



Cities of New Brunswick Association
Association des Cités du Nouveau-Brunswick

Consultation on review of the Community funding and Equalization Grant System

**Presented to
Nora Kelly and Pierre-Marcel Desjardins**

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Notes

Introduction

1. We are in favor of an in-depth review.
2. Maximised impact won't be achieved without a complete tax reform and a full recognition of cities as socio-economic engines of NB.

Current

1. The existing Equalization funding formula was calculated in such a way that when a city had urban sprawl and was not encouraging densification, they were rewarded with a higher level of potential equalization with the embedded calculations with an increased multiplier to make up for higher cost of sprawl
2. The existing Equalization funding formula reward communities that had lower than average assessment base per capita. Those municipalities who have been creative, innovative and found ways to attract business and residents to their communities thus

increasing their tax base received less equalization funding than those who had the lower than average assessment base per capita (thus less ability to cover required core expenditures)

Recommendations

- 1) The principles of equalization are strong where the stronger communities help communities in need. This is a good principle to remain in place.
- 2) Considering doing an analysis per equalization grant received per capita to ensure that it is somewhat fair and consistent and address any outliers. Those outlier communities should have a plan to resolve that situation.
- 3) Consider rewarding for densification with using a densification factor to reward versus penalize such densification. If communities have sprawl, that usually means that the inhabitants/citizens have larger lots and spacing between lots and thus should be paying more in taxes to cover off the cost of sprawl versus it being a factor in the equalization funding.
- 4) Can there be a consideration for economic impact in the calculation to reward vs penalize for increasing the economy in a municipality
- 5) Consider a factor for immigration within the community to encourage immigration as part of the factor in what is received
- 6) Put more money into the core equalization funding (which rewards non-residential/commercial development) and thus city growth and self sustainability
- 7) Consider demographic and social factors (communities that are dealing disproportionately with social issues in their communities and therefore have additional costs compared to other communities).
- 8) **CNBA is asking to put on hold the implementation on the new Community funding and Equalization Grant until the full Tax Reform exercise promised for 2025 be completed.**