



Province of Alberta

LOCAL GOVERNMENT FISCAL FRAMEWORK ACT

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LOCAL GOVERNMENT FISCAL FRAMEWORK ACT

Chapter L-21.5

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Schedule

Preamble

WHEREAS the Government of Alberta recognizes the importance of working together with Alberta's local governments in a spirit of partnership in the provision of funding for local infrastructure;

WHEREAS local governments desire funding predictability and flexibility to support the provision of local infrastructure and to facilitate economic prosperity;

WHEREAS the Government of Alberta is committed to a new funding framework for local governments beginning in the 2022-2023 fiscal year; and

WHEREAS it is prudent for the Government of Alberta to provide funding to local governments in a way that provides for them to share in the risks and returns of variability in provincial revenues:

Definitions

1 In this Act,

- (a) “Calgary” means the City of Calgary;
- (b) “Edmonton” means the City of Edmonton;
- (c) “fiscal year” means the fiscal year of the Crown in right of Alberta;
- (d) “funding” means funding under this Act;
- (e) “funding agreement” means an agreement entered into by the Minister under section 2;
- (f) “local government”, except in Part 3 of the Schedule, means a municipal authority, a Metis settlement or the Townsite of Redwood Meadows Administration Society;
- (g) “Minister” means the Minister determined under section 16 of the *Government Organization Act* as the Minister responsible for this Act;
- (h) “municipal authority” means municipal authority as defined in the *Municipal Government Act*;
- (i) “population” means the population of a local government as determined by the Minister.

Funding agreements

2(1) Subject to this Act and the regulations, the Minister may enter into agreements providing for funding to local governments.

(2) A funding agreement may contain terms and conditions in respect of any matter relating to the funding.

(3) Subject to subsection (4), a Municipal Sustainability Initiative Memorandum of Agreement between Her Majesty the Queen in Right of Alberta (as represented by the Minister responsible for the *Municipal Government Act* under the authority of the *Municipal Affairs Grants Regulation* (AR 123/2000)) and a local government, executed before and still in force on the coming into force of this Act, is, in so far as it relates to capital funding, deemed to be a funding agreement entered into under subsection (1).

(4) Any provision in a Memorandum of Agreement described in subsection (3) that is inconsistent with this Act is void.

Local government funding

3 The amount of funding for a local government that is a party to a funding agreement is to be determined in accordance with the Schedule.

Authority to establish formulas

4(1) For the purpose of sections 2(1) and 8 of the Schedule, the Minister may, in the Minister's sole discretion, establish formulas for determining a local government's share of the available funding specified in those sections of the Schedule.

(2) Notwithstanding the establishment of a formula under subsection (1) for determining a local government's share of the available funding under section 2(1) or 8 of the Schedule, the Minister may vary a local government's share of the available funding under those sections of the Schedule from the share determined under the formula if the Minister considers it necessary or advisable to do so.

(3) The Minister may establish different formulas under subsection (1) for different local governments or different classes of local governments.

(4) A formula established under subsection (1) may apply in respect of one or more fiscal years.

(5) Where a determination under subsection (1) applies in respect of a fiscal year but the local government's share of the available funding is not provided under a funding agreement within 5 fiscal years, the Minister may, in the 6th or any subsequent fiscal year, reallocate the funding not provided.

Payments

5 A payment from the amounts available under the Schedule may be made only pursuant to a funding agreement and in accordance with the Schedule.

Eligible expenditures

6 Funding may be used only to pay or defray the cost of expenditures permitted under the funding agreement.

Accounting for use of funding

7(1) The Minister may at any time require the recipient of funding to report in writing, to the satisfaction of the Minister, on the use of the funding.

(2) A report referred to in subsection (1) must be in a form satisfactory to the Minister and must contain any other information required by the Minister.

(3) The recipient of funding must permit the Minister or a person authorized by the Minister to examine any document or other record relating to the use of the funding.

Amounts owing to the Crown

8 If a local government that is to receive funding owes an amount to the Crown in right of Alberta, the Minister may deduct from the funding all or a portion of the amount owing.

Refund of funding

9(1) Where a recipient of funding does not use all the funding in accordance with the funding agreement, the recipient must refund the surplus funding to the Minister.

(2) Where a recipient of funding does not comply with any term or condition of the funding agreement or does not use the funding in accordance with this Act, the Minister may require the recipient to repay all or part of the funding to the Minister.

(3) Any surplus required to be refunded under subsection (1) or any amount required to be repaid under subsection (2) constitutes a debt owed to the Crown in right of Alberta.

(4) The Minister may, in the Minister's sole discretion, reallocate any surplus required to be refunded under subsection (1) or any amount required to be repaid under subsection (2) as if the amount refunded or repaid had not been provided under a funding agreement.

Minister's report

10(1) This section applies in respect of every fiscal year after the 2022-2023 fiscal year.

