Association of Municipalities of Ontario

BACKGROUNDER

August 2026

Municipal Fiscal Sustainability

AMO Position

- The current provincial-municipal funding framework is broken. Municipalities are struggling to deliver essential services and infrastructure that Ontarians depend on, and which are the foundation of Ontario's prosperity.
- AMO continues to call on the provincial government to commit long-term municipal infrastructure funding for housing and the economy; fully fund health and social services that are provincial responsibilities, and bring together municipal and federal partners to address the homelessness crisis
- Investment in municipal infrastructure, including long term care and social housing, is the best way to strengthen our economy amid tepid economic growth.
- AMO is calling on the province to establish a clear and timely path back to regular property assessment cycles

Overview

Government services should be more effective and affordable for taxpayers

- Municipal governments invest $68 billion annually in Ontario, providing critical services that Ontario's residents and businesses rely on every day and building our economic resilience.
- Municipalities in Ontario are responsible for services that are typically provincial jurisdiction in other provinces. Provincial contributions only offset part of these costs.
- Provincial and municipal services don't operate in a vacuum.
    - When public health, long-term care, and ambulance funding cannot keep pace with need, Ontarians see the impact in hospitals across the province.
    - When the province doesn't invest in services for mental health, addictions, and homelessness, it strains property tax-funded police resources.
- Trying to fill gaps in areas of provincial responsibilities reduces municipal resources to build the infrastructure and support core municipal responsibilities.
- Municipalities depend on property tax revenues, which unlike income or sales tax, do not grow with the economy or inflation.
- Municipalities cannot keep up with increasing costs of construction and labour. They are further strained by rising service standards imposed by the province.
- Continually raising property taxes is not an option. Property taxpayers, including people on fixed incomes and small businesses, cannot afford to pay more to subsidize provincial programs.
- Regular property reassessments are a fundamental component of a fair, transparent, and modern property tax system. Reassessments do not increase overall municipal tax revenues; rather, they redistribute the tax burden more equitably by ensuring that properties whose values have changed relative to others pay an appropriate share.

Key Facts

- Municipalities funded provincial responsibilities by almost $5.4 billion, an amount that is 1.5 times greater than in 2019.
- Over the next 10 years, municipalities are planning for more than $250 billion in capital expenditures – with about $100 billion related to growth.
- Ontario has the second highest per capita property taxes in Canada, and they have continued to rise in 2024 as municipalities deal with inflation and issues like homelessness.
- Ontario's provincial transfer payments to municipalities, which was $6,380 per capita is the second lowest in Canada.
- The last property tax reassessment was in 2016, and Ontario is the only province in Canada that has not resumed property reassessments post the COVID-19 pandemic

Other Resources and Reports

- Municipalities Under Pressure: An Update on the Human and Financial Cost of Ontario's Homelessness Crisis
- AMO's 2026 Pre-Budget Submission, calling for long term investments in municipal infrastructure and social housing, informed by a new macroeconomic analysis report that AMO commissioned from Oxford Economics

For more information: Contact the AMO Media Team at media@amo.on.ca