

## Facts about the Municipal Government Act

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Under the *Municipal Government Act (MGA)*, municipalities are charged with the responsibility to provide good government; to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality; and to develop and maintain safe and viable communities. These are broad and important responsibilities, and their implementation involves managing and balancing resources to meet a multitude of both current and future community needs.

The following information contained on this page highlights some municipal responsibilities and other topics prescribed by the *MGA*.

### Finance

Almost everything the municipality does has a cost associated with it. Councillors spend a lot of time on council making financial decisions. When making those decisions, their role as a public trustee is to safeguard the taxpayer's money and make the best use of scarce financial resources.

### Operating and Capital Budgets

At the centre of the municipal finance system is the budget. Through the budget, the council decides the municipality's priorities for the next 1 to 3 years by setting aside money for each program or service. The budget is the single most important policy decision council makes each year. Careful budget planning and control mean better services for the residents. The budget of a municipality reflects its policies.

The *Municipal Government Act* requires that every municipality adopt an annual operating and a capital budget; property and business tax bylaws cannot be passed until both budgets have been adopted. Municipalities are not allowed to budget for a deficit; as well, total actual revenues over a four-year period must be equal to or greater than total actual expenditures.

The operating budget is a detailed estimate of how much the municipality needs to spend to meet its ongoing financial obligations and provide programs and services to the residents. The capital budget is money set aside for buying or building fixed assets such as buildings, equipment, vehicles, water and sewer facilities, and land.

A long-range capital plan, covering three to five years, should be in place. Three-year operating budgets are also recommended. The plan sets out what capital expenditures are needed and when, the future cost of maintaining the asset when it has been built or purchased, and how the assets will be financed. The budget is a plan of expenditures and revenues over the course of the year. Council needs to keep an eye on what is actually happening to make sure that the municipal operations match the budget. They should receive regular financial reports from administration that compare actual results of the budget. Financial reports are a good source of information and budget control.

### Assessment

An assessment is an estimate of a property's value. Annually, municipalities account for and prepare an assessment for each property in the municipality. Land and improvement to land (buildings, structures, and any machinery or equipment affixed to the land) are assessed. The purpose of assessment is to distribute property tax among taxpayers based on the relationship of their property value to the total property value of the municipality. [Click here for information about the Assessment Services branch.](#)

Accurate and equitable assessed values are important so that property owners pay only their fair share of property taxes. A taxpayer should expect that properties of similar value should pay similar property taxes within the municipality. Property owners who feel their assessment is inaccurate or inequitable in relation to other properties in the municipality can appeal to the Assessment Review Board.

### Assessment Review Board

The Assessment Review Board, made up of councillors or members of the community, reviews appeals about an assessment. After hearing the property owner's complaint and the assessor's defense, Board members can decide to confirm or to make changes to the assessment. It is essential that ARB members deal only with the issue of assessment and not its impact on taxation. If property owners, the assessor or municipality are not satisfied with the Board's decision, they can appeal to the Municipal Government Board (MGB). The MGB's decision is final. [Click here for information about assessment and assessment appeals.](#)

## Property taxation

Property tax is a main source of revenue for financing municipal operations. Once council completes the budget process, the property tax rate can be set. The tax rate is calculated by dividing the tax levy required by the total property assessment. For example, if a municipality needs to raise \$200,000 and the total assessment is \$10,000,000, the tax rate would be:  $\$200,000 / \$10,000,000 = 0.02$  tax rate

Most municipalities express this tax rate in "*mills*". The above example would then produce a mill rate of 20 where \$20 of property tax would be paid for each \$1,000 of property assessment.

The tax rate is set once each year. Council may vary the municipal tax rates for each of four assessment classes: residential; non-residential; farmland; and machinery and equipment. Once the tax notices are mailed, the property tax rate bylaw cannot be amended unless approved by Ministerial Order. In addition to the municipal tax rate, municipalities must set tax rates to raise requisitions for cost sharing programs, the most notable being the Alberta School Foundation Fund.

## Education tax

In Alberta, education is funded partly through general provincial revenue and partly by property tax. The property tax portion is called the Alberta School Foundation Fund (ASFF). The ASFF is funded on the principle of province-wide cost sharing among municipalities according to the value of property. Each year the province strikes a provincial education tax rate that is used to determine each municipality's contribution to the Fund. Much like the local tax rate calculation, the ASFF's revenue requirements must be divided by the total provincial property value or equalized assessment to determine the tax rate. The only difference is the education tax rate is based on the previous year's property values. Although municipalities collect education taxes, the funds go to the province.

## Other taxes and revenues

In addition to the property tax levy, a municipality may impose a business tax, a special tax, or a local improvement tax. As well, the MGA provides for taxes within a business revitalization zone and for a tax on well drilling equipment. A special franchise is an agreement between a municipality and, for example, a natural gas or power company, to collect a payment based on a fixed percentage of gross revenue rather than collecting property tax on the company's machinery and equipment assessment.

There are other sources of revenue available, generally related to user fees. Utility charges for water, sewer treatment, and garbage collection are common in Alberta municipalities. Council may want to develop a policy setting the rates based on the degree of cost recovery considered desirable. Fees can also be set for other services, such as recreational facilities, photocopying, or meeting room rental.

