



May 21, 2013

Clerk of Committees  
Legislative Assembly of Manitoba  
251 - 450 Broadway  
Winnipeg, MB R3C 0V8

Dear Committee Members:

On behalf of the Association of Manitoba Municipalities (AMM), I would like to provide comments about Bill 20: The Manitoba Building and Renewal Funding and Fiscal Management Act.

As the organization representing all Manitoba municipalities, the AMM identifies and addresses the needs and concerns of its members in order to achieve strong and effective municipal government.

The AMM would like to express concern that this measure to increase the Provincial Sales Tax (PST) by one per cent will not address the over \$11 billion municipal infrastructure deficit in Manitoba. It appears this funding will be spent mainly on provincial infrastructure priorities instead of going to municipalities to address crumbling roads, bridges and community centres.

The AMM is extremely disappointed that municipalities still do not have a new, predictable and long-term source of revenue to fix their crumbling infrastructure. The Province of Manitoba has repeatedly refused requests from the AMM and the City of Winnipeg to increase funding exclusively for municipal infrastructure by one per cent of the PST over and above existing levels. Over the last two years the AMM has put forth a number of proposals to the Province to address the increasing infrastructure deficit. Now taxes are increasing for Manitobans - which will raise another \$277 million - without a significant new investment in municipal infrastructure. Although funding to municipalities through the Building Manitoba Fund increased by a total of \$31 million this year, municipalities outside Winnipeg will only receive \$9.5 million of this amount.

Municipalities do appreciate the introduction of some additional provincial funding for infrastructure — \$7 million per year for Winnipeg, and another \$7 million per year for other municipalities to help with road repairs and projects over the next 3 years. The Manitoba Water Services Board funding will also see an increase of \$4 million per year for the next three years. This funding will go towards municipal water and wastewater engineering studies or projects on a 50-50 cost-sharing basis. This funding is welcomed, but it is not enough to meet municipalities' needs.

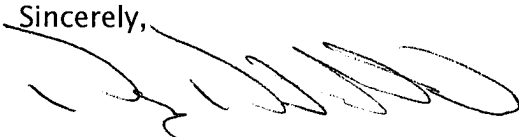
In fact, the PST increase will cost municipalities more in taxes on any of their purchases or infrastructure projects. Manitoba municipalities already pay approximately \$17 million in PST. This is money that could be reinvested in local infrastructure needs.

The AMM continues to believe it is inappropriate for one order of government to tax another, and charging municipalities PST essentially amounts to double taxation. As a result the AMM has been asking the Province for several years to exempt municipalities from paying PST. The federal government already provides a full rebate of the federal sales tax, the Goods and Services Tax (GST) to municipalities.

Municipalities receive only 8 cents out of every tax dollar, and as a result they already struggle to come up with their one-third of the funding required for major infrastructure projects. While the Province has said the PST increase will enable Manitoba to take advantage of the federal infrastructure funding program, the Building Canada Fund, municipalities will still have to raise their share of funding. This is another of many new challenges municipalities will have to deal with in order to participate in the new national infrastructure funding programs starting in 2014. It will also leave municipalities with even less money to spend directly on their communities.

The AMM appreciates the opportunity to provide these comments. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Doug Dobrowolski', written over a horizontal line.

Doug Dobrowolski  
President

cc: Honourable Ron Lemieux, Minister of Local Government  
Mayor Sam Katz, City of Winnipeg