



FIRST NATIONS TAX COMMISSION
COMMISSION DE LA FISCALITÉ DES PREMIÈRES NATIONS



Emerging Issues in Local Service Agreements

First Nations Tax Administrators Association
Annual National Forum on First Nations Taxation

February 18, 2026

OVERVIEW

W



- What is a Service Agreement & Factors in a Negotiation
- Four Emerging Issues
- Typical Service Agreement Workplan
- FNTC Support & Facilitation

Local Revenue-Based Service Agreements

What is a Service Agreement?



A service agreement is a contractual relationship between two governments for the provision of services.



Common services purchased: water, sewer, and fire protection.



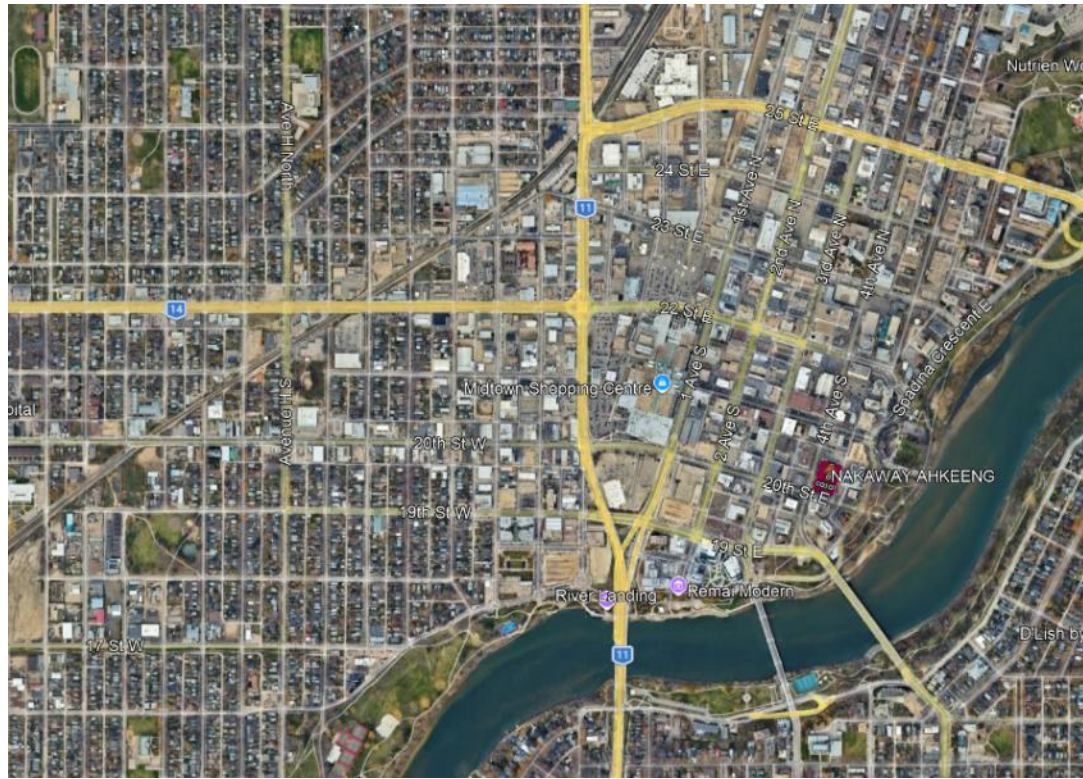
It is more efficient for the government with a comparative advantage to sell services to the nearby governments.



