and towns are on the front lines of many challenges, such as climate change, the widening gap between rich and poor, and an aging population. Over the last two decades, senior levels of government have down-loaded more responsibilities to local governments, but often without the necessary funds to pay for them. Municipalities in Canada still depend primarily on property taxes and user fees to pay their bills. These revenues weren't designed to support the types of services modern-day municipalities provide, and aren't based on ability to pay.

At a local level, municipal leaders are thinking creatively about how they support and build their communities through new revenue sources. Leaders, experts, and citizens are joining together on regional and national stages to put forth a range of proposals. These include new municipal revenue-raising powers, as well as a municipal share of sales, fuel and income taxes.

This toolkit is designed to start a conversation about how we finance our cities and towns in fair and sustainable ways. In these pages, you will find:

- a snapshot of the challenges municipalities face;
- a summary of the basic elements of municipal finance, and key questions to ask when evaluating whether revenue tools are fair and equitable for all residents; and
- a review of nine current and potential municipal revenue sources.

For an online version of this toolkit, and to learn more about CUPE's positive, practical vision for municipalities, visit cupe.ca/communities.

Municipalities face growing needs, shrinking dollars

Canada's cities and towns provide most of the public services we rely on every day – from clean water and waste collection, to playgrounds and programs for our children. Yet local governments are under financial strain from increasing responsibilities and rising costs. They lack a sound financial footing to meet these needs. Municipalities collect just eight cents of every tax dollar levied in Canada, and their share of revenues coming from senior levels of government has declined. It's time for new and better revenue sources for our cities and towns.

Community and recreation services

There's increasing demand from families for services that improve well-being and increase quality of life.

Affordable housing

Lack of affordable housing is driving more people to public housing and homeless shelters that are already underfunded.

Streets and pipes

It is going to cost an estimated \$172 billion to fix the roads, bridges, water and sewage systems that urgently need repair in our cities and towns.

Public transit

Canadian municipalities face a \$13.5 billion gap in funding needed to build and maintain transit systems between 2012 and 2016.



Emergency services

Downloading means municipalities pay two to three times more for policing than provincial and federal governments, and the price tag keeps going up.

Libraries

With financial pressures on municipal budgets, important community resources like libraries are vulnerable to cuts.



Water and wastewater treatment

Meeting new federal wastewater standards will cost municipalities at least \$10 billion. Meanwhile, drinking water plants also need upkeep and expansion.



Social services

Municipalities spend 25 per cent more on social services than they did a decade ago.

Big challenges face municipalities of every size, driving pressures on infrastructure and services.



Downloading

Federal and provincial governments have downloaded responsibilities without enough funding to deliver the services.



Growing and aging population

A growing and aging population means increased demand for public services.



Climate change

Destructive storms, rising temperatures and flooding mean more damage to local infrastructure.



Growing income gap

The growing gap between rich and poor threatens communities' social and economic stability.

Learn how we can better fund municipalities, to build fair and sustainable communities.

Municipal finances 101

Municipal public services – including libraries, transit, water and sanitation services, and community centres – help ensure everyone can have a better quality of life, regardless of how much money they earn.

In fact, by making services widely accessible to everyone, cities and towns play a critical role in building fair and sustainable communities

However, many of the revenue tools that municipalities use to fund these vital services are considered regressive. Lower- and middle-income households pay a higher share of their income in these taxes and fees than those with high incomes. Municipalities need greater access to progressive revenue sources that shift costs onto those who can most afford to pay.

Municipalities also raise smaller amounts of revenue from other sources, including permits, fines, and development charges.

Unlike other levels of government and most businesses, municipalities aren't allowed to run deficits to cover operating expenses. Municipalities can borrow money for capital costs, such as building a community centre, which helps better distribute the cost among current and future residents in the community.

Did you know:

A tax or fee is considered “regressive” when lower-income earners pay a larger share of their income than those with higher incomes.

How are municipalities financed?

The largest sources of municipal revenue are property taxes, user fees, and transfers from other levels of government.





However, municipal borrowing capacity is limited by the provinces.

