Use of New Municipal Fiscal Powers for Sustainable Urban Development: Development and Application of a Strategic Financial Planning Method in the City of Mascouche

Prof. Fanny Tremblay-Racicot
École nationale d'administration publique, Québec
fanny.tremblay-racicot@enap.ca

Dr. Jérôme Couture
École nationale d'administration publique, Québec
Jerome.couture@pol.ulaval.ca

Léa Béliveau
École nationale d'administration publique, Québec
léa.béliveau.2@enap.ca

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Abstract (125 words)
Over time, the Québec government has granted municipalities broad monetary levy powers. While these do not ensure full financial autonomy, they enable revenue diversification, reduce reliance on property taxes, and support policy goals like combatting climate change and land speculation.
However, many cities hesitate to use these powers, often keeping tax rates low and depending on new developments for growth. To address this, the City of Mascouche sought the services of our team, resulting in a *2025–2030 Strategic Revenue Plan.*
This paper outlines the methodology used to prioritize over 25 fiscal tools. It presents evaluation criteria and details the municipality's selected measures. While these decisions reflect trade-offs between fiscal potential and environmental efficiency, administrative simplicity and legal risk played a dominant role in decision-making.

Keywords: local finances, cities, ecological taxation, municipalities, Québec

Introduction

Over the years, the Government of Québec has granted Québec municipalities extensive monetary levy powers. Aiming to enhance their autonomy and recognize their role as proximity governments, the provincial government provided municipalities with general taxation and regulatory charges powers in 2018 (Tremblay-Racicot et al., 2023). In 2023, additional powers were introduced, enabling municipalities to vary property tax rates based on different sectors or any characteristic of the property assessment roll, excluding the property's value.

Although these new powers do not render municipalities fully financially autonomous, they allow diversification of revenue sources and reduce dependence on property taxes (Federation of Canadian Municipalities, 2024). They also offer opportunities to achieve various public policy objectives, such as mitigating or adapting to climate change, combating land speculation, or promoting a circular economy, through ecofiscal measures or by making property taxes more progressive. For instance, municipalities can impose regulatory charges targeting major traffic generators to encourage transportation management plans, tax vacant land or buildings, address underdensity through floor area ratio taxes, or impose higher tax rates on luxury properties ("monster houses") and lower rates on denser housing or areas with vulnerable populations.

In a pre-electoral context, many municipal officials and managers are questioning how to prudently use these new legislative powers, particularly as cities have historically tended to keep tax rates low while relying on new property assessments to grow their tax base. To address this, the City of Mascouche, located in Quebec, sought the services of our research team to assist in identifying and planning fiscal measures to prioritize over the next five years. This collaboration resulted in the December 2024 submission of a *2025–2030 Strategic Revenue Plan*, offering recommendations to guide the City in prioritizing and phasing the deployment of fiscal tools (Tremblay-Racicot et al., 2024).

This paper aims to showcase the novel methodology developed to identify priority measures among over 25 documented fiscal tools. It is divided into five sections: 1) Presentation of the approach and methodology; 2) Mascouche's fiscal and financial profile; 3) Eco-tax measures; 4) Measures enabled by the new powers of Bill 39; 5) Summary of recommendations and timetable; 6) Conclusion.

Presentation of the approach

In the spring of 2024, the City of Mascouche debuted a process aimed at diversifying its revenue sources and making use of under-utilized monetary levies, particularly in the area of eco-taxation. Drawing on its expertise in municipal taxation, and more specifically in the innovative use of new monetary powers by Quebec municipalities, a team from the Centre de recherche sur la gouvernance (CERGO) of the École nationale d'administration publique (ENAP), led by Professor Fanny Tremblay-Racicot, was commissioned to support the town in identifying and planning the fiscal measures to be prioritized over the next five years.

The resulting *Strategic Revenue Plan* makes recommendations to enable the city to document the prioritization and phasing of the fiscal tools to be deployed. As the analysis of the various measures, their prioritization and the timetable were carried out in collaboration with representatives of the town's various departments. Because the decision of adopting a strategic revenue plan was based on the need of diversifying the municipalities' revenue sources, our team validated this perceived issue by first carrying out an analysis of its fiscal and financial profile, which is presented in the next section.

As for the recommendations included in the plan, they were based on a co-construction process (3 work meetings and e-mail exchanges over a period of 6 months) conducted with the city representatives. This process allowed for the identification, prioritization and phasing of measures to be implemented under two areas of intervention: eco-taxation and new taxation powers arising from Bill 39 (B39) on municipal taxation.

Prioritization criteria

The choices were made jointly by the research team and representatives of the municipality's departments on the basis of the four dimensions explained in the following paragraphs: fiscal potential, sound administrative management, acceptability and equity, and environmental performance.

Fiscal potential

The purpose of this dimension is to evaluate the growth and sustainability of a financing tool's net revenues. To be able to generate net revenue growth that ensures the sustainability of financing, the tool must be able to rely on a sufficiently broad tax base, have growth potential on this base, and have some leeway on the levy rate, without undermining the city's fiscal competitiveness. This dimension is assessed on the basis of the criteria listed below. It should be noted that a preliminary assessment presenting a range of potential revenues is also included in the analysis of this criterion. This range has been estimated by the units responsible for the Town of Mascouche.

