

INDUSTRIAL TAX FACTS IN RURAL ALBERTA

Re: David Staples: Alberta government moves to end province's industrial tax fiasco

Municipalities across Alberta face a funding crunch as provincial grant programs and property tax values have stagnated with the slump in Alberta's economy. This is the reality across the province, although some municipalities are more seriously impacted than others. The blanket statement that Alberta's rural municipalities with less than 20% of the population are 'cash-rich' bears little weight when actually examining the varying financial realities for municipalities of all types across the province and the expenses that they pay. This includes the diverse costs different municipalities incur to meet the needs of their residents and businesses, and the recent volatility in industrial tax revenue due to the struggling resource economy.

Industrial taxes are an integral piece of the rural municipal funding model. While there is certainly no denying that rural municipalities benefit from the taxes on industrial property within their boundaries, this is no different than saying that Alberta's largest cities benefit from the commercial assessment in their downtowns. The common denominator is that both big cities and rural municipalities use these tax revenues to provide services and infrastructure.

The referenced industrial taxes are paid to the rural municipalities because industry lives in our "backyards". The strain that heavy industrial traffic places on local roads and bridges imposes significant costs on rural municipalities who lack the population base to recover these costs through other revenue streams, which is why industrial taxes are required to keep rural Alberta's infrastructure operational, both for the local population and the industries that drive Alberta's economy.

Alberta's rural municipalities provide municipal services to 86.5% of Alberta's land mass. With that comes a considerable responsibility to provide the extensive transportation network that is required to transport both people and products throughout the province. In fact, rural municipalities manage the majority of Alberta's roads (75% or 173,000 km) and the majority of Alberta's bridges (60% or 8,500) and it is for this reason that infrastructure capital projects, maintenance, and replacement of core infrastructure are rural municipalities' largest budgeted items. This combined with low population means that expenses per capita for rural municipalities are significantly higher than that of our urban communities. Therefore comparing tax revenues collected with urban municipalities based on population is illogical.

In the past decade, rural municipalities have used linear taxation revenues to work with their urban neighbors to ensure that regional needs are met. In a recent survey of Alberta's rural municipalities, it was found that \$160 million per year is shared by rural municipalities with their urban neighbors through a variety of different regional service arrangements. These contributions fund regional services that urban communities provide to our rural residents like recreational facilities, community centres, fire departments, & libraries. These services are valued and appreciated. Though this level of sharing is a strong measure of the collaboration between Alberta's urban

municipalities and their rural neighbors, there is always room for improvement. We look forward to building upon existing collaboration with any new co-operative requirements forthcoming in the new Municipal Government Act as mentioned by Municipal Affairs Minister Danielle Larivee.

To conclude it is in the best interest of the rural municipalities' throughout this province to ensure that Alberta's urban municipalities are sustainable. Not only are these the communities where rural residents come to work, shop, and play, in the worst case scenario it is also the rural municipality that inherits the town or village if that community is deemed no longer viable. We therefore stand side by side with our urban municipalities to find revenue to keep all Alberta municipalities sustainable to provide the services that Alberta's citizens and Industries require. Stealing each other's tax base that is already funding existing essential services is not the answer.

Gerald Rhodes

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