A municipality's ability to use a revenue tool depends on provincial rules, which vary from one province to the next. For example, all municipalities can levy basic property taxes, but not all can levy land transfer or other taxes.

Ultimately, Canada's cities and towns would benefit from reducing their reliance on property taxes and user fees, and increasing access to more progressive revenue sources, as other municipalities around the world have done.

Did you know:

Most municipalities around the world have reduced their reliance on property taxes and user fees.

Property tax

The largest single source of municipal revenues is the property tax. Property taxes are regressive, as lower- and middle-income families spend a higher proportion of their income on property tax than higher-income families. Canada

has some of the highest rates of property tax in the world, while most European and American cities rely much more on income and sales tax.

Did you know:

Property tax revenues don't rise when property values go up.

Income and sales tax revenues relied on by senior levels of government automatically increase with a growing economy, but property tax revenues don't rise when property values go up. Municipalities have to adjust property tax rates annually if they want the revenues to keep pace with costs triggered by inflation and economic growth.

User fees

User fees are the second-largest source of revenues generated by Canadian municipalities, and are charged for goods and services such as public transit, water, parking, and recreation. Municipalities facing political pressure to keep property taxes low sometimes increase user fees as an alternative to taxation. This can

have unintended consequences, and ignores the wider benefits of public services to the community as a whole.

Take the case of transit. Hiking fares to avoid tax increases hurts lower-income individuals more – they are more likely to ride transit and will spend a larger percentage of their income using the service than those with higher incomes. Everyone reaps the environmental and economic benefits that come from having an affordable and reliable transit system, whether they use it or not.

Some municipalities try to structure property taxes and user fees to make them less regressive, recognizing that increased inequality harms their community. They subsidize services to keep fees down, or provide rebates and relief programs to those with low or fixed incomes.

Did you know:

Some municipalities structure property taxes and user fees to make them less regressive.

Grants and transfers

Grants and transfers from the federal and provincial governments are another important source of revenue, but can vary significantly from province to province. This revenue can be very progressive if the funds are generated by income taxes, which are the most fair and equitable form of taxation in Canada. Most grants and transfers serve specific purposes,



and are often only available for capital projects. Provinces may transfer funds for operating expenses when they down-load delivery of a service to a municipality, but usually the transfer only covers part of the cost.

“Progressive taxation – not simply more taxation – is the key to the financial success of the provincial and municipal orders of government.”

(Municipalities Newfoundland and Labrador, 2014)

The next section reviews nine fiscal tools. We look at them in terms of how they are used, where they are available, their relative fairness, and the impact they have on making local finances more sustainable.

Fairness matters

Canadian cities and towns are facing a growing gap between rich and poor that threatens the health and equality of our communities. Extensive research shows that as income inequality increases, the social, physical, and economic well-being of everyone in society declines. Municipalities that want to build fair and sustainable communities should ask the following questions when considering revenue and budgeting options:

Who pays more?

If lower-income individuals pay a greater proportion of their earnings than those with higher incomes, the revenue source is considered regressive. Progressive taxes, fees, and charges are based on ability to pay, ensuring that those who can afford to pay more, and helping to balance income inequality.

Who benefits?

Investing in services to benefit everyone, or targeting benefits to vulnerable individuals can help strengthen communities. Take recreation programs: offering programs with no or low fees will help low-income earners participate, but also benefits others by supporting communities that are healthier and more inclusive.

What are the unintended consequences?

Some options can have a complex set of consequences, both positive and negative. Casinos are a good example. Although they can generate revenue and increase local tourism, they can hurt small businesses and add to social and addiction problems. This strains the capacity and budgets of municipal health and social services. It's critically important to give thoughtful consideration to all the impacts of a revenue source.



Property taxes

Sixty per cent of the revenue Canadian municipalities earn comes from property taxes. While these revenues are relatively stable and payment isn't easily avoided, they are regressive. Homeowners in the lowest-income group pay five times more in property tax relative to their income than the highest-income homeowners. Property taxes can be made fairer by restructuring rates or providing income-based credits.