Evaluation criteria

- Does the tax base involve a number of taxpayers or a monetary flow or stock large enough to ensure short-term revenues that can be considered significant? (Tax base width);
- Does the tax base have a reasonably foreseeable growth potential in the medium and long term? (Growth potential);
- Considering Ville de Mascouche's tax competitiveness, can the current levy rate on this tax base be considered as already high? (Margin for manoeuvre on the levy rate).

Sound administrative management

This dimension relates to the technical and legal issues that can influence the applicability and efficiency of implementing a financing tool. Choices regarding the selection and phasing of a measure will be made on the basis of its administrative simplicity and the savings in human and technical resources it entails, its efficiency, the principle of "the right levy for the right service", and the user-pays principle, which can help optimize resource allocation. In addition, coherence with other measures and objectives of the City is taken into account. This dimension is assessed on the basis of the following criteria.

Evaluation criteria

- Would an additional levy on this tax base require resources, whether in terms of fixed assets, operations or tax compliance, the cost of which can be considered high or even prohibitive? For example, is the collection process compatible with the current method of managing the tax account? (Administration costs);
- Is the measure based on the user-pays principle? In particular, does the measure make it possible to increase the financial participation of certain categories of taxpayers whose consumption of public services exceeds the municipality's production costs? (User-pay);
- In the short term, are the data or technology required to implement the measure available and applicable according to current practices at Ville de Mascouche? (Applicability);
- Does the measure contradict any regulations or policies currently in force at Ville de Mascouche? Does the measure require the creation of a new regulatory regime or a modification of existing regulations? (Coherence)
- Does the measure present a risk of legal challenge?

Does the measure reinforce the provisions of the Ville de Mascouche's Strategic Plan for Sustainable Development (Strategic Plan).

Acceptability and equity

The purpose of this dimension is to assess the social acceptability and equity issues of financing tools, particularly with regard to the ability of businesses and residential taxpayers to pay. This dimension was assessed on the basis of the following criteria.

Evaluation criteria

- Would the measure receive a higher level of approval from the population than could be expected from a tax levy? (Perception);
- In principle, can a taxpayer reduce or even avoid the levy by modifying his or her behavior? (Availability of alternatives);
- Does the measure have a greater financial impact on vulnerable people? (Vulnerable population)
- Does the measure make it possible to reasonably increase the financial participation of legal entities or individuals with a greater ability to pay? (Ability to pay);
- Does the measure make it possible to target certain categories of taxpayers who have benefited in recent years from a favorable tax transfer? (Temporal equity);
- Does the measure potentially have a greater impact on taxpayers in certain sectors of the municipality?
- Where applicable, does the measure have an effect on housing affordability (Affordability).

Environmental efficiency

This dimension aims to assess the potential of measures in terms of dissuading or encouraging those subject to them to change their habits to adopt environmentally-friendly behaviors. Where applicable, this dimension is evaluated on the basis of the following criteria.

Evaluation criteria

- Is the measure the most appropriate means of achieving the environmental objective? (Relevance);
- In principle, does the measure offer the potential to optimize land use or favor compact forms of land development? (Land use);
- In principle, does the measure offer the potential to enhance the area's attractiveness or direct growth towards already more urbanized areas to curb urban sprawl? (Attractiveness);

- In principle, does the measure have the potential to contribute to the resilience of ecosystems (Resilience);
- In principle, is the measure likely to encourage land use that is conducive to sustainable mobility (Sustainable mobility);
- In principle, does the measure make it possible to internalize negative environmental externalities, or to involve the generators of nuisance financially? (Polluter pays).

Methodology

The financing tools identified for each of the two axes (eco-taxes and measures arising from PL39) were analyzed on the basis of the criteria presented above. The relevant information for each tool was collated in an analytical sheet (found a *Supplementary Document*), and the results were grouped together in a summary table (Appendix A) and a phasing grid for measures to be prioritized (example presented in Appendix B).

The purpose of analytical framework is to analyze the main advantages and disadvantages of the financing tools identified in the following sections. To do this, an evaluation was carried out for each measure on each of the criteria, which means that the potential subjectivity inherent in such a process must be taken into account. The analysis framework generally used to limit this type of bias is the multicoder method, in which several people carry out an independent evaluation on the basis of a pre-defined analysis grid (example presented in Appendix C). This method achieves a level of inter-coder reliability, a criterion that enables the analysis grid to be validated. This method then enables a conciliation process between coders based on a deliberative process to determine which codes are not unanimously supported by the coders. This method does not completely eliminate subjectivity, but it does greatly reduce its risks. Following the analysis carried out by the two principal investigators from the CERGO team, a working session was held with the Mascouche team to validate the results obtained.

Mascouche's fiscal and financial profile

On January 21, 2021, Amyot Gélinas Conseils inc. presented the Town of Mascouche with a report analyzing the municipality's fiscal and financial situation. The Amyot Gélinas Conseils team made two main observations: 1) a lack of revenue diversification, resulting in a property tax overcharge, particularly for residential units; and 2) little room for manoeuvre with regard to property tax rates to remain competitive with rival towns.

Against this backdrop, the Town of Mascouche has undertaken to diversify its sources of revenue in order to strengthen its financial stability and share the tax burden more equitably among the various categories of taxpayers. The Town has implemented the following measures:

- A 3% increase in real estate transfer tax for all taxable income in excess of $500,000;

- A contribution to infrastructure and equipment during the construction of real estate projects, also known as a "development levy". The city also has agreements with real estate developers for the infrastructure required for development, a contribution for park purposes, and a contribution for affordable social housing.
- A special general property tax rate for buildings with six or more units;
- A special property tax rate for industrial and non-residential buildings;
- Special property taxes for debt servicing, social or family housing funds, regional files and public transit and rail;
- Fees for waste collection, water and sanitary sewer services;
- Compensation for snow removal in certain sectors;
- A special property tax for sanitation in certain sectors.

