Category
User Fees and Regulatory Charges

Geography/ Location
QC, ON

Municipality Size
Medium

Tier
Conditional

Constraints
Feasibility; Complexity

Administrative Capacity Required
High

Fiscal Tool Brief: Regulatory Charges

Regulatory fees or charges allow municipalities to fund services or infrastructure by charging those who benefit from or create demand for them, while also supporting policy goals such as climate adaptation.

A regulatory fee is a charge associated with a regulatory regime and collected by a public authority. Unlike the general power to levy taxes, whose primary purpose is to generate revenue, the general power to impose regulatory fees may serve two purposes - to finance infrastructure, a service, or a program by charging those who benefit from it or create the need for it; and to promote, through its influence on the behaviour of individuals (natural or legal persons), the achievement of the regulatory regime's objectives.[1]

A regulatory fee also differs from a tax in that it must be associated with a comprehensive and detailed regulatory regime falling within municipal jurisdiction. The bylaw establishing the regulatory fee must, in particular, identify the regime's objectives, specify how the fee amount will be determined, and set forth the permissible uses of the funds collected.

Since this is a general power, the scope for collecting the regulatory fee is limited only by the exclusions established by provincial governments or case law. Furthermore, its status as a regulatory fee—distinct from a tax—allows it to function similarly to an indirect tax, which offers greater scope for collection. A fee can thus apply to a wider range of items or activities, such as the sale of goods or services, commuting to and from work, the presence of a tourist within the jurisdiction, or the use of a public road.

In Canada, only municipalities in Quebec currently have general authority to impose regulatory fees. However, most Canadian cities have specific regulatory fee authorities, such as development fees, transportation fees, or revitalization fees. Thus, municipalities can generally impose a fee to fund infrastructure, a service, or a program on those who benefit from it or generate the need for it.

Nevertheless, thanks to their general authority, only Quebec municipalities can use it to modify behaviour. And while other tax tools may influence behavior, that is not their primary objective. The general power to impose regulatory fees can therefore prove to be a particularly effective tool for achieving climate objectives, particularly in the area of adaptation.