A better way

Singapore has implemented a progressive property tax. Properties with higher values are charged higher rates, and rental properties are given a tax break.



HIGHLIGHTS

- The largest source of municipal revenue
- Municipalities can apply different rates for different types of properties
- Rates must be adjusted yearly to keep pace with inflation and municipal needs



How does it work?

The regressive impact of property taxes can be reduced in a number of ways. Rates can be adjusted based on the type of dwelling to level out the impact on low-income earners. Lower rates for apartment buildings can take into account that renters, who are often lower-income, pay property taxes indirectly through their rent.

Property taxes can be made fairer for low-income households by allowing some residents, like seniors, to defer property taxes until they sell their home, as well as providing tax rebates or credits for low-income residents.

Property tax rates can also be scaled to charge a greater percentage on more valuable properties, similar to how income taxes are structured in Canada. Although wealth is not as closely paired with property values as it is with incomes, graduated rates could make property taxes significantly more progressive.

Who uses it now?

All municipalities in Canada have the ability to adjust rates for certain dwelling types, or provide rebates.

Montreal has adjusted its property tax rates on apartment buildings to address impacts on renters (many municipalities currently tax apartment buildings at a higher rate). In many municipalities, low-income seniors and people with disabilities can defer their property taxes until the property is sold. This allows people who have seen their property values increase while their income decreases to live in their home for longer.

No Canadian municipality has implemented graduated rates, with higher taxes applying to properties of higher values. But this progressive approach has been used in some European and Scandinavian countries, as well as Singapore.



Where is it available?

LEGEND

- Municipal revenue source
- Provincial revenue source
- Not available

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Local share of income tax

Canada's income tax system is progressive: higher-income earners pay a higher percentage of their income in taxes than low-income earners. Local access to income tax revenue could help ease municipalities' reliance on regressive forms of revenue generation like property taxes and user fees. Canadian municipalities currently don't have income taxation powers.

A better way

In 2013, the Alberta Urban Municipalities Association formally asked the province to increase income tax rates by one per cent and distribute the money to municipalities based on population.



HIGHLIGHTS

- Is a progressive tax
- Revenues grow with incomes and the economy
- Works best if upper levels of government set rates, collect, and share the taxes
- Difficult to implement locally for medium and small municipalities



How does it work?

Municipalities could receive personal or corporate income tax revenue by either getting the power to levy a tax themselves, or by accessing a share of what other levels of government collect.

Direct levying can provide greater control and local accountability over rates and structure, to ensure they are fair and equitable. But direct levying can also create imbalances between closely-situated municipalities, and can be costly to administer on a small scale.

Accessing a share of income taxes levied by senior levels of government may be easiest for administrative purposes. In this case, the province and its municipalities design a specific formula to distribute the revenue based on set criteria, such as population.

Who uses it now?

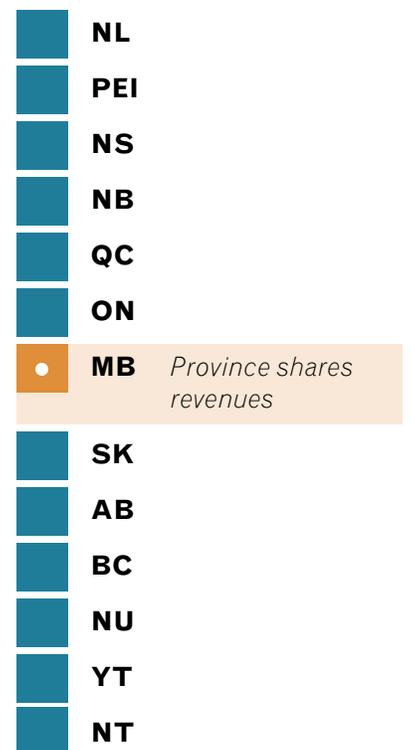
While Canadian municipalities don't have direct income taxation powers, income taxes generate almost as much revenue as property taxes for some municipalities in other countries. For example, New York City raises \$9 billion (or 18 per cent of its revenues) from personal income taxes.