The tax picture shows that the Town makes effective use of the powers at its disposal in urban planning matters. It is even in the vanguard when it comes to developers' contributions to the financing of municipal infrastructure and strategies for financing social and family housing. What's more, no value-for-money issues have been identified.

The purpose of this report is to analyze other possibilities for diversifying the Town of Mascouche's sources of revenue in order to share the tax burden even more equitably and achieve certain environmental objectives.

Financial profile

The Ministère des Affaires municipales et de l'Habitation (MAMH) publishes an annual financial profile of municipalities. This profile provides financial and fiscal data, ratios calculated from this data, and comparisons with different groups of municipalities. Indexes are also presented, enabling comparisons between municipalities for a given year. Among the various indicators published, three appear to be relevant for analyzing Mascouche's fiscal situation:

- Non-residential standardized taxable assessment, which establishes the share of property wealth occupied by businesses and industries;
- The overall tax rate (TGT), which measures tax pressure, i.e., the percentage ratio of tax levies applied to taxable properties over the total value of these properties; and
- The proportion of operating expenses financed by the general property value tax. This last indicator measures dependence on property taxes.

Table 1 shows the distribution of these three indicators for Mascouche, the municipalities in its population class, its MRC and its administrative region, as well as the results for Quebec as a whole.

Table 1: Ville de Mascouche compared with its peers on three financial indicators

	Nb.	Standardized taxable assessment non-residential (%)	Overall tax rate (TGT) Per $100 of assessment (%)	Financing of operations by property value tax %
Mascouche	1	9,7	0,9681	65,0
Population class	35	15,4	0,9095	59,4
RCM	2	11,3	1,014	61,4
Administrative region	57	10,0	0,9550	57,6
All of Quebec	1104	14,6	0,8994	52,3

Source: MAMH, *Financial Profile 2023.*

Analysis of this data reveals three main findings:

- The tax base for non-residential buildings is much lower in Mascouche than elsewhere.
- The overall tax rate (TGT) is higher in Mascouche than in municipalities of comparable size, but fairly similar to the average for the administrative region.
- Property tax financing is higher in Mascouche than elsewhere, accounting for 65% of operating revenues. This observation justifies the pursuit of revenue diversification and an analysis of the various possibilities open to the Town.

Comparison with neighboring towns

In order to take into account the context of fiscal competitiveness in which budget planning takes place, Mascouche should also be compared with neighbouring towns. The table below includes the towns of Blainville, Terrebonne, Saint-Eustache, Repentigny, Varennes and Mirabel. Four indicators are presented: the ratio of residential to non-residential property wealth, property tax revenues from residential to non-residential properties, the average tax burden of dwellings and the ratio of non-residential to residential tax rates.

Table 2: Ville de Mascouche compared with its neighbors on four financial indicators

	Residential vs. non-residential property wealth (%)	Residential vs. non-residential property tax revenues (%)	Average tax burden on housing ($)	Average non-residential vs. residential tax rate ratio (no. of times)
Mascouche	90	73	2 750	3,2
Average	84	61	2 378	3,5
Blainville	89	71	2 767	3,3
Terrebonne	88	72	3 019	2,8
Saint-Eustache	80	56	2 182	3,1
Repentigny	90	73	2 828	3,3
Varennes	74	37	1 997	4,7
Mirabel	83	54	1 472	4,0

Source: MAMH, *Financial Profile 2023*; Municipal budgets

An analysis of these data reveals five main findings:

- The share of property wealth derived from residential assessment units (90%) versus non-residential units (10%) is greater in Mascouche than in comparable neighboring towns. Only Repentigny has a similar share.
- The ratio of residential property taxes (73%) to non-residential taxes (27%) is higher in Mascouche than in comparable neighboring towns, with the exception of Repentigny (73%), Terrebonne (72%) and Blainville (71%), where the level is similar. As a result, property tax revenues are heavily dependent on residential properties.
- The share of property wealth generated by residential properties (90%) is greater than the share of tax revenues that the city derives from them (73%). It is possible to observe a tax transfer from residential to non-residential properties, which helps to alleviate some of the burden on Mascouche residents.
- At $2,750, the average tax burden per dwelling is higher in Mascouche than in most comparable neighboring towns, but lower than its direct neighbors Blainville ($2,767), Repentigny ($2,828) and Terrebonne ($3,019). Taking into account the context of tax competitiveness, the level of taxation on housing is close to the threshold.
- At 3.2 times the average residential rate, Mascouche's average non-residential tax rate is slightly below the average of comparable neighboring towns (3.5 times). Only Varennes (4.7 times) and Mirabel (4 times) have a significantly higher level. Considering the context of tax competitiveness, the level of taxation of non-residential buildings is also close to the threshold.

Implications for the Strategic Revenue Plan

The above findings suggest a number of implications for the present *Strategic Revenue Plan*:

- The scope for increasing property tax revenues remains limited, since it already occupies a significant share of revenues, the level of tax burden on residential assessment units is close to the threshold limit, and high rates are already applicable to non-residential properties.
- To establish a strategy for diversifying the municipality's revenues, the search for a fairer distribution of the tax burden is to be favoured.