(2) Subject to subsection (3), the Minister shall prepare a report setting out for the applicable fiscal year the information required to calculate the funding for Calgary and Edmonton under sections 4, 5 and 6 of the Schedule and for all other local governments under section 9 of the Schedule.

(3) A report under this section for an applicable fiscal year must be made public on or before September 30 of the fiscal year 2 years prior to the applicable fiscal year.

Regulations

11 The Lieutenant Governor in Council may make regulations respecting any matter the Lieutenant Governor in Council considers advisable to carry out the purpose of this Act.

Coming into force

12 This Act comes into force on Proclamation.

Schedule**Annual Funding****Interpretation**

1(1) In this Schedule,

- (a) “change in fiscal policy” means a change in fiscal policy by way of the enactment, amendment or repeal of an Act or regulation or the exercise of a power or duty under an Act or regulation resulting in the creation or discontinuation of a source of revenue, or the increase or decrease in revenue from a source of revenue;
- (b) “education property tax requisition” means
 - (i) an amount required to be paid into the Alberta School Foundation Fund under section 167 of the *Education Act* that is raised by imposing a rate referred to in that section, or
 - (ii) the requisition of school boards under Part 6, Division 3 of the *Education Act*;
- (c) “provincial revenue”, in respect of a fiscal year, means the amount reported as total revenue for the fiscal year in the consolidated financial statements of the Province under section 8(2)(a) of the *Fiscal Planning and Transparency Act*, minus the reported revenue paid into the Technology Innovation and Emissions Reduction Fund continued under section 10 of the *Emissions Management and Climate Resilience Act*.

(2) For the purpose of subsection (1)(a) and sections 6(3) and 9(4), “source of revenue” means a tax, levy, premium or royalty.

2019 cL-21.5 s1;2019 c16 s8

Part 1
Municipal Sustainability
Initiative Capital Funding

Capital funding for fiscal years before
2022-2023 fiscal year

2(1) Subject to subsection (2), where the Minister enters into a funding agreement under section 2(1) of this Act with a local

government for one or more of the 2019-2020, 2020-2021 and 2021-2022 fiscal years, the local government is entitled, subject to the terms and conditions of the agreement, to receive the amount determined by the Minister to be the local government's share of the available capital funding for each of those fiscal years.

(2) The aggregate amount available for providing capital funding to local governments under subsection (1) is \$2 500 973 000.

Part 2

Available Capital Funding for Calgary and Edmonton

Capital funding for 2022-2023 and subsequent fiscal years

3(1) The aggregate amount available for providing capital funding to Calgary and Edmonton under this Part for the 2022-2023 fiscal year is \$455 000 000.

(2) The amount available for providing capital funding to Calgary and Edmonton under this Part after the 2022-2023 fiscal year comprises the amount determined under section 6(1).

Capital funding for Calgary

4(1) Where the Minister enters into a funding agreement with Calgary for one or more fiscal years after the 2021-2022 fiscal year, Calgary is entitled, subject to the terms and conditions of the agreement, to receive in each fiscal year under the agreement the percentage, determined under subsection (2), of the available capital funding specified in section 3(1) or determined under section 6(1), whichever is applicable for the fiscal year.

(2) For the purpose of subsection (1), the percentage for an applicable fiscal year is calculated in accordance with the following formula:

$$\left[\left(0.48 \times \frac{A}{A+B} \right) + \left(0.48 \times \frac{C}{C+D} \right) + \left(0.04 \times \frac{E}{E+F} \right) \right] \times 100\%$$

where

- A is the municipal population of Calgary determined in the fiscal year 3 years prior to the applicable fiscal year;
- B is the municipal population of Edmonton determined in the fiscal year 3 years prior to the applicable fiscal year;
- C is the aggregate amount of the education property tax requisitions to be paid by Calgary calculated as of the day, in the fiscal year 3 years prior to the applicable fiscal year,

on which the consolidated fiscal plan is required to be made public under section 4(4) of the *Fiscal Planning and Transparency Act*;

- D is the aggregate amount of the education property tax requisitions to be paid by Edmonton calculated as of the day, in the fiscal year 3 years prior to the applicable fiscal year, on which the consolidated fiscal plan is required to be made public under section 4(4) of the *Fiscal Planning and Transparency Act*;
- E is the number of kilometres of open roads maintained by Calgary, as of December 31 in the fiscal year 3 years prior to the applicable fiscal year, as reported to the Minister under section 577 of the *Municipal Government Act*;
- F is the number of kilometres of open roads maintained by Edmonton, as of December 31 in the fiscal year 3 years prior to the applicable fiscal year, as reported to the Minister under section 577 of the *Municipal Government Act*.

Capital funding for Edmonton

5(1) Where the Minister enters into a funding agreement with Edmonton for one or more fiscal years after the 2021-2022 fiscal year, Edmonton is entitled, subject to the terms and conditions of the agreement, to receive in each fiscal year under the agreement the percentage, determined under subsection (2), of the available capital funding specified in section 3(1) or determined under section 6(1), whichever is applicable for the fiscal year.