Manitoba is the only jurisdiction in Canada that shares a portion of its income tax with local governments, distributing it based on population. Municipalities in Alberta, Nova Scotia, and Newfoundland and Labrador have advocated for access to provincial income tax revenue.

Designating one percentage point of income tax to municipalities in Newfoundland and Labrador could increase local revenues by an estimated 20 per cent. A one per cent tax on incomes in the Greater Toronto and Hamilton area could generate an estimated \$1.4 billion annually.



Where is it available?



Retail sales tax

Sales taxes provide municipalities in many countries with a substantial share of their revenues. While lower-income individuals tend to spend more of their income on goods and services, tax credits and exclusion of basic goods can make sales taxes more progressive. Canadian municipalities currently don't have the power to levy direct sales taxes.

A better way

In Newfoundland and Labrador, adding one percentage point to the provincial HST and transferring it to municipalities would increase their revenues by an estimated 16 per cent.



HIGHLIGHTS

- Revenues are substantial and grow with the economy
- Works best if upper levels of government set rates, collect, and share the taxes
- Ensures non-residents contribute to their use of municipal infrastructure and services
- Municipalities across Canada are advocating for access to sales tax revenues

How does it work?

Municipalities in other countries generate retail sales tax revenue by either levying a tax themselves, or accessing a share of what other levels of government collect. Retail sales taxes can be costly to administer, especially on a small scale, so harmonized collection provides significant benefits.

Sales tax revenues are drawn from residents and visitors, who both benefit from the municipality's services and infrastructure.

The regressive nature of the sales tax can be counterbalanced by investing revenues in services and infrastructure that benefit lower- and middle-income residents. Excluding basic or necessary items (like food and child care), and providing credits through the income tax system (such as the GST credit), also help make the impact more progressive.

Who uses it now?

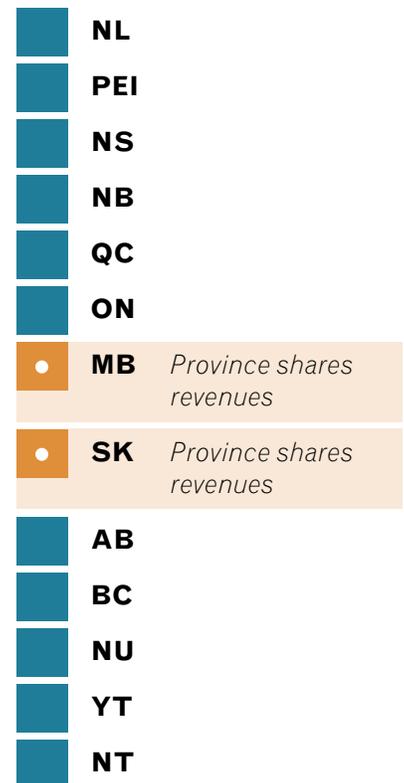
In the United States, about 100 municipalities across 35 states charge a local retail sales tax, with rates ranging from 0.25 per cent to 7.5 per cent. Collection is often harmonized with the state sales tax. Georgia allows local governments to implement a special-purpose local sales tax to fund specific capital projects.

Canadian municipalities don't currently have the power to levy their own general sales taxes. However, cities and towns in some provinces receive a share of provincial revenues. Saskatchewan shares one percentage point of its retail sales tax revenues, equivalent to over \$250 million annually, with municipalities. Manitoba provides municipalities with revenues equivalent to either one percentage point of its sales tax revenues, or a specific combination of income and fuel taxes, whichever is greater.

A number of municipal organizations and other groups have advocated for upper levels of government to dedicate a share of their sales tax revenues to municipalities. One percentage point of the federal GST generates approximately \$6 billion. Analysis shows that 80 per cent of Canadian households would be better off if the federal government had transferred one percentage point of the GST to municipalities instead of cutting it.



Where is it available?



Land transfer tax

A land transfer tax is a percentage charged on the sale of a property. It can be made more progressive by levying a smaller percentage from properties of lower value.

A better way

In 2012, the City of Toronto's land transfer tax generated more than \$344 million in revenue.