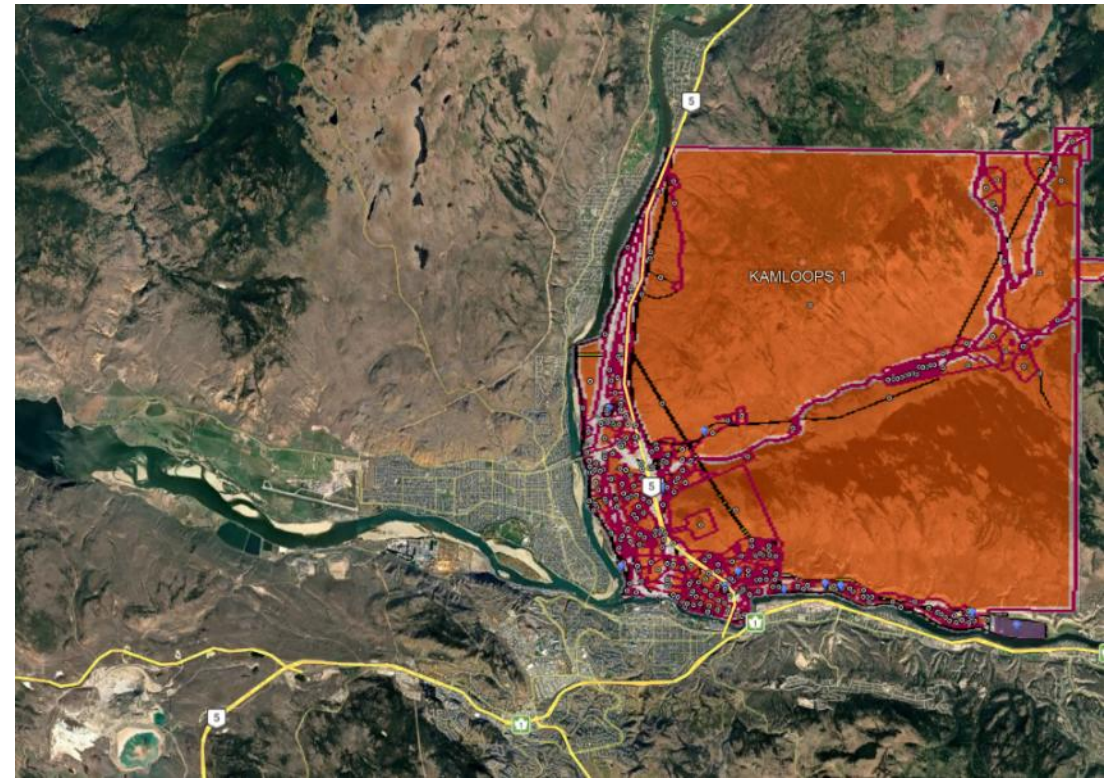
Service Agreement Negotiation Considerations

- Services being purchased
- Who receives the services
- Similarities between tax bases
- Method for pricing services
- Relationship between Local Government and First Nation Law
- Service provider's location relative to purchaser's location