This search for balance can be achieved through the following principles:

- Making greater use of the user-pays principle wherever possible, in particular so that taxation better reflects the intensity of use of municipal services.
- Involve the generators of nuisance and other negative externalities to a greater extent in financing the city.
- Optimize the value of properties already served by municipal infrastructure.
- Target certain categories of taxpayers who have benefited from favorable tax transfers in recent years.
- Modulate tax effort according to ability to pay.

Definition of Eco-fiscal measures

The eco-fiscal measures analyzed in this *Strategic Revenue Plan* represent a municipal levy based on a pollutant, product or service that deteriorates the environment or results in a levy on natural resources (Tremblay-Racicot et al., 2023). Ecofiscal measures dissuade or encourage those subject to them to modify their habits, unlike more coercive measures that force certain changes in behavior or usage. Thus, other types of instruments, including regulation or prohibition, subsidies, standards and awareness programs, can be addressed, but only within regulatory regimes financed by a tax or charge. The three categories of levy analyzed in eco-taxation are pricing, general power to tax and general power to levy regulatory charges.

Pricing

In the economic sense, pricing is the establishment of a contribution related to the production costs of a service, based on the user-pays principle. It should be pointed out at the outset that the *Act respecting municipal taxation* (LFM) presents a specific definition of pricing that departs from the classic economic definition. In fact, the MTA also considers a property tax based on a characteristic of the building other than its value, such as its surface area, its frontage or any other of its dimensions, to be a tariff. The MLA also broadens the concept of user-pay, since a fee must be related to the benefit received. This notion of benefit received includes not only the benefits derived from the use of a service, but also those arising from its availability, regardless of its consumption. For the purposes of this report, we focus on defining two forms of pricing permitted by the LFM, but distinct from a property tax:

1) The first form is a fee charged to the owner or occupant of a building for the use of a service. For example, a fee could be linked to the number of lifts of a residual materials bin, or the total weight of residual materials disposed of by a property assessment unit. Another example could be the number of cubic meters of drinking water consumed by the assessment unit. In this case, to set a rate, the municipality must be able to accurately establish the cost of a service and the consumption of this service by the various assessment units on its territory. The tariff will be the price which, once multiplied by consumption, will balance revenues with the costs of the service.
2) The second form is a one-off or subscription-based compensation for the use of a good or service, or for the benefit derived from an activity. For example, this could be an annual fee for water or waste billed to the municipal tax bill. In this case, the municipality must be able to establish precisely the costs of a service and the number of assessment units where the service is available. The fee will be set by dividing the costs by the number of units. It will then be equivalent to the average cost of the service per unit served.

General taxing power

The general taxing power (GTP) allows local municipalities to impose any direct tax on their territory, and to provide for any exemption or criteria under which the amount or rate of this tax may vary. Unlike the General Regulatory Levy Power (GRP), which is intended to fund a regulatory regime, taxes adopted under the TMP are primarily intended to generate general revenues to be paid into a municipality's general fund, although they may also be dedicated to a service. Municipalities must, however, respect a number of exclusions, including the main tax fields already occupied by the governments of Quebec and Canada. In addition, municipal taxes cannot be applied to the State, its agents and public and parapublic organizations, thus excluding hospitals, schools and national museums, for example. Insofar as the rate and amount levied can vary according to certain criteria, in addition to being accompanied by exemptions, the tax can send a price signal that encourages or discourages certain behaviors or uses by those subject to it, whether legal entities (businesses) or individuals (citizens). Taxes therefore also have the potential to help achieve environmental objectives. GTP could, for example, be used to levy a tax on the use of, or the right to use, an asset. For example, a TMP could be used to levy a tax on paved surfaces, a tax on land use coefficients, or a tax on vehicle registration.

General Regulatory Levy Power

In contrast to a tax, which is used to raise general revenues for the municipality, the main purpose of a General Regulatory Levy Power (GRP) is to finance a regulatory regime under municipal jurisdiction. Thus, although it may resemble a tax, a regulatory levy is different in nature from a tax; it must serve to finance a regulatory regime (a program, a service, an infrastructure, etc.) or, through the level of the levy, it must aim to encourage or dissuade certain behaviours on the part of those subject to it (Tremblay-Racicot et al., 2020 : 30). Whether it is intended to finance a service or influence behaviour, a regulatory fee must be linked to a complete and detailed regulatory regime. The person subject to the charge, whether a legal entity or an individual, may be the beneficiary of the regime, or the person whose activities make it necessary. In Quebec, a special fund must be set up to hold exclusively the sums collected through the levy. Moreover, since the sole purpose of a regulatory royalty regime must never be to raise general revenues, the associated fund must not generate significant or permanent surpluses, unless the regime is intended to influence behaviour.

The GRP shares a number of exclusions with the GTP, including the inability to apply to the State, its agents and public and parapublic organizations. On the other hand, the distinct nature of the royalty gives it the advantage of being similar to an indirect tax. As a result, the three exclusions provided for in the GTP do not apply to the GRP. It is therefore possible to levy a charge: 1) in respect of the supply of a good or service; 2) on the presence of an individual on the territory of the municipality; and 3) on a person using a public road, within the meaning of article 4 of *Code de la sécurité routière* (chapter C-24.2) or in respect of equipment placed under, on or over the public road to provide a public service.