HIGHLIGHTS

- Land transfer taxes are progressive when higher rates are levied for higher property values
- First-time property owners are often eligible for a rebate
- Revenue grows with property values and sales



How does it work?

Land transfer taxes are usually applied on a percentage basis every time a property changes hands. The buyer is charged based on the purchase price of the property, and the percentage they pay usually increases as the price goes up.

Revenues from land transfer taxes grow with the economy, increasing as property values and sales go up.

Who uses it now?

In Toronto, a municipal land transfer tax is levied in addition to the provincial land transfer tax, and the rate rises with property values. First-time homebuyers receive a partial rebate.

In Quebec, the province sets the land transfer tax rate, and the revenues are collected and used locally. Montreal's rates differ slightly both in amount and how they are calculated, but all of the rates increase with property values.

Nova Scotia municipalities are allowed to levy a deed transfer tax, similar to a land transfer tax, and can set their own rates up to a maximum of 1.5 per cent of the sale price.



Where is it available?

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Fuel tax

A fuel tax is charged per litre of fuel. Because lower- and middle-income households generally spend a higher share of their income on fuel than wealthier people, fuel taxes on their own are regressive. But fuel taxes are often used to fund public transit, providing a greater overall benefit to low-income individuals, who are more reliant on transit.

A better way

Metro Vancouver levies a gas tax of 17 cents a litre to help fund the operations of TransLink, its regional transit authority. In 2010, this regional portion of the fuel tax generated more than \$323 million.



HIGHLIGHTS

- Currently used in a few major Canadian cities
- Usually funds transportation and other infrastructure
- Fuel use is closely linked to road use, so tax revenues help fund increased municipal spending on roads and transit
- A share of federal gas tax revenue is transferred to municipalities, and some provinces also transfer a share of their fuel taxes to municipalities



How does it work?

Fuel taxes are a specific rate per litre of fuel. They can be levied locally or regionally, or are collected at the federal or provincial level and shared with municipalities based on population or other criteria.

When fuel taxes are levied locally, they usually piggyback onto provincial taxes, and then are transferred to the municipality to reduce administrative costs.

Fuel tax revenue is often specifically earmarked to fund local transit and transportation needs, creating a direct relationship between driving and the infrastructure needed to support it and mitigate its effects.

Who uses it now?

In Canada and the U.S., a few major cities can levy local fuel taxes. Victoria and Montreal both do, and Greater Vancouver levies a regional fuel tax to fund transit. A similar proposal is being considered for the Greater Toronto Area. In Metro Vancouver, fuel tax revenue has successfully been used to fund transit, but has declined as transit services improve and vehicles become more efficient.

While few municipalities can currently collect direct fuel taxes, the federal government and some provinces share fuel tax revenues. The Federal Gas Tax Fund provides \$2 billion a year to municipalities, representing revenues approximately equal to half of the 10 cents of federal gas tax charged per litre. These funds are distributed based on population, and can be spent on a broad range of local infrastructure needs.

Provincial gas tax funding provided to Manitoba municipalities through the Building Manitoba Fund is available for a wide range of infrastructure and capital investments, and for transit operating grants. Ontario's gas tax program provides funding for municipalities with two cents per litre of provincial gas tax to improve and expand transit.



Where is it available?

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|  | NL | |
|  | PEI | |
|  | NS | |
|  | NB | |
|  | QC | <i>Only Montreal</i> |
|  | ON | <i>Province shares revenues</i> |
|  | MB | <i>Province shares revenues</i> |
|  | SK | |
|  | AB | |
|  | BC | <i>Only Greater Vancouver and Victoria</i> |
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Development charges

A development charge is a fee paid by developers and builders to fund local growth-related infrastructure. Development charges take some of these growth-related costs off the property tax base, and instead charge those who directly trigger the spending.

A better way

Calgary has started to increase development charges for new homes, aiming to end a subsidy that adds up to \$4,800 for each new home and an annual cost of \$33 million for the city.



HIGHLIGHTS

- Used exclusively to fund capital costs related to growth
- Charges can be structured to encourage sustainable growth through intensification, discouraging costly urban sprawl
- Some municipalities plan to increase development charges to better cover the full cost of growth



How does it work?