## Conditional grants

These are grants in which the government providing the grant requires the municipality to meet certain conditions, for example, road paving and sewage treatment plant installation. The conditions usually require the funds to be expended on particular activities, and may also be on a cost shared basis. [Click here for information about conditional grants provided by Municipal Affairs.](#)

## Planning and development

Council shapes the physical future of the community through its authority over land-use planning and development control. A councillor must focus on the future of the community as a whole and its relation to neighboring municipalities while balancing the current rights, needs and concerns of property owners and residents. There are a number of tools available to council for this purpose. [Click here for detailed information about municipal planning.](#)

## Municipal development plan

A municipality with a population of 3,500 or more must adopt a Municipal Development Plan (MDP). It provides a general framework for development within the municipality and is the official statement of the municipality's policies concerning the desired future pattern of development.

## Intermunicipal development plan

Two or more municipalities may adopt an intermunicipal plan to address issue of mutual concern with respect to designated lands. The plan may provide for the future use of land, manner and proposals for development or other matters relating to the area that the councils consider necessary.

## Area structure and redevelopment plans

Council may, by bylaw, adopt an area structure plan to provide a frame-work for subdivision and development for a particular area. The area structure plan will generally describe the sequences of development, proposed land use, population density, and the location of major transportation routes and public utilities. When an area is undergoing redevelopment, the council may adopt an area redevelopment plan which, in addition to providing guidelines, may result in a redevelopment levy being used to acquire land for park, school, or recreation purposes in the redevelopment area.

## Land use bylaws

All municipalities must have a land-use bylaw. This bylaw provides a specific means of implementing the policies that are expressed in a general way in the MDP. If a council wishes to adopt a direct control district in the land use bylaw, council must also adopt a municipal development plan.

The bylaw provides for a system of development permits and divides the municipality into land use districts prescribing permitted and discretionary uses for land, buildings, and development standards.

## Subdivision

Consolidating or dividing a piece of land into two or more parcels generally requires approval from a subdivision authority. The authority ensures that the land to be subdivided is appropriate for its proposed use.

## Subdivision and development appeal board

A municipal council is required to establish a subdivision and development appeal board to act as a quasi-judicial body to deal with subdivision and development appeals. Appeals are usually made by the applicant for a subdivision approval or a development permit, or by persons affected by the development authority's decision. The board must hold a public hearing to deal with an appeal. A council cannot form the majority of membership on these boards.

## Decision Making Processes

Municipal officials make many decisions on behalf of their residents. For decisions to occur, officials must understand the various rules which govern how and when decisions occur. Topics include bylaws, procedures and voting. [Click here](#) for information on how to be a municipal councillor.

## Bylaw readings

Every proposed bylaw must have three distinct and separate readings. No more than two readings may be made at a council meeting UNLESS the councillors present unanimously agree to consider third reading.

- Bylaws must be signed in accordance with Section 213 of the *MGA* and are not considered passed until they are signed.
- A bylaw comes into force at the beginning of the day that it is passed unless otherwise provided in the *MGA*, any other enactment or within the bylaw.

## Procedure bylaw

Councils may adopt a procedure bylaw to provide a standard, familiar format for council meetings and make it easier for members of council, staff, the media, and the public to understand the process by which decisions are made. In general, a procedure bylaw will name and describe the responsibilities of council committees, provide for the order of business and method of distributing the agenda of the council meetings, set rules regarding the proceedings at regular meetings at council, and describe the manner in which items may be put on the council agenda.

## **Voting at Council meetings**

Councillors are on council to make decisions, and that means voting on all resolutions and bylaws unless they are required or permitted to abstain from voting. Council must ensure that each abstention and the reason for it are recorded in the minutes of the meeting. If there is a public hearing on a proposed bylaw or resolution, councillors must abstain from voting on the bylaw or resolution if they were absent from all of a public hearing, and they may abstain if they were absent for a part of a public hearing. Councillors must also abstain from voting on matters in which they have a pecuniary (monetary) interest.

## **Council Committees**

Council creates council committees and appoints committee members. Council may decide to create a temporary committee to look at a specific issue. There may also be standing committees run from year to year to deal with ongoing issues.

Committees can play a bigger role in making decisions on issues for council. If council wants a committee to make decisions, council may delegate some of its powers to the committee. Then, if a committee makes a decision delegated to it by council, it is as if the council made the decision itself. Some council decisions, such as adopting a budget, cannot be delegated.

If council is the disasters services committee, councillors may have some specific responsibilities in case of a local emergency. Councillors need to know what those responsibilities are and how they are to be carried out. The system of emergency response is described in the Public Safety Services Act, administered by Alberta Transport and Utilities.

## **Municipal organizations and administration**

A vital part of the smooth operation of municipal government is the interaction between the council and the administration. Understanding how the administration works helps councillors understand their roles as municipal councillors.

Administration exists to take care of the everyday work of running a municipal government. This includes providing a variety of programs and services, based on the priorities that the council has set for the municipality. Residents can ask councillors for information on the municipality's programs and services. A councillor's most important contact is the Chief Administrative Officer.