The measures under consideration for the eco-fiscal intervention axis are divided into five areas of activity, depending on the objective pursued:

- Urban planning and development
- Reducing drinking water consumption and improving soil permeability
- Sustainable mobility
- Reducing the quantity of residual materials sent to landfill
- Air quality and GHG reduction

New taxes arising from Bill 39's new powers

In addition to eco-fiscal measures, a series of new possibilities were also included in the analysis. The *Act to amend the Act respecting municipal taxation and other legislative provisions*, Bill 39, was assented to on December 8, 2023. It is part of the new partnership between the Québec government and local governments. The resulting measures are intended to help modernize municipal taxation by giving municipalities new fiscal powers and greater flexibility in the use of existing fiscal powers.

Varied property tax rates by sector/areas of the municipality

It is now possible to apply differentiated taxation by sector. This system can be used to encourage densification in certain sectors, or to support other economic situations (e.g., downtown revitalization or major work on a commercial artery). Sector prime rates must not deviate by more than 33.3% from a uniform rate, which must correspond to the average of sector rates weighted in proportion to the total assessed value of each sector. In concrete terms, the uniform rate corresponds to the base rate that would apply if the local municipality did not use sector-based taxation. The sectors concerned must be defined when a new assessment roll is filed. However, to enable a greater number of municipalities to apply this new power, a transitional measure allows the municipal territory to be divided into sectors for any roll in effect on January 1, 2024.

Extend the use of varied property tax rates to residential properties and remove constraints limiting the number of non-residential sub-categories

To encourage sustainable land development through targeted tax rates, municipalities may now determine separate rates applicable to residential properties, or to sub-categories chosen by the municipality. Separate rates must fall within a range of 66.6% to 133.3% of the prime rate. For example, such a measure could encourage densification by allowing a lower tax rate for buildings with more than one dwelling unit. For the sake of concordance, certain adjustments have been made to the provisions relating to non-residential buildings. For example, there is no longer a limit on the number of non-residential sub-categories that may be established by municipalities. These sub-categories must be defined prior to the filing of a new assessment roll. It should be noted that the preliminary roll, which was previously mandatory for the creation of non-residential sub-categories, now becomes optional.

Increase the maximum tax rate applicable to serviced vacant lots

Since 2001, a municipality has been able to set a rate of up to twice the prime rate (residential rate) for properties in the vacant land category served by water and sanitary sewer services. Local municipalities may now set a special rate for serviced lots of up to four times the prime rate.

Allowing the imposition of a property value tax on vacant residential units

Municipalities may now impose a tax on the property value of buildings containing a vacant or underutilized housing units for residential purposes. The tax rate applicable to vacant or underutilized dwellings may not exceed :

- 1% when the municipality begins imposing the tax;
- 2% when the municipality has been imposing the tax for at least one year;
- 3% when the municipality has imposed the tax for at least two consecutive years.

This power applies to buildings containing at least one dwelling unit that is not occupied for a minimum of 180 days a year by the owner, a relative or another occupant, in the latter case by virtue of a lease, including a sublease. In addition, to be subject to the tax, a dwelling must have certain characteristics. In addition, exemptions from the tax are provided for social and affordable housing.

Public transit regulatory charge

This new power enables all local municipalities to finance the costs of public transit infrastructure, equipment and operations through a dedicated development charge. The fee could be charged in a variety of ways, including when a permit is issued for construction or renovation work. Municipalities are empowered to define, by bylaw, the various parameters for implementing the charge, such as the calculation method, the rate and the sectors that would be subject to it. To ensure consistency with the development charge, the Minister of Municipal Affairs has the regulatory authority to exempt persons from payment of the transportation charge and to specify the types of work subject to it. Also, until such time as this regulation is enacted, the Act provides that a transportation charge cannot be levied in respect of social and affordable housing.

Allow local municipalities and MRCs to impose a vehicle registration tax to finance public transit, and empower the *Société de l'assurance automobile du Québec* (SAAQ) to enter into collection agreements.

Municipal laws have been amended to allow local municipalities in whose territory a public transit corporation has jurisdiction under the Act respecting public transit corporations, and RCMs that declare jurisdiction over public transit, to impose, by bylaw, a tax on the registration of any passenger vehicle in the name of a person whose address entered in the SAAQ register corresponds to a location within their territory. This tax must be earmarked for financing public transit. The by-law of the municipality or MRC must indicate the amount payable. Such a tax cannot be imposed on the territory of a local municipality that is part of the *Communauté métropolitaine de Montréal* (CMM), nor on the territory of Saint-Jérôme, since the CMM already has such a power on the territory of the *Autorité régionale de transport métropolitain*.

Summary of recommendations

As discussed earlier, these tools were selected based on a diagnostic assessment of the City's financial profile and four prioritization criteria: (1) fiscal potential; (2) sound administrative management, including legal risks; (3) social acceptability and equity; and (4) environmental efficiency.

The report puts forward three types of proposals:

- Measures **to be prioritized**, the design and deployment of which should be undertaken in the short term;
- Measures **under study** between 2026 and 2030, which could eventually be implemented, but which should not be prioritized due to strategic or management imperatives; and
- **Non-recommended measures** that have been discarded, as others are preferred to them based on the analysis of results.