Development charges (also called capital cost charges, infrastructure charges or offsite levies) are collected as part of the approval process for a new development. They can apply to many different kinds of developments – residential, commercial, industrial and institutional. They are typically levied to cover some or all of the growth-related infrastructure costs resulting from the new development, such as water and sewage services, roads, street lights, parks, community facilities and libraries.

These charges help ensure developers, rather than existing taxpayers, pay for the infrastructure costs triggered by development. In addition, development charges are increasingly being used to support planning goals by providing incentives (and disincentives) for certain types of development and growth.

Who uses it now?

All provinces allow municipalities to levy some form of development charge. The rules surrounding how the charges are structured, and what costs they can cover, vary from province to province.

In Canada, development charges often don't cover the full cost of infrastructure expansion that's needed to service new developments. This leaves property tax revenues to make up the difference. Many municipalities are increasing their development charges to account for the full cost of growth, or altering how they charge to encourage certain types of development.

For example, Toronto recently increased development charges by 70 per cent to take into account \$3.2 billion in expected growth-related costs. Vancouver's charges include costs associated with expanded child care demand and replacement of affordable housing units lost by development. The town of Ajax, Ontario is one of many communities that has discounted development charges in its core to encourage intensification and build a more robust local property tax base over the long term.



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Parking fees

Municipalities are increasing revenues from parking in a variety of ways, including parking fees. As a flat fee, the impact it has on low-income individuals depends greatly on where and how it is levied.

A better way

The Montreal borough of Plateau-Mont-Royal developed the *Parcojour* program that charges non-residents \$8 to park in selected areas. The initiative has raised almost \$1 million, increasing the borough's total revenues by 1.5 per cent. The City of Montreal is planning to take direct control of the parking authority back from a private contractor – gaining a larger share of revenues.



HIGHLIGHTS

- Used in many municipalities, but most public and street parking is still free
- Relates to use of roads and municipal costs of maintaining them
- Revenue is fairly stable
- Can be structured to discourage car travel and fund transit



How does it work?

Public parking fees can generate a moderate amount of stable revenue. They are commonly in place through meters on major streets and in off-street public parking lots. The fees can be structured to encourage desired social behaviors. For example, increasing fees in certain areas may reduce traffic congestion and improve air quality. Providing lower fees or free parking in other areas may be necessary to reflect the needs of small businesses, access to community services, or lack of other transportation options. The funds can go into general revenue or be targeted towards local improvements and transportation needs.

Who uses it now?

Most municipalities charge public parking fees in some places, but the majority of public parking is still free. Increasingly, public parking fees are being proposed as a tool to fund public transit. This would help address climate change and traffic congestion, while helping create reliable and affordable public transit.



Where is it available?

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Hotel and accommodation taxes

A hotel and accommodation tax or levy is a specific fee on hotel or motel charges. It is generally progressive because it is paid by businesses and higher-income earners, who are more likely to stay in hotels when they travel. However it is less progressive when levied on short-term housing for low-income people.

A better way

The four per cent tax on hotel rooms in St. John's, Newfoundland and Labrador, helps fund the Mile One Convention Centre. Destination St. John's estimates that conventions and meetings held at Mile One generate \$35 million in visitor spending every year.



HIGHLIGHTS

- Common in U.S. and European cities
- Revenue grows with the economy, but is vulnerable to economic downturns
- Often exclusively used for tourism marketing and development



How does it work?

Hotel and accommodation taxes, also called municipal and regional district taxes, are usually charged as a percentage of the amount paid for hotel rooms or other forms of short-term accommodation. Some municipalities charge a set nightly fee per room.

Hotel taxes help collect revenues from tourists or commuters who use a city's services but don't otherwise pay for them. The revenues often fund marketing and development of the tourism industry.

Because tourism is very sensitive to changes in the economy, revenues can fluctuate from year to year.

Who uses it now?

Many U.S. and European cities, and some Canadian municipalities, levy hotel and accommodation taxes.

