

A summary presentation of
*Rapport sur la fiscalité
et les finances municipales*
*Un modèle arrivé à ses limites :
un virage s'impose*

FRANÇOIS VAILLANCOURT

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Background

- ▶ Report was prepared for UMQ by two ex finance ministers
- ▶ Monique –Jérôme Forget: retired, Liberal
- ▶ Nicolas Marceau: economics prof UQAM (PQ candidate 2026)
- ▶ This presentation is based on my reading & understanding of the report : 21 recommendations in total

Why the report-1

- ▶ **Infrastructure issue**
- ▶ Backlog of 50 billion in 2025 projected to 95 billion in 2035 if yearly cost growth rate unchanged (7,5% yearly)
- ▶ Such growth attributed in good part (40%) to new regulatory requirements (nitrogen in wastewater, seismic norms updates...)
- ▶ Complex costly (325M/year of municipal admin costs) set of provincial funding programs(200+) with project based financing
- ▶ Concurrent demands (fed, prov, mun) on construction sector

Why the report -2

- ▶ Revenue issue
- ▶ Lack of municipal political will to increase property tax above inflation rate- understandable but a problem
- ▶ Drop in property tax/GDP ratio observed-

Year	2015	2024	2035
PT/GDP	3,8	3,0	2,3

Recommendations Infrastructure funding

- ▶ **R2:** A single conditional grant program giving leeway to respect municipal choices + **R10** multi-year budgeting
- ▶ **R6** A fund for maintenance available to municipalities who:
 - increase their property taxes by at least the nominal GDP growth rate
 - allocate the difference between CPI indexed and extra amount to maintenance
- ▶ Long term fund is 75% Québec G financed $\approx$ 1% point of QST (10%) if QG has no deficit and construction costs growth has stabilized
- ▶ Target is a 40% drop in maintenance deficit

Recommendation own revenues

- ▶ Allow progressive taxation of residential buildings **R11**
- ▶ Allow a higher non residential maximum tax rate **R12**
- ▶ Ask Q gov to introduce deferral mechanism of property taxes **R13**
- ▶ Meter water more **R14**;
- ▶ Use more fully “new” tax powers **R15**

Other recommendations

- ▶ Invest more in public transit, less in roads **R7**
- ▶ Rethink responsibilities and financing (états généraux) **R8**
- ▶ Facilitate mergers and service groupings with+ financing **R9**
- ▶ Improve valuation process to reduce complaints **R17**
- ▶ Allow joint issuing of municipal bonds **R18**-reduce interest rate
- ▶ Create QMERS **R19**-currently $\approx$ 200 pension plans + RREMQ (2008- joint CSN and FQM) $\approx$ 250 employers
- ▶ Reduce municipal wage premium **R20**



► **Merci/thank you**