Service Agreement Negotiation Considerations



Yellow Quill First Nation surrounded by Saskatoon



Tk'emlúps te Secwepemc beside Kamloops

Emerging Issues in Service Agreement Negotiations

1

First Nations are Delivering More Services to Leaseholders



Services Delivered by First Nations

Administration

Engineering

Bylaw

Human
Resources

Development
Services

Finance

Corporate
Support

Public Works

Recreation

Fire &
Emerg.
Services

Fiscal
Services

Policing

Services Delivered by First Nations

Administration

Engineering

Bylaw

Human Resources

Development
Services

Finance

Corporate Support

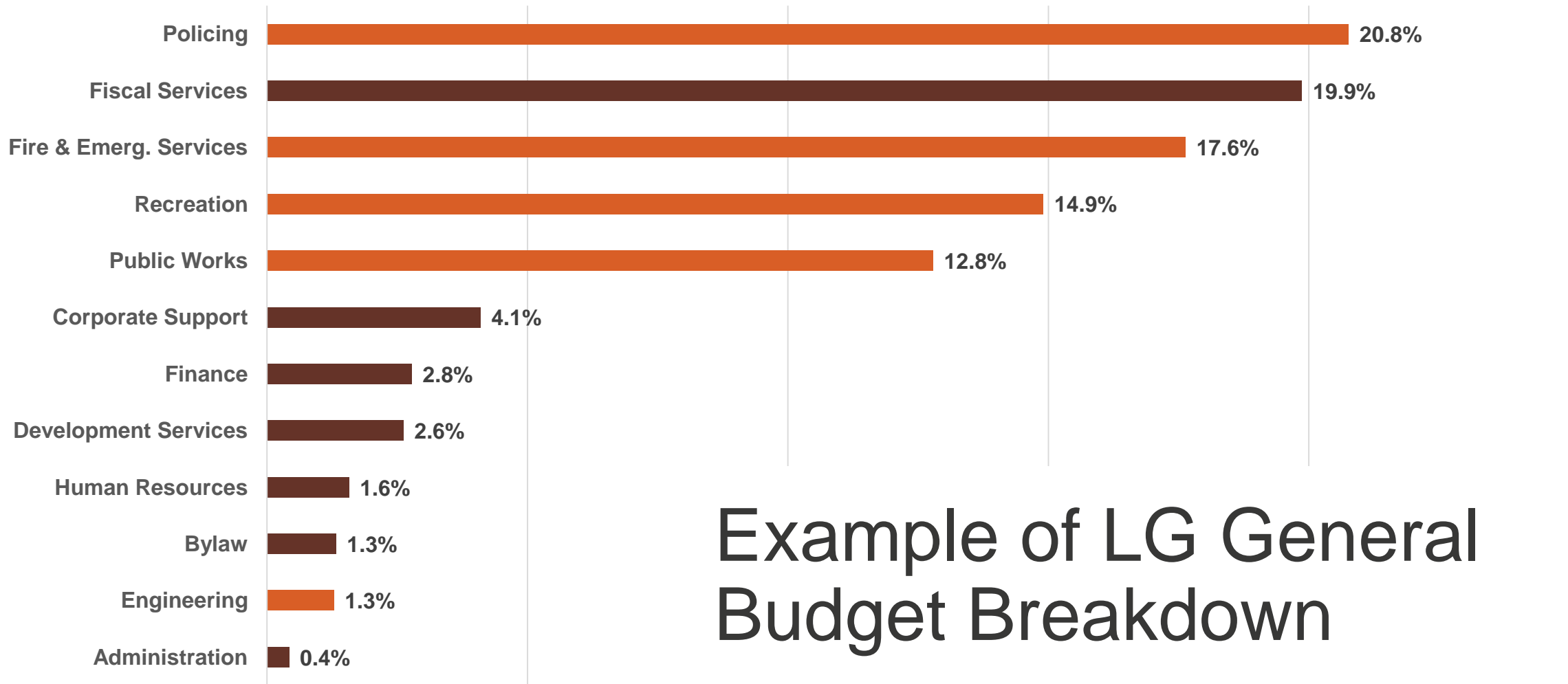
Public Works

Recreation

Fire & Emerg.
Services

Fiscal Services

Policing



Example of LG General Budget Breakdown



Discussion

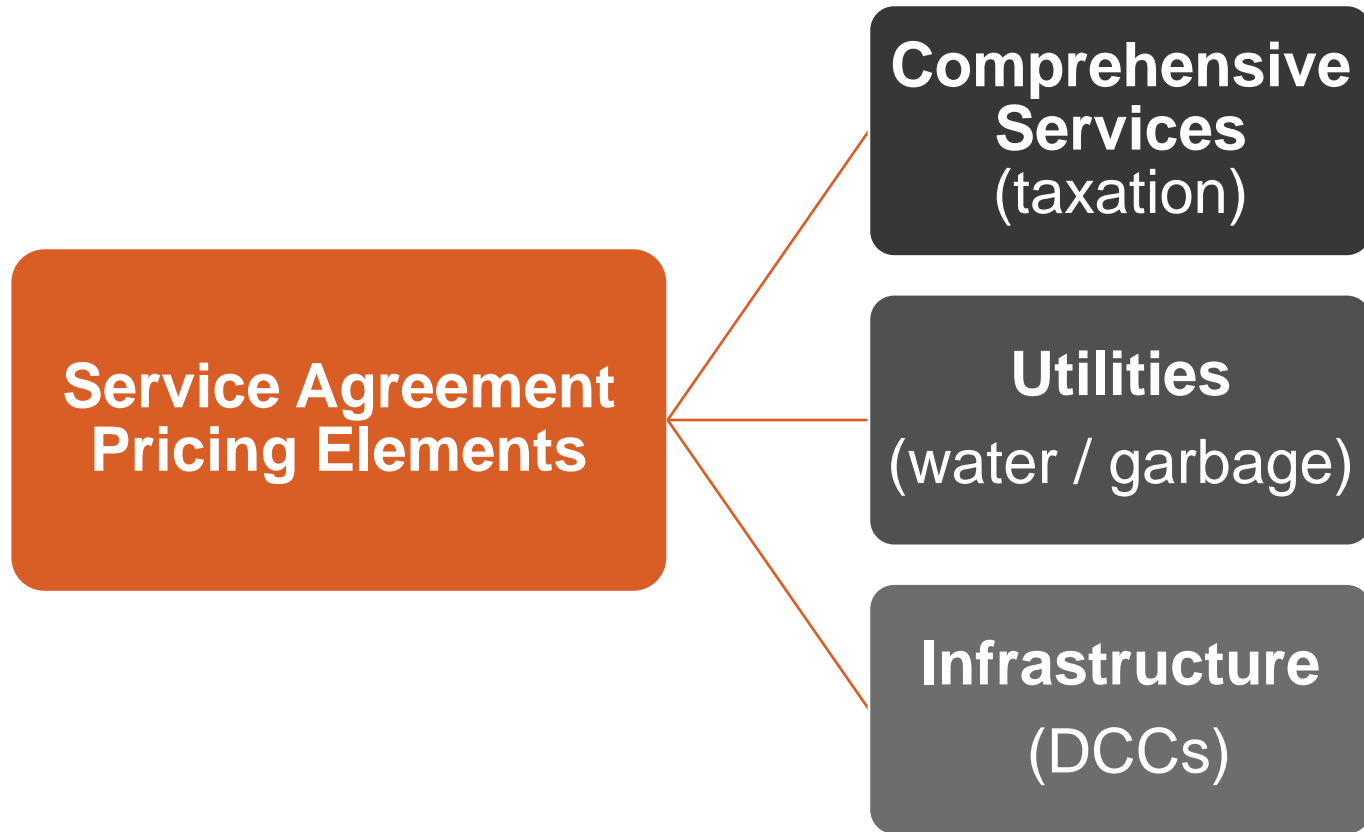
1. What services do you think your First Nation should develop the capacity to take on?
2. What are some of the risks and benefits First Nations should think about when taking on more services?