(2) The percentage for the purpose of subsection (1) is calculated in accordance with the following formula:

$$\left[\left(0.48 \times \frac{B}{A+B} \right) + \left(0.48 \times \frac{D}{C+D} \right) + \left(0.04 \times \frac{F}{E+F} \right) \right] \times 100\%$$

where

- A is the municipal population of Calgary determined in the fiscal year 3 years prior to the applicable fiscal year;
- B is the municipal population of Edmonton determined in the fiscal year 3 years prior to the applicable fiscal year;
- C is the aggregate amount of the education property tax requisitions to be paid by Calgary calculated as of the day, in the fiscal year 3 years prior to the applicable fiscal year, on which the consolidated fiscal plan is required to be made

public under section 4(4) of the *Fiscal Planning and Transparency Act*;

- D is the aggregate amount of the education property tax requisitions to be paid by Edmonton calculated as of the day, in the fiscal year 3 years prior to the applicable fiscal year, on which the consolidated fiscal plan is required to be made public under section 4(4) of the *Fiscal Planning and Transparency Act*;
- E is the number of kilometres of open roads maintained by Calgary, as of December 31 in the fiscal year 3 years prior to the applicable fiscal year, as reported to the Minister under section 577 of the *Municipal Government Act*;
- F is the number of kilometres of open roads maintained by Edmonton, as of December 31 in the fiscal year 3 years prior to the applicable fiscal year, as reported to the Minister under section 577 of the *Municipal Government Act*.

**Available capital funding for fiscal years after
2022-2023 fiscal year**

6(1) For a fiscal year after the 2022-2023 fiscal year, the available capital funding for Calgary and Edmonton for the applicable fiscal year is the amount calculated in accordance with the following formula and rounded to the nearest dollar:

$$G \times H$$

where

- G is the revenue index factor calculated in accordance with subsection (2) for the applicable fiscal year;
- H is the available capital funding under this Part for the fiscal year one year prior to the applicable fiscal year.

(2) For the purpose of subsection (1), the revenue index factor for an applicable fiscal year is the number calculated in accordance with the following formula and rounded to the nearest thousandth:

$$\left(\frac{I-J}{J} \times 0.5\right) + 1$$

where

- I is the provincial revenue for the fiscal year 3 years prior to the applicable fiscal year adjusted, if applicable, in accordance with subsection (3);

J is the provincial revenue for the fiscal year 4 years prior to the applicable fiscal year.

(3) For the purpose of I in the formula referred to in subsection (2), the provincial revenue for a fiscal year is adjusted, if applicable,

(a) by deducting the amount, as determined by the Minister, of any increase of \$100 000 000 or more in any source of revenue for that fiscal year resulting from a change in fiscal policy, and

(b) by adding the amount, as determined by the Minister, of any decrease of \$100 000 000 or more in any source of revenue for that fiscal year resulting from a change in fiscal policy.

Part 3

Available Capital Funding for Local Governments (Excluding Calgary and Edmonton)

Definition

7 In this Part, “local government” means a municipal authority, a Metis settlement or the Townsite of Redwood Meadows Administration Society but does not include Calgary or Edmonton.

Capital funding for fiscal years after 2021-2022 fiscal year

8 Where the Minister enters into a funding agreement with a local government for one or more fiscal years after the 2021-2022 fiscal year, the local government is entitled, subject to the terms and conditions of the agreement, to receive in each fiscal year under the agreement the amount determined by the Minister to be the local government’s share of the available capital funding specified in section 9(1) or determined under section 9(2), whichever is applicable for the fiscal year.

Available capital funding

9(1) The amount of available capital funding for local governments for the 2022-2023 fiscal year is \$405 000 000.

(2) For a fiscal year after the 2022-2023 fiscal year, the available capital funding for the applicable fiscal year is the amount calculated in accordance with the following formula and rounded to the nearest dollar:

$P \times Q$

where

P is the revenue index factor calculated in accordance with subsection (3) for the applicable fiscal year;

Q is the available capital funding under this Part for the fiscal year one year prior to the applicable fiscal year.

(3) For the purpose of subsection (2), the revenue index factor for an applicable fiscal year is the number calculated in accordance with the following formula and rounded to the nearest tenth:

$$\left(\frac{R-S}{S} \times 0.5\right) + 1$$

where

R is the provincial revenue for the fiscal year 3 years prior to the applicable fiscal year adjusted, if applicable, in accordance with subsection (4);

S is the provincial revenue for the fiscal year 4 years prior to the applicable fiscal year.

(4) For the purpose of R in the formula referred to in subsection (3), the provincial revenue for a fiscal year is adjusted, if applicable,

- (a) by deducting the amount, as determined by the Minister, of any increase of \$100 000 000 or more in any source of revenue for that fiscal year resulting from a change in fiscal policy, and
- (b) by adding the amount, as determined by the Minister, of any decrease of \$100 000 000 or more in any source of revenue for that fiscal year resulting from a change in fiscal policy.



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