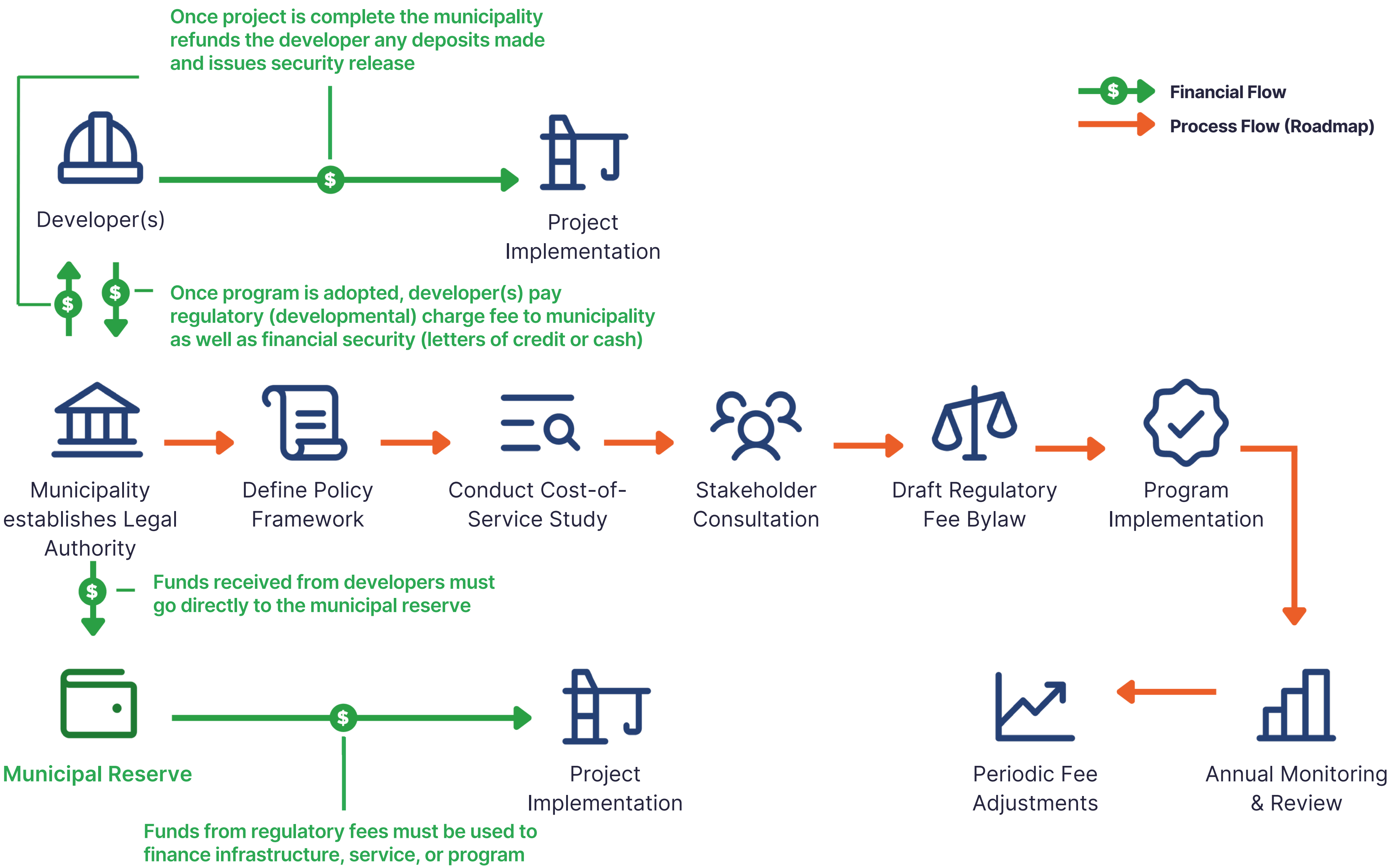

Figure 1. Visual representation of how Regulatory Charges work

Examples

In 2022, the City of Prévost adopted a bylaw imposing a fee on single-use or single-serving containers and products distributed by retailers. Each quarter, retailers must complete a reporting form detailing the quantity of items sold or distributed and pay the fee to the municipality. The revenue generated an average of $45,000 per year to help fund local initiatives, such as expanding bulk goods offerings (which are mandatory for certain products), distributing eco-friendly items, and supporting waste reduction projects. To support this measure, two web pages have been created: one for businesses and the other for residents.[2,3] In addition to the funds collected and the programs funded, the regulatory fee system allows for the collection of information and the tracking of the quantity of single-use items sold or used.

In 2025, the City of Victoriaville adopted a fee to promote tree canopy protection, applied to the issuance of building permits based on the area of trees cut down during construction work ($25 per square meter of trees cut down).[4] In 2026, the same municipality adopted a bylaw imposing a regulatory fee for the protection and restoration of the tree canopy, as well as for the development of sustainable infrastructure.[5] This fee applies to owners of assessment units whose canopy index falls below the 30% threshold.

Another example of such a measure is the Fee for the Recultivation of Unused Agricultural Land, adopted in 2024 by the City of Laval.[6] This fee, imposed on owners who are not certified or registered as agricultural entrepreneurs, aims to encourage the recultivation of land in permanent agricultural zones.

Other potential uses of the general authority to impose regulatory fees are already in place or under consideration,[7] such as a tourism fee, a fee targeting major sources of traffic, a fee on package delivery, a fee on construction, renovation, and demolition waste, or a bandwidth fee. The application of this general authority must be carefully considered in light of the municipality's objectives, as well as its administrative capacity.

Relevance to Advancing Adaptation

Regulatory fees are tools that can be used to achieve various environmental and sustainable development goals.[8] A municipality seeking to fund climate change adaptation measures or encourage certain adaptation-related behaviours among residents and businesses within its jurisdiction could utilize its general authority to impose regulatory fees in various ways.

In terms of objectives, a municipality might want to reduce heat islands and ensure better rainwater retention during heavy rainfall. These objectives can be achieved by funding certain stormwater management infrastructure or by encouraging greening and the implementation of nature-based solutions.

In terms of targeted activities or individuals, the municipality could choose, as the basis for assessment, the area of felled trees or the "missing" canopy area falling below a certain threshold or, conversely, impervious surfaces or parking spaces.

It could therefore choose to encourage greening by imposing a fee on impervious surfaces or finance stormwater retention measures through a fee based on the area of felled trees, or any other combination of these objectives or tax bases, depending on the sectors, the targeted units, or its specific circumstances.

Accessibility

In Canada, although there are general regulatory fee regimes in other provinces, the general authority to impose regulatory fees is fully available only in Quebec, pursuant to section 500.6 of the Cities and Towns Act and section 1000.6 of the Municipal Code of Quebec. Across the country, the test for establishing a regulatory fee is set forth in 620 Connaught Ltd. v. Canada, paras. 24–24 and 30–34. To implement a regulatory fee, the municipality must adopt a bylaw establishing a comprehensive, detailed, and complex regulatory regime that defines, in particular, the purpose of the regulation seeking to influence a specific behavior, the existence of actual or estimated costs associated with the regulation, and a relationship between the regulation and the person subject to it who benefits from it or who caused the need for it. Thus, the implementation of a regulatory fee system depends on the objectives pursued by city councils, based on political, administrative, and social acceptability, as well as the territorial or socioeconomic context. Furthermore, the use of this authority remains limited. While larger cities have greater administrative capacity, the number and diversity of assessment units, for example, can complicate the design of a regulatory system. Conversely, the use of this authority may be more accessible for a medium-sized city, which is more agile in its ability to act and has a smaller number of people affected within its jurisdiction.