Ontario is the only province that doesn't empower municipalities to levy hotel taxes, but major hotels in a number of Ontario cities have voluntarily agreed to collect a three per cent destination marketing fee. The funds are earmarked for tourism marketing and development purposes, and are overseen by industry associations. Even in municipalities that have the power to charge hotel taxes, revenues often are designated for these purposes. However, municipalities still benefit. Without hotel taxes, the city's efforts to develop and market its tourism industry would rest solely on the property tax base.

Municipalities in Newfoundland and Labrador and Nova Scotia are pushing to gain access to hotel tax revenues that currently only St. John's and Halifax enjoy.



Where is it available?*

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| • | NS | <i>Only Halifax</i> |
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* In some provinces, only available for certain municipalities.

Municipal financing authorities

By pooling borrowing and financing programs, municipal financing authorities and similar provincial bodies make it possible for municipalities to get loans at lower rates – and lower costs – than if they borrow on their own.

A better way

British Columbia's Municipal Financing Authority has raised over \$5 billion for community capital projects and saved B.C. municipalities millions through lower financing costs. In 2012-2013, the Nova Scotia Municipal Finance Corporation loaned over \$137 million to 25 municipalities and four municipal enterprises.



HIGHLIGHTS

- Used exclusively to fund capital costs
- Can significantly reduce local debt charges and transaction costs.



How does it work?

Municipal financing authorities or corporations (MFAs or MFCs) are centralized provincial lending agencies with high credit ratings that are able to borrow funds on behalf of municipalities at low interest rates and low transactions costs. In some cases municipal financing authorities have been able to borrow at rates as low as provincial governments.

Municipalities can borrow through B.C.'s Municipal Financing Authority or Infrastructure Ontario at rates as low as two per cent for loans of up to five years, and at just four per cent for terms of up to 30 years. Reducing borrowing costs by just half a percent (or 50 basis points) reduces the total financing costs of a capital project by seven per cent over 30 years.

Who uses it now?

MFAs or equivalent lending agencies have been created in many provinces. Their low-cost loans are especially useful for small and mid-sized communities that would otherwise have to pay more to borrow funds directly through financial markets.

By reducing borrowing costs through MFAs, municipalities have more money available for services and programming, avoiding higher property taxes.

B.C.'s Municipal Financing Authority has expanded its range of services beyond lending to also provide local governments with cost-effective pooled investment, interim financing, and leasing services.



Where is it available?

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|  | PEI | <i>Special loans available through the treasury board</i> |
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“As the size and scope of responsibility for cities has expanded to accommodate rapid urbanization and growth across metropolitan areas, ensuring that city-regions have the appropriate financial and governance arrangements to effectively and efficiently deliver services has become increasingly critical.”

Institute on Municipal Finance and Governance, 2011

“To succeed, cities need access to taxes that increase with economic growth.”

Conference Board of Canada, 2007

It is time to fairly fund municipalities

Canada's municipalities are at a turning point. There is a growing consensus that more and better long-term funding through progressive revenue sources is needed to ensure that our cities and towns continue to be strong foundations for culture, community and industry.

The argument that municipalities just have to tighten their belts is wrong. Consider this: 90 per cent of Canadians live in municipalities and depend daily on local services and infrastructure. Yet local governments only collect eight per cent of Canada's total tax revenues. That's about half the share municipalities collected 45 years ago. During the same period of time, the share of infrastructure that municipalities own and must maintain has more than doubled, while the federal and provincial share has dropped.

Our cities are growing and supporting more people. Climate change, widening income disparities, and a rapidly aging population are just some of the challenges our municipalities are working to address. The pressure created by decades of service and infrastructure downloading from other levels of government is finally being recognized, but remains unresolved.

It is time to join together and advocate for the revenue tools that help us build fair and sustainable communities now and in the future.

From public health initiatives to preventing and mitigating damage from severe storms, municipalities are often in the best position to respond to local needs and opportunities. We help our communities and country succeed when we give municipalities the proper resources to do so.

It is time to fund our cities and towns properly, and fairly.

Visit cupe.ca/communities to learn more and get involved.









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