2

Services are Being Purchased for
Leaseholders and **Members** at the
Same Time



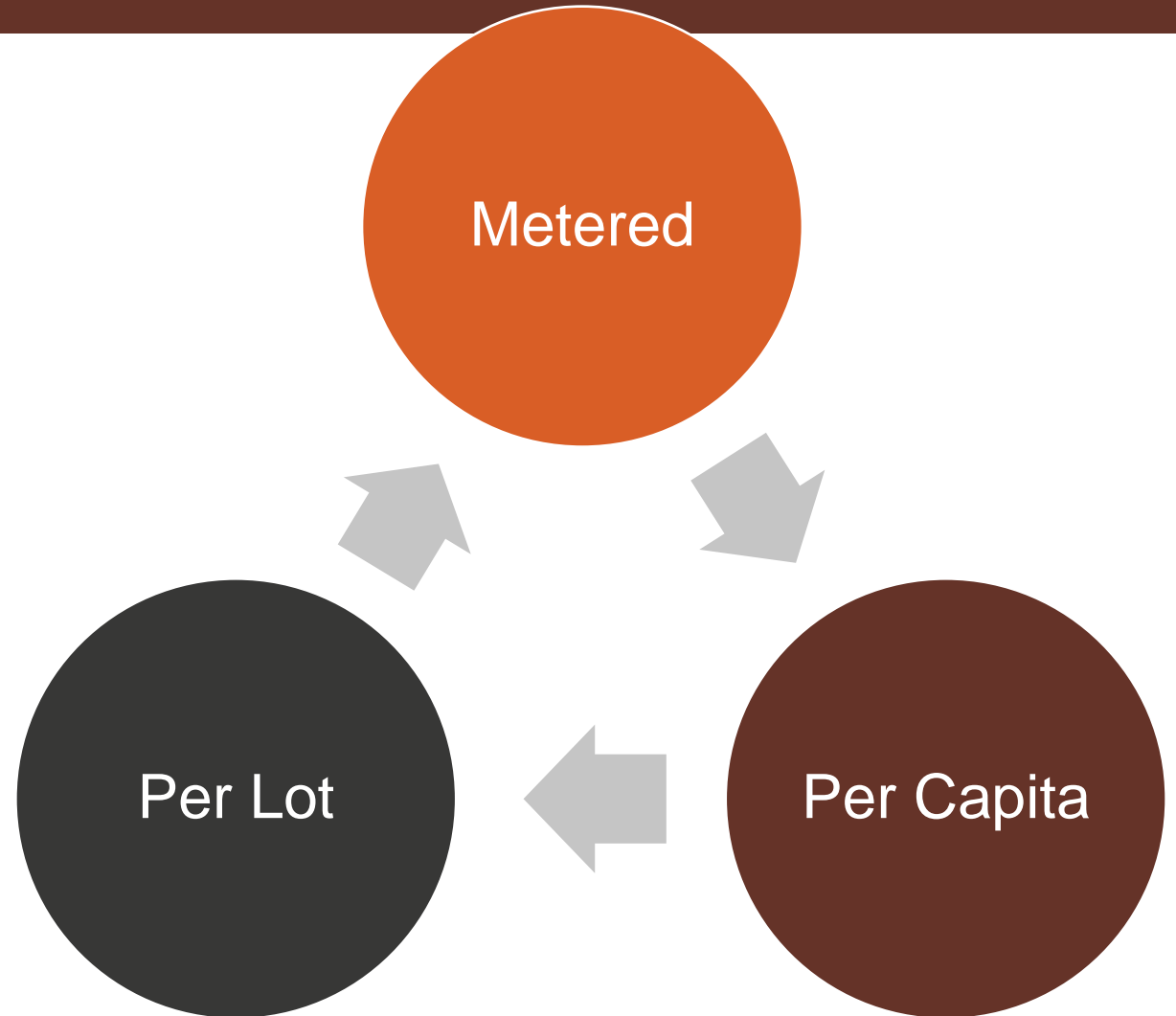
Pricing Services Delivered to Leaseholders



The most efficient way to price local services is to use the local revenues used to fund those services

Pricing Services Delivered to Members

What about services purchased for members where no local revenues are collected?



Purchasing Services for Members and Leaseholders

What happens when the same services are being purchased for leaseholders and members?

