

Cities Ability to Generate Non-Tax Revenues

Today, based on limitations within the Local Governance Act, New Brunswick’s cities are really only able to generate increased revenues for enhanced service delivery by raising municipal tax rates.

The issue

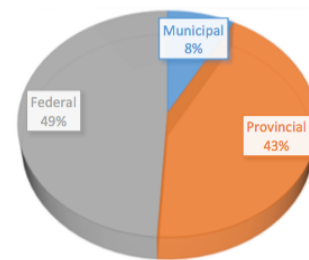
New Brunswick cities are challenged by ‘unfunded mandates’, and their revenue generating capacity is not equal to the prescribed service responsibilities. A narrow revenue base means cities are also unnecessarily vulnerable to economic downturns or structural changes in the economy (diminishing tax base, increase of economic activities not related to tax base) or changes in provincial funding policies (equalization formula). This, in turn, compromises the ability to adapt and invest for the long-term and restricts the ability to adapt to new opportunities or avoid emerging risks.

Any opportunity for our cities to generate additional revenue through areas like renewable energy generation of professional service training is currently not allowed – meaning that city taxpayers are forced to pay for the vast majority of municipal taxes.

Why this is important

- Municipalities are responsible for building, repairing and maintaining nearly 60 per cent of public infrastructure. Yet local governments only collect 8 cents of every tax dollar paid in New Brunswick
- Local governments in NB continue to face growing demand for services that outstrips their ability to raise revenues. Federal/Provincial support for Infrastructure investments helps, but it only goes so far. Ultimately, other sustainable and permanent progressive revenue sources are needed.

TOTAL TAX INCOME BY LEVELS OF GOVERNMENT



The progress

The Cities of NB Association is encouraged by the current Provincial government’s promise to remove the “for profit” restrictions on the city-owned utilities. NB Cities still need a broader range of revenue tools.

What’s next

The 8 Cities are recommending that the Province support the cities desire to provide enhanced services for its citizens by following through with the promise of **removing the “for profit” restrictions** within the new Local Governance Act and allow cities the ability to generate new types of revenues that are not taxpayer dependent. The cities are not looking to be able to compete with the private sector, but rather explore new revenue stream opportunities that aren’t forcing our citizens to always pay more.

For example: The city of Saint John is actively exploring opportunities to develop new revenue streams with SJ Energy, including co-investing in new renewable energy generation opportunities and related utility services growth opportunities.

FUNDING A BETTER FUTURE – SUSTAINABLE AND PROGRESSIVE REVENUE SOURCES NEEDED FOR THE CITIES OF NEW BRUNSWICK