



Council Policy

Fiscal Policy For Revenue Generation

Program Impacted	Financial Management <i>The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.</i>
Number	C624
Date of Approval	November 2, 2020
Approval History	n/a
Next Scheduled Review	November 2, 2023

Statement

The City of Edmonton provides various services and infrastructure for the community. Some provide broad benefits to the community at large. Others provide greater or more direct benefits to consumers of a service, or to certain stakeholders or properties. The City recognizes that service and infrastructure costs must be shared in some way amongst the tax base and benefiting parties, and equitably distributes these costs according to the accrual of benefits throughout the community.

1. Where a service or infrastructure asset provides broad benefits to the community at large, revenues are raised through broad-based taxation to fund, in whole or in part, the service or asset.
2. Where a service or infrastructure asset provides greater or more direct benefits to certain parties, revenues are raised through mechanisms that distribute costs to those parties.
 - 2.1. Where direct benefits are provided to service consumers, revenues are raised from those consumers to recover, in whole or in part, the cost of the service or asset.
 - 2.1.1. To make service access more equitable, consideration is given to structure pricing according to the consumer's ability to pay.
 - 2.2. Where a regulatory service is provided, charges are levied on those seeking or obtaining approvals from the City and/or City Council.
 - 2.3. Where an infrastructure asset is considered to be of greater benefit to a developing or redeveloping area of the city than to the whole city, charges are imposed on development activities to defray, in whole or in part, the cost of the asset.

- 2.4. Where a service or infrastructure asset is considered to be of greater benefit to an area of the city than to the whole city, revenues are raised from benefiting properties to recover, in whole or in part, the cost of the service or asset.
3. Where a regulated utility service is provided, revenues are raised from customers and other non-tax sources to recover the whole cost of the service.
4. Where a municipal enterprise or corporation is for-profit, revenues are generated according to its business objectives.















The purpose of this policy is to provide a clear and consistent governing framework for allocating service and infrastructure costs throughout the community, and to guide fiscal decisions on the fundamental question of *who pays for what, in what amount, and why?*

Guiding Principles

- **Distributive Fairness and Equity:** Service and infrastructure costs are distributed fairly and equitably throughout the community.
- **Benefiter Pays:** Services and infrastructure should be paid for by those who will benefit from them.
- **Integration:** Service and infrastructure costs are distributed throughout the community in alignment with the broader policy objectives of City Council.
- **Decision-Making Model:** Service and infrastructure cost allocation considerations are factored into City of Edmonton business decisions, with the understanding that all public costs must be defrayed in some way.
- **Clarity and Consistency:** A clear and consistent governing framework provides guidance on who should pay for City service and infrastructure costs and why.
- **Accountability:** The governance of service and infrastructure cost allocation is transparent, accessible and understood by the community and stakeholders.

Cost Allocation Framework

Illustration for Example Purposes Only

	 PUBLIC SERVICE		 PUBLIC UTILITY	 MUNICIPAL ENTERPRISE
Who benefits?	Community at Large 	Service Consumers, Stakeholders, Certain Properties, etc. 	Utility Customers 	Consumers 
Who pays?	Tax Base 	Benefiting Parties 	Utility Customers 	Consumers 
How do they pay? [Examples]	Property Tax M&E Tax Business Tax 	User Fees, Regulatory Charges, Development Charges, Local Improvement Tax, etc. 	Utility Rates 	Purchase of Goods/Services Sold By Municipal Enterprise 