Recommendations are described in the next paragraphs. For the sake of this paper, only the measures to be prioritized or under study are presented (excepted for Sustainable mobility). They are grouped under 8 categories:

- Urban planning and development
- Reducing drinking water consumption and improving soil permeability
- Sustainable mobility
- Reducing the quantify of landfill waste
- Air quality and greenhouse gas (GHG) reduction
- Varied rates by building category
- Varied property tax rates by sector
- Other provisions of Bill 39

Urban planning and development

Recommended measures

- Analyze the introduction of a **tax on the floor-area ratio** (FAR).
The purpose of this tool is to increase the financial contribution of businesses and industries whose buildings occupy a land area below a certain threshold, in order to maximize their use. A tax on the floor area ratio could be applied to any owner of an assessment unit belonging to the non-residential building category or the industrial building category that is served by a municipal water and sewer service and has a floor area ratio of less than 20%. The results of the analysis show that the measure receives a very favourable or favourable evaluation on all four dimensions studied. In addition, Mascouche estimates a 30% loss of revenue resulting from under-occupation of the ground for buildings that could be affected by the measure. Particular attention, both financial and administrative, will need to be paid to the geomatics tools required for deployment and annual data updating.

- Analyze the introduction of a **tax on non-vegetated surfaces**
This tool could target businesses and industries whose property exceeds a certain threshold of mineralization or soil sealing. The measure is designed to increase revenues from buildings that constitute heat islands and major generators of surface water in municipal infrastructures. It also aims to internalize environmental costs for the city, reinforce best practices and reward the greening of the territory. The results of the analysis show that the measure receives a very favourable or favourable assessment on the four dimensions under study. Particular attention will need to be paid, both financially and administratively, to the geomatic tools required for deployment and annual data updating.

Reducing drinking water consumption and improving soil permeability

Recommended measures

- Examine the possibility of increasing **pool fees**

Pool fees are currently set at $25. This rate has never been revised since it was introduced. According to the city, there are some 7,000 pools on the territory. However, the results of the analysis show that the measure could give rise to an acceptability issue. The measure could require an in-depth analysis to determine an increase in the current rate, or its transformation into a tax adopted under the TMP. Fees could also be modulated according to pool type.

- Analyze the implementation of a **drinking water use and treatment rate** for industrial, commercial and institutional (**ICI) users.**

This measure stems from a government obligation under the *Quebec Strategy for Drinking Water Conservation*. Pay-per-use pricing requires water meters. The installation of water meters will improve the accuracy of the municipality's water balances. Once the volume of water consumed is known, building owners can be given the tools they need to target abnormal consumption, and thus better select the actions to be taken to promote drinking water savings. The results of the analysis show that the measure receives a very favourable assessment for three of the four dimensions of the analysis. However, from the point of view of sound administrative management, short-term challenges remain in adjusting municipal bylaws, supplying and installing meters, and monitoring user consumption. Detailed deployment planning may be required.

Measures under consideration

- Investigate and document the elements required for the implementation of **user-based pricing and drinking water treatment** for the **residential sector.**

This measure is consistent with the government's obligation to estimate residential water consumption under the *Stratégie québécoise d'économie d'eau potable*. However, pay-per-use pricing requires the presence of water meters in all residences, whereas the obligation requires an estimate based on sampling only. The measure could be kept under review to ensure that the municipality is ready and sufficiently equipped to deploy it, should it be deemed necessary. A pilot project could be considered, given the scope of such a project for the residential sector.

- Investigate and document the elements required to **implement a wastewater discharge charge.**

The purpose of a wastewater discharge charge is to levy an amount to be determined according to the quantity of wastewater and the level of contamination discharged by industries over a given period. The levy thus serves to finance a regulatory regime set up by the city, and to influence a reduction in discharges, particularly of contaminants, on the part of the industry or company targeted by the levy. The measure could be kept under review in order to detail the issues involved in its application, particularly for older buildings, and to assess the effects of implementing a user charge on industrial and commercial wastewater discharges.

Sustainable mobility

In the case of sustainable mobility, no measures were recommended. Below is the rationale explaining the reason they were excluded.

Measures not recommended

- Levy on major trip generators

This tool consists of a fee levied on major trip generators, such as large employers and organizers of major events, who do not have a travel management program in place. This measure has little potential, as there are few major trip generators in Mascouche.

- Pricing or on-street parking stickers

On-street parking pricing or parking stickers correspond to the implementation of a rate to control and manage certain parking-related issues in a given city or sector. In Mascouche's current context, analysis shows that on-street parking pricing has little potential in terms of revenue, and poses a number of challenges in terms of sound administrative management and acceptability.

Given Mascouche's poor public transit service, heavy dependence on the automobile and the metropolitan context in which transportation planning is taking place, it is recommended that the Town of Mascouche not immediately rely on eco-taxes to achieve its sustainable mobility objectives, but rather on increasing public transit supply and prioritizing active mobility corridors through greater investment in this area, which is beyond the scope of the mandate.

Reducing the amount of landfill waste

Measure under study

- Investigate and document the implementation of a **fee for Construction, Renovation and Demolition (CRD) waste;**

This tool consists of introducing a levy on construction, renovation and demolition permits to divert residual materials from disposal. Applicants subject to the fee who have a materials management plan in place, or who have improved source separation of certain materials, could be exempted from the fee. The revenues collected could be allocated to assistance and support programs promoting the circular economy in the construction sector and reducing the quantities of materials disposed of. As the city does not currently have an ecocenter, this measure may be difficult to apply. The measure could be kept under review in order to detail the issues involved.

- Investigate and document the implementation of **incentive-based pricing for the collection and processing of residual materials** (smart collection).

