
SUMA Position Statement

Since the introduction of revenue sharing, the province has gradually downloaded more and more costs onto municipalities and said municipalities can cover the costs thanks to revenue sharing. Because these downloaded costs were not part of the original calculations for the Municipal Operating Grant (now called revenue sharing), they must be either absorbed through municipal programming cuts or passed on to residents through property taxes. SUMA is calling on the provincial government to cease any further downloading, and reverse the downloading that has occurred in the last few years.

Key Messages

- Revenue sharing was originally called the Municipal Operating Grant, and it was calculated based on the provincial interest in municipal services, such as policing, fire, and recreation.
- Since revenue sharing was introduced, the provincial government has begun downloading further provincial costs and responsibilities onto municipalities, suggesting they use revenue sharing to pay for the downloaded costs.
- Municipalities are already struggling with a significant infrastructure deficit and the need to provide services to a growing population. Revenue sharing is an essential part of paying for current levels of service, not a windfall that can be used to save the provincial government money.
- There is only one pool of taxpayers. What the province downloads to municipalities must be paid for through property tax increases, which do not take into account the ability to pay in the same way that sales taxes and income taxes do.
- The partial or complete transfer of provincial programs and services onto municipalities without dedicated revenue streams is unacceptable. The Government of Saskatchewan can no longer treat revenue sharing as an excuse to overburden urban governments, whose budgets are already stretched thin.

Current Status

SUMA continues to call upon the provincial government to halt municipal downloading of responsibilities not originally considered as part of the formula for the Municipal Operating Grant (now called revenue sharing) without providing additional revenue to pay for those responsibilities.

Background

The current revenue sharing program was built on some key principles:

- There is a provincial interest in some municipal services and programs.
- Municipal funding must be dependable, predictable, and long term.
- Dedicating one point of the PST to revenue sharing means that municipalities will share in the benefits of economic boom and the shortfalls of economic slumps.
- Using the PST, a consumption tax, as the source of funding ensures that ability to pay is taken into consideration, and allows municipalities to limit increases to property taxes, which are a more regressive form of taxation.

Since the Municipal Operating Grant (now called revenue sharing) was announced, municipalities have also had the following responsibilities and services downloaded onto them:

- Municipal fire departments are forced to absorb the costs of landing support for STARS, insufficient compensation for responding to motor vehicle collisions, and the full capital costs for fire suppression equipment, following the decommissioning of the Joint Emergency Preparedness Program (JEPP).
- Municipalities are now forced to provide serviced lands for new schools at no cost to school divisions or the province, downloading education costs to the municipalities — despite no increase in the education mill rate since the province took over this tax in 2009.
- The cost of providing para-transit services continues to increase, while the provincial grant provides less funding to urban municipalities collectively than the City of Regina spends on para-transit annually.
- The Urban Highway Connector Program remains under-funded to the point where the province is failing to live up to its responsibilities, and municipalities have to take up the slack.
- Pest control is downloaded to urban governments — despite a provincial interest in health and the environment. Rural municipalities benefit from expanding programs designed to help eliminate rats, wild boar and beavers, yet urban municipalities must address Dutch Elm disease and mosquito control without any assistance.
- The cost of environmental improvements to landfills or decommissioning landfills is left entirely to municipalities, though we have no control over regulations or provincial strategies.
- Municipalities bear the entire burden for building or improving wastewater treatment plants to meet new environmental standards.
- The province has failed to meet the needs for adequate, affordable housing, forcing many urban governments to develop their own programs for affordable and social housing.
- The closure of mental health facilities and the reduction of services puts an increasing strain on municipally-funded police forces.
- While the province continues to fund (on a cost-shared basis) the Provincial Disaster Assistance Program and the Emergency Flood Damage Reduction Program, municipalities are left to pay for *proactive* approaches to emergency planning and mitigation, which could ultimately lower claims under these other two programs.
- Interest-specific grants and funding, such as the Community Rink Affordability Grant and the funding for urban parks, are regularly targeted during tough fiscal times, shifting the burden from the provincial coffers onto municipal taxpayers.

Strategic Context

Protecting member's interests and ensuring that they can continue to provide the necessary services to their residents is a key component of SUMA's advocacy role.

Contacts

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