Feasibility

Since this is a general authority, regulatory fees may be imposed by all Quebec municipalities, depending on the objectives pursued by municipal councils. However, designing regulatory regimes can be a complex undertaking in cases where, for example, an assessment roll must be created using geomatics data. In such cases, the cost, data availability, and expertise required to determine the areas subject to the fee, for example, may prove prohibitive, even though the administrative costs associated with the regulatory regime can be included in the fee amount. As with many other eco-tax measures, considerations regarding administrative capacity apply, whether for the design of the regulatory regime, its enforcement, its collection, or the management of the funds to be spent.

Risk

The main risk associated with the use of regulatory fee authority, aside from issues of social acceptability, is the risk of legal challenges. Indeed, this authority is constrained by a number of administrative and legal considerations that may leave it open to challenge, including the compliance with exclusions and tax bases occupied by the province, such as wealth or tobacco, to avoid duplication; the compliance with certain prohibitions regarding the criteria under which the fee may vary, such as property value; and the obligation to reach an agreement with an agent if the fee cannot be collected directly from the person concerned (which also limits its application).

Scalability

Where permitted by law, regulatory fees offer significant potential for scaling up, both within municipal boundaries and across them. For example, Quebec law allows municipalities to adopt a regulatory fee to fund a variety of programs, services, or infrastructure and to address a variety of behaviors. Municipalities can therefore design and adapt regulatory regimes based on the challenges they face or their specific needs. The criteria under which the amount of the fee or liability for it may vary are also numerous, for example based on sectors, assessment units, users, legal entities, or individuals, etc. This flexibility encourages the replicability of regulations among municipalities with the same objectives. However, the scalability of measures adopted under the general authority to impose a regulatory fee may be limited to Quebec municipalities.

Nevertheless, these measures can be adapted to the legislative context: for example, a fee on impervious surfaces could be implemented in a municipality in another province under its pricing authority. Another example is a parking fee, which could be implemented as a tax in a municipality with general taxing authority, such as Toronto.

Evaluation Matrix

Scoring: High = +1 | Medium = 0 | Low = −1

Criterion	Rating	Score	Key Evidence	Assessment
Effectiveness & Performance	Medium	0	Can fund adaptation infrastructure and influence behaviour	Regulatory charges can support targeted adaptation outcomes and behaviour change, but revenue scale and consistency are uncertain and highly design dependent.
Economic Efficiency	Medium	0	Requires complex regulatory regime design and data systems	The tool has high administrative and technical costs relative to likely revenue because it depends on design, monitoring, and enforcement capacity.
Equity & Fairness	Medium	0	Charges linked to activities or impacts	Equity can be improved through impact-based design, but outcomes vary by fee structure and the brief does not show consistent safeguards.
Political Acceptability	Medium	0	Dependent on local context and acceptability of behavioural charges	Charges may be defensible on environmental grounds, but can still be contentious where they are seen as indirect taxation.
Feasibility (Admin/Legal)	Low	-1	Limited authority outside Quebec; risk of legal challenges	Feasibility is weak across most Canadian municipalities because authority is limited and valid regulatory regimes are legally and operationally demanding.
Coherence (Portfolio Fit)	Medium	0	Can complement other fiscal tools and be adapted to local objectives	The tool is flexible and can complement other instruments, but it is not embedded in standard municipal finance systems.

Best Use Context

Regulatory fees are most effective where municipalities have enabling legal authority, especially in Quebec, and enough administrative capacity to design and enforce complex regimes. They are best suited to targeted behaviour change and place-specific adaptation goals, rather than broad-based or easily scalable municipal revenue generation.

Context Factor	Relevance	Notes
Municipal Size	Medium	Medium-sized municipalities may be more agile; large cities face complexity.
Administrative Capacity Required	High	Requires legal, technical, and data capacity for design and enforcement.
Development Pressure	Low	Not dependent on growth; based on regulated activities or behaviours.
Climate Risk Targeting	High	Can be explicitly designed to target specific adaptation risks (e.g., heat islands, stormwater).
Fiscal Flexibility Required	Medium	Requires capacity to design, implement, and adapt regulatory regimes.

Recommended Citation

Tremblay-Racicot, F., Duguay, V., Couture, J., Tóth, A., Ma, K., Meaney, M., Jackson, E., Henstra, D., Thistlethwaite, J., Ewart, T., & Stein, N. (2026). *General Authority for Regulatory Charges*. In *Catalogue of Fiscal Tools to Advance Adaptation*. In collaboration with the *Centre de recherche sur la gouvernance of the École nationale d'administration publique*. ICLEI Canada. https://icleicanada.org/project/fiscal-tools-catalogue/

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