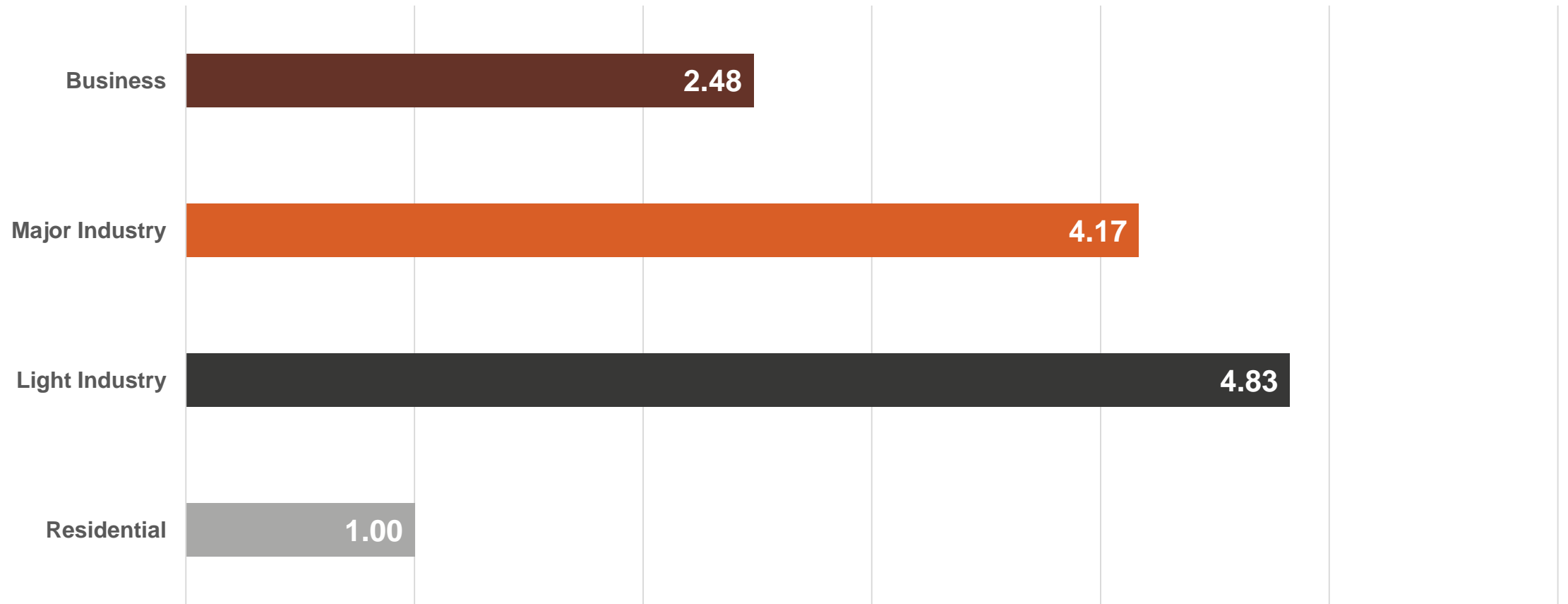
1. An administratively complex solution would be:
 - Leaseholders: local revenue-based
 - Members: per lot, for example
2. Assessments for all properties (non-member and member) on reserve
 - Local revenue equivalent price is found
3. Per unit method for all the leasehold and member properties
 - Calculation is more complicated – firefighting services
 - Depends on the assessment base of both governments

More SA are a Mix of First Nations Purchasing Services for Members and Leaseholders

It is important to look at the assessment base of the local government and compare it to First Nation properties

- Residential properties pay less per dollar of assessed value, but use more services
- Non-residential properties pay more per dollar of assessed value, but use fewer services
- Non-residential properties generally subsidize the cost of services to residential properties

Property Tax Multiples for the Thompson Nicola Regional District





Discussion

1. Should First Nations have separate service agreements for members and non-members? What are the risks and benefits?
2. Should ISC be responsible for negotiating services for members, or should the First Nation? What is the risk of ISC negotiating a service agreement for members?

3

Capital Infrastructure Contributions



Capital – First Nations would like to build their own Capital Reserves

How do you allocate capital contributions under a service agreement?



- First Nations need to build capital reserves to address the infrastructure deficiency on-reserve
- Local governments are increasingly asking for contributions for capital that supports their services delivered to First Nations

Capital – First Nations would like to build their own Capital Reserves

- How is capital funded? Some examples include:
 - DCCs
 - Property tax transfers to capital reserves
 - Utility fee transfers to capital reserves
 - Other revenue contributions
 - Grants from other governments
- Regional infrastructure is a complicating factor

Introduction to Development Cost Charges (DCC)

*A 60-minute live webinar introducing DCCs
and featuring Whitecap Dakota First Nation's
DCC Experience*

March 12, 2026 10:00 am (PT)



Scan to Register



Discussion

1. Why might it be important for First Nations to have an infrastructure plan before entering service agreement negotiations?
2. Why is it difficult politically to include DCC's in a service agreement?

