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This Election, More Revenue Streams Are Necessary for Municipalities

With the responsibility for over 60 per cent of public infrastructure, and few revenue streams, urban municipalities find it more difficult each year to run balanced budgets and provide their residents with the resources they need. Municipalities have been feeling this monetary pinch for some time, whether it's through PST on construction, or dated property assessment procedures unsupportive of proper taxation. In this provincial election, SUMA wants to see future governments increase and create new revenue streams for urban municipalities.

The 2017 removal of the PST exemption on construction labour costs municipalities approximately \$29 million annually. This is in addition to the PST amounts already being paid on construction materials. Based on data gathered by SUMA, medium-sized cities in Saskatchewan returned 24-39 per cent of their total Municipal Revenue Sharing grant back to the province in the form of PST on construction projects (labour and materials) in 2021. The City of Yorkton paid approximately \$1 million in PST on their infrastructure projects, and for the City of Prince Albert, the total was \$2.8 million. Through Municipal Revenue Sharing, the cities received \$3.2 million and \$ 7.1 million, respectively.

"Does it count as revenue when for each dollar received, the province claws back a percentage?" asked President Goulden. "We're left questioning who these PST expansions truly help. Each time the answer is, not the residents in our communities; they aren't seeing this money returned to them in any way. Municipal governments face the same daunting dilemma each year: do we move forward and improve communities, or do we maintain the public infrastructure we have? We must run balanced budgets, and we should not have to choose between one or the other."

SUMA appreciates that Saskatchewan has a Municipal Revenue Sharing program, and understands we are fortunate to have it. But infrastructure costs have increased significantly over the last decade due to inflation and the imposition of taxes from the province and the federal government through the carbon tax. These challenges are further complicated by limitations on municipal revenue streams and a complicated and slow-moving property tax assessment system in Saskatchewan.

Despite their reliance on property taxes for revenue, municipalities have very little control over the assessments. The rules and regulations are set by SAMA, a provincial government agency, which has itself been challenged by under-funding from the provincial government. It would benefit taxpayers and municipalities to simplify the assessment system, undertake more frequent assessments of properties, and properly fund SAMA, enabling them to better meet sector needs.

"Whichever way you look at it, municipalities are losing out. As the government closest to the people, municipalities' infrastructure and services are the most frequently accessed by residents, but we have the least revenue to support them. For Saskatchewan to thrive, a change needs to happen, and soon," said President Goulden.

Future governments must address the inequity communities feel by making policy changes that will increase and create more municipal revenue streams. Doing so will go a long way to helping Saskatchewan and its residents work toward economic growth.

For more information visit www.suma.org, or to arrange an interview please contact:

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