The costs associated with waste collection and disposal services are currently covered by a fixed fee of $167 per year per dwelling or business. Incentive pricing, based on the number of lifts and the size of the bin, for example, could help reduce the amount of material going to landfill. However, the implementation of incentive-based pricing is complex, given the heterogeneity of buildings, types of collection and equity between multi-unit buildings and single-family homes. Challenges in processing the data required for pricing are also to be expected. However, in view of its effectiveness and the anticipated renewal of the residual materials collection contract, its analysis is desirable with a view to deployment.

Air quality and greenhouse gas (GHG) reduction

Recommended measure

- Examine the possibility of introducing a **tax on homes without a tree in the front yard.**

The tool targets the absence of a tree in the front yard of residential, commercial and industrial buildings. The presence of a tree in the front yard is mandatory under current regulations. The presence of a tree can be determined using the Jakarto survey. According to the city, some 2,200 properties do not comply. According to the analysis, the measure has a strong potential to influence compliance with the regulations. The analysis also shows that the measure scores favourably on all four dimensions under consideration.

Measure under consideration

- Investigate and document the introduction of a tax on oil-fired systems or dual-energy systems using oil.

The tool consists in imposing a tax on owners of residential buildings with oil-fired heating appliances or a dual-energy system with oil. Since the analysis highlights the presence of an acceptability issue, it may be necessary to analyze in greater detail the data concerning the number of taxpayers targeted, the rate that could be imposed and the phasing of the measure, in particular to ensure predictability for those subject to the measure.

According to information obtained by the City's appraiser, the data are not totally reliable. An administrative effort will be required upstream of the measure's deployment to validate properties with this type of equipment.

Varied rates by building category

Recommended measures

- Analyze the option of introducing a **variable rate based on living area** for single-family dwellings exceeding a certain threshold.

The aim is to implement a higher property tax rate for very large single-family homes. Since many municipal services are currently financed by compensation and not by property tax, these properties benefit to some extent from a tax transfer on these services. Moreover, the analysis shows that the measure scores favourably on all four dimensions under study.

It should be noted, however, that prior to implementing this measure, particular attention will need to be paid to the criteria for tax liability. It should be noted that a minimum property value per square metre cannot be used as a threshold or criterion for tax liability. The additional rate that could be imposed, as well as the phasing, will need to be considered in order to ensure a certain level of predictability for the taxpayers concerned, and to ensure that the measure reaches the buildings and citizens that meet the underlying objectives.

- Analyze the option of establishing tax subcategories by **value bracket** for **non-residential buildings**.

The tool consists of creating a property tax system with varying rates per value bracket for non-residential buildings. Two separate property tax brackets for non-residential or industrial buildings, based on assessed value, could be envisaged. Analysis shows that the tool is favorably evaluated for its fiscal potential, sound administrative management, acceptability and fairness. However, there are no environmental benefits to be anticipated from this measure.

Measures under consideration

- Investigate and document the option of establishing higher tax subcategories for buildings whose **land use code (LUC)** is related to the production of **nuisance or negative environmental externalities or** to **a higher intensity of use of municipal services**, and a lower tax subcategory for buildings whose **LUC** is related to the **production of environmental benefits and is to favor businesses working in the circular economy**.

Although the analysis was carried out separately for each type of CUBF, since different effects were noted for certain criteria, it is recommended that they be merged at the time of implementation for reasons of administrative simplicity and consistency in application. When the results are combined, the analysis shows a favorable assessment for one or other of the CUBF code categories on the four dimensions under study. In this sense, in the first instance, a higher rate for buildings generating nuisances or negative externalities is recommended in a first phase of deployment.

- Investigate and document the option of a **varied property tax rate** for **additional categories of number of dwellings in multi-unit rental buildings**.

The tool consists of increasing the number of dwelling categories where a varied property tax rate is applied, compared with what currently exists. The analysis shows potential impacts on equity and acceptability of the measure, as well as on environmental efficiency. Before introducing an additional number of categories, it may be necessary to study in greater detail the effects on affordability and the municipality's densification efforts, particularly if the objective is to apply a higher rate for buildings with a larger number of units.

- Investigate and document the option of a **varied property tax rate** based on the physical link for **condominium-type residential buildings.**

The tool consists of implementing a higher property tax rate for assessment units integrated with a condominium-type residential building. The analysis shows potential impacts on equity, particularly in terms of mitigating assessment roll effects, and the acceptability of the measure, as well as on environmental efficiency. Before implementation, it may be necessary to study in greater detail the effects on affordability and the municipality's densification efforts.

Varied property tax rates by sector

Measure under study

- Investigate and document the option of using the **five sectors** set out in Bylaw **1286** on contributions to municipal infrastructure and equipment, currently in force, to establish **a varied rate for these sectors.**

The aim of this tool is to implement a varied property tax rate for five sectors of Mascouche identified by the by-law on contributions to municipal infrastructure and equipment. Analysis shows that the measure could pose a challenge in terms of acceptability and fairness. Before its implementation, it may be necessary to study in greater detail the additional funding requirements for each sector, particularly in relation to the level of service received. It should be noted that the measure could also help to balance, in part, the impact of the new assessment roll on taxpayers, thus addressing the equity issue.

Other provisions of Bill 39

Recommended action

- Analyze the option of **increasing the special rate for vacant lots served** at four times the basic rate.

