

# Eco-Fiscal Tools and Municipal Finance: Current Practices and Opportunities

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Municipalities are playing an increasingly important role in addressing climate change through the use of eco-fiscal tools. These tools, which include taxes, fees, and charges, influence behaviour in ways that impact the environment. This paper explains the advantages of eco-fiscal tools and explores the range of such mechanisms implemented by various Canadian municipalities. The authors argue that eco-fiscal tools, such as water charges, waste collection fees, and congestion pricing, are not only a source of revenue for municipalities, but also a means to incentivize climate-efficient behaviour.

**Read the full report: [bit.ly/4mHizah](https://bit.ly/4mHizah)**

## Key findings

Eco-fiscal tools should be seen not just as a way to diversify sources of revenue, but as a way to achieve certain environmental objectives.

Although their potential is great, information on eco-fiscal measures remains anecdotal, apart from the use of pricing for water and waste.

Québec municipalities are currently the only ones in Canada to be able to impose regulatory charges aimed at changing behaviour; the use of general taxation powers for environmental purposes remains relatively uncommon outside Québec.

Measures currently being studied in Québec or operating as pilot projects need to be tested before they can be scaled up, which requires innovation and major administrative and political efforts.