



For Immediate Release

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## **It's time to fix Alberta's broken revenue system – new report**

EDMONTON – In recent months both the Premier's Council for Economic Strategy and former Premier Peter Lougheed have emphasized the need for Alberta to stop relying on volatile energy revenues to fund public services and infrastructure. A new report released today by the U of A's Parkland Institute takes the conversation to the next level by discussing how we can change our tax system to accomplish that goal.

The report, titled *Fixing What's Broken: Fair and Sustainable Solutions to Alberta's Revenue Problem*, takes a close look at Alberta's current tax system and identifies how much room there is to change its current structure. The goal is not simply to increase Alberta's taxes, but to make sure we've got the right mix and levels for Alberta's long-term well-being.

"The process needs to begin with Albertans determining exactly what level of services and programs they want from the provincial government," says the report's author, Calgary-based public finance economist Greg Flanagan. "Then we can build a fair and progressive tax system that will generate enough revenue to fund those programs and services in a stable and sustainable way."

In the report Flanagan looks at a number of different options for reforming the system, and evaluates them based on fairness, revenue-generation potential, and their impact on competitiveness. He concludes by making a number of specific recommendations including:

- all oil and gas revenues should be invested in a dedicated fund;
- the province should implement a simple, fair, and progressive personal income tax regime to replace the current single-rate system;
- Alberta should increase corporate taxes to at least the average level among provinces, which it could easily do while remaining competitive;
- the province should consider increasing gas and fuel taxes and the introduction of a carbon tax; and
- Alberta should consider the introduction of a sales tax, which would come with a generous low-income rebate system.

Parkland's research director Diana Gibson says "the current layoffs of teachers across the province highlight the danger of relying on oil and gas revenue to fund public services. We need to stop limiting our discussions to the expenditure side of the budget and begin looking at fixing our revenue stream."

The Parkland Institute is a non-partisan public policy research institute in the Faculty of Arts at the University of Alberta. The report *Fixing What's Broken* is available for download on the Parkland website at <http://parklandinstitute.ca>.

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