Ville de Mascouche already uses this financing tool. The measure consists in increasing the special rate according to the new parameters allowed by law. The analysis shows that the tool receives a favorable or very favorable evaluation on the four dimensions under study.

Conclusion

While these decisions reflect difficult trade-offs between fiscal potential and environmental efficiency, administrative simplicity and legal risk emerged as dominant factors guiding the choices. The co-development process and exploration of new possibilities also led to the prioritization of innovative, progressive fiscal measures that are environmentally sustainable, such as the floor-area ratio tax or the increased property tax rate on “monster houses”. Combined with measures adopted in other Quebec municipalities, these advancements suggest a paradigm shift in the financial planning approaches of Quebec municipalities, where the practice of keeping tax rates low and relying solely on real estate development growth to balance the short-term budget is replaced by a longer-term, more integrated and coherent approach to diversify revenue sources and align service and infrastructure needs with revenue sources that both can fund these needs and support other policy objectives.

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Codified laws of Quebec

Highway Safety Code, RLRQ c. 24-2

Quebec Municipal Code, RLRQ c. C-27.1.

An Act respecting land use planning and development, RLRQ c. A-19.1.

Cities and Towns Act, RLRQ c. C-19.

An Act to amend the Act respecting municipal taxation and other legislative provisions, RLRQ, c. 33.

Appendix A – Summary Table

Measures	Fiscal potential	Sound administrative management	Acceptability and equity	Environmental performance
1. Use of neighborhood units to establish a varied property tax rate by sector	Favorable	Unfavorable	Unfavorable	Neutral
2. Varied property tax rates by sector	Favorable	Very favorable	Unfavorable	Favorable
3. Property tax subcategories for buildings whose land use code (LUC) is related to the production of nuisance or negative environmental externalities or to a higher intensity of use of municipal services	Favorable	Unfavorable	Favorable	Favorable
4. Property tax subcategories for buildings whose land use code (LUC) production of environmental benefits and is to favor businesses working in the circular economy	Unfavorable	Unfavorable	Favorable	Very favorable
5. Tax subcategories by value bracket for non-residential buildings	Favorable	Favorable	Favorable	Neutral
6. Property tax rate for residential buildings with a lot size exceeding 9,000 sq. ft	Unfavorable	Favorable	Favorable	Favorable
7. Property tax rate for residential properties where it is possible to divide the land above a threshold that makes the land constructible.	Favorable	Unfavorable	Very favorable	Favorable
8. Varied property tax rate based on the physical link for condominium-type residential buildings	Favorable	Unfavorable	Favorable	Unfavorable
9. Variable rate based on living space area	Favorable	Favorable	Favorable	Favorable
10. Varied property tax rate according to number of dwelling units in multi-unit rental buildings	Favorable	Favorable	Unfavorable	Unfavorable
11. Vacant property tax	favorable	Very favorable	Favorable	Very favorable
12. Increased rate for vacant lots (four times the basic property tax rate)	Unfavorable	Unfavorable	Favorable	Neutral
13. Tax for units without a tree in the front yard	Favorable	Favorable	Favorable	Favorable
14. Canopy loss reduction levy	Favorable	Unfavorable	Unfavorable	Very favorable
15. Tax on oil-fired appliances or dual-energy systems using oil	Favorable	Favorable	Unfavorable	Very favorable
16. Incentive-based pricing for the collection and processing of residual materials	Very favorable	Neutral	Unfavorable	Very favorable
17. Regulatory charge for Construction, Renovation and Demolition (CRD) waste	Very favorable	Unfavorable	Favorable	Favorable
18. Pricing or on-street parking stickers	Unfavorable	Unfavorable	Unfavorable	Favorable
19. Regulatory charge on major trip generators	Unfavorable	Unfavorable	Very favorable	Very favorable
20. Stormwater user charges	Favorable	Unfavorable	Very favorable	Very favorable
21.User-based pricing and drinking water treatment for the residential sector	Very favorable	Neutral	Unfavorable	Very favorable
22. Rates for use and treatment of drinking water for institutions, commercial and industrial properties	Very favorable	Neutral	Very favorable	Very favorable
23. Fee for swimming pools	Very favorable	Very favorable	Unfavorable	Neutral
24. Floor-area ratio tax	Favorable	Favorable	Very favorable	Very favorable
25. Tax on non-vegetated surfaces	Favorable	Favorable	Very favorable	Very favorable

Appendix B

Example of timetable

Floor-area ratio tax

Period	F 2024	W 2025	Sp 2025	Su 2025	F 2025	W 2026	Sp 2026	Su 2026	F 2026	W 2027
Start		•								
Analysis			•							
Design				•						
Adoption of the bylaws					•					
Implementation						•				

Appendix C

Example of an evaluation carried out using the analytical grid

	Regulatory charge to reduce canopy loss
Fiscal potential	Favorable
Tax base width	1
Growth potential	-1
Margin for manoeuvre on the levy rate	1
Saine gestion administrative	Unfavorable
Administrative costs	-1
User pays	0
Applicability	-1
Coherence	-1
Legal risk	-1
Strategic plan	1
Acceptability and equity	Unfavorable
Perception	-1
Availability of alternatives	-1
Vulnerable population	0
Ability to pay	1
Temporal equity	0
Territorial equity	0
Affordability	-1
Environmental performance	Very favorable
Relevance	1
Land use	1
Attractivity	0
Resilience	1
Sustainable mobility	0
Polluter-pay	1