4 Blanket Service Agreements – Area Wide Templates





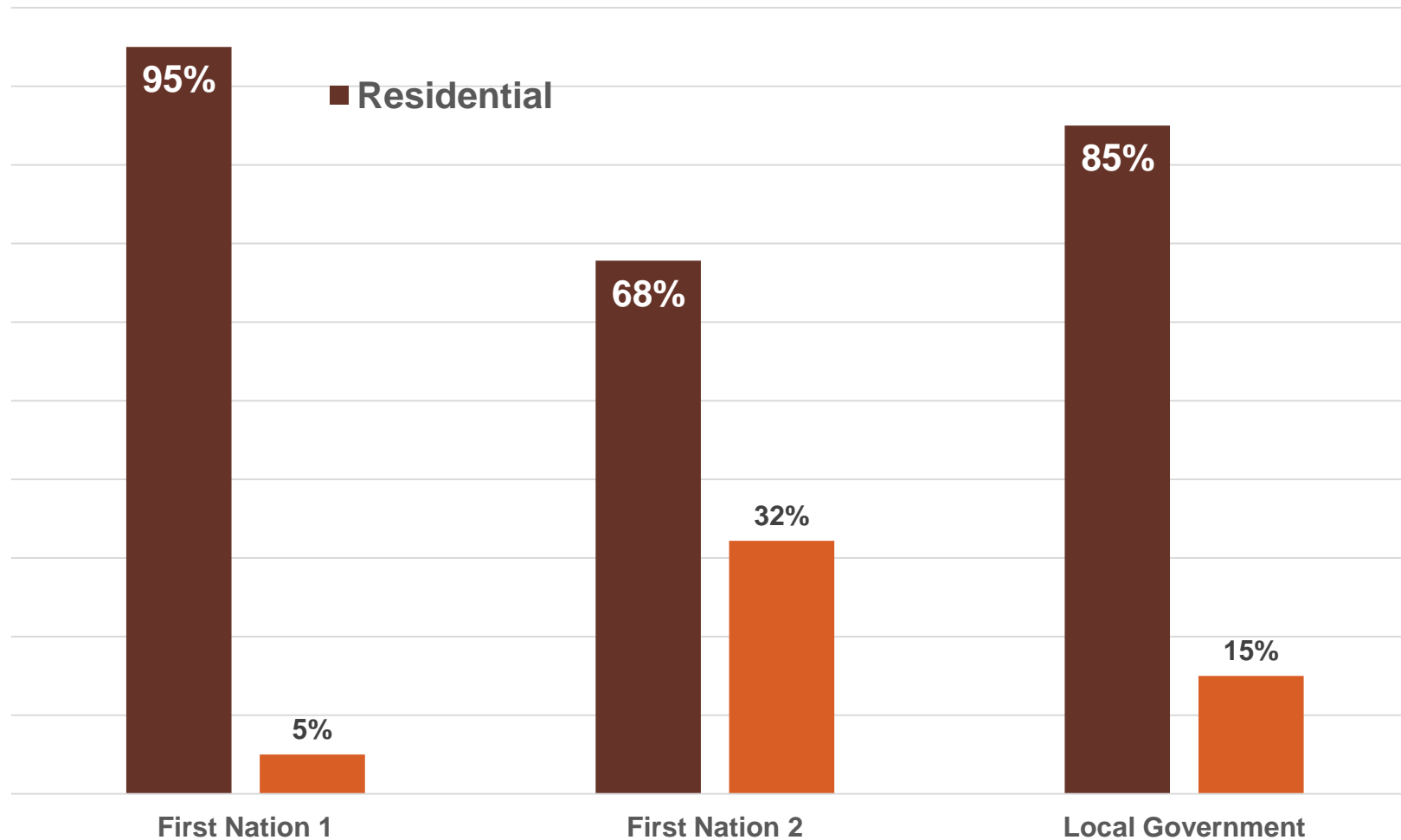
**Local
Governments
Leaning Towards
Blanket SA with
Area First Nations**

It is more efficient for local governments to negotiate a broad area wide service agreement with multiple First Nations.

Should First Nations approach such a negotiation individually or collectively?

- Different service requirements
- Different capacity to provide services
- Different assessment bases
- Negotiation Strength

Local Governments Leaning Towards Blanket SA with Area First Nations





Discussion

1. What elements of a service agreement could be the same for these First Nations?
2. What might be better than one service agreement for all First Nations in the area?

Service Agreement Workplan

1

Political Protocol

2

Commitment to Tax-based Service Agreement

3

First Nation Complementary Laws

4

Review of Best Practices

5

Preparation of Suggested Terms

6

Review of Suggested Terms

7

Technical Group Meetings

8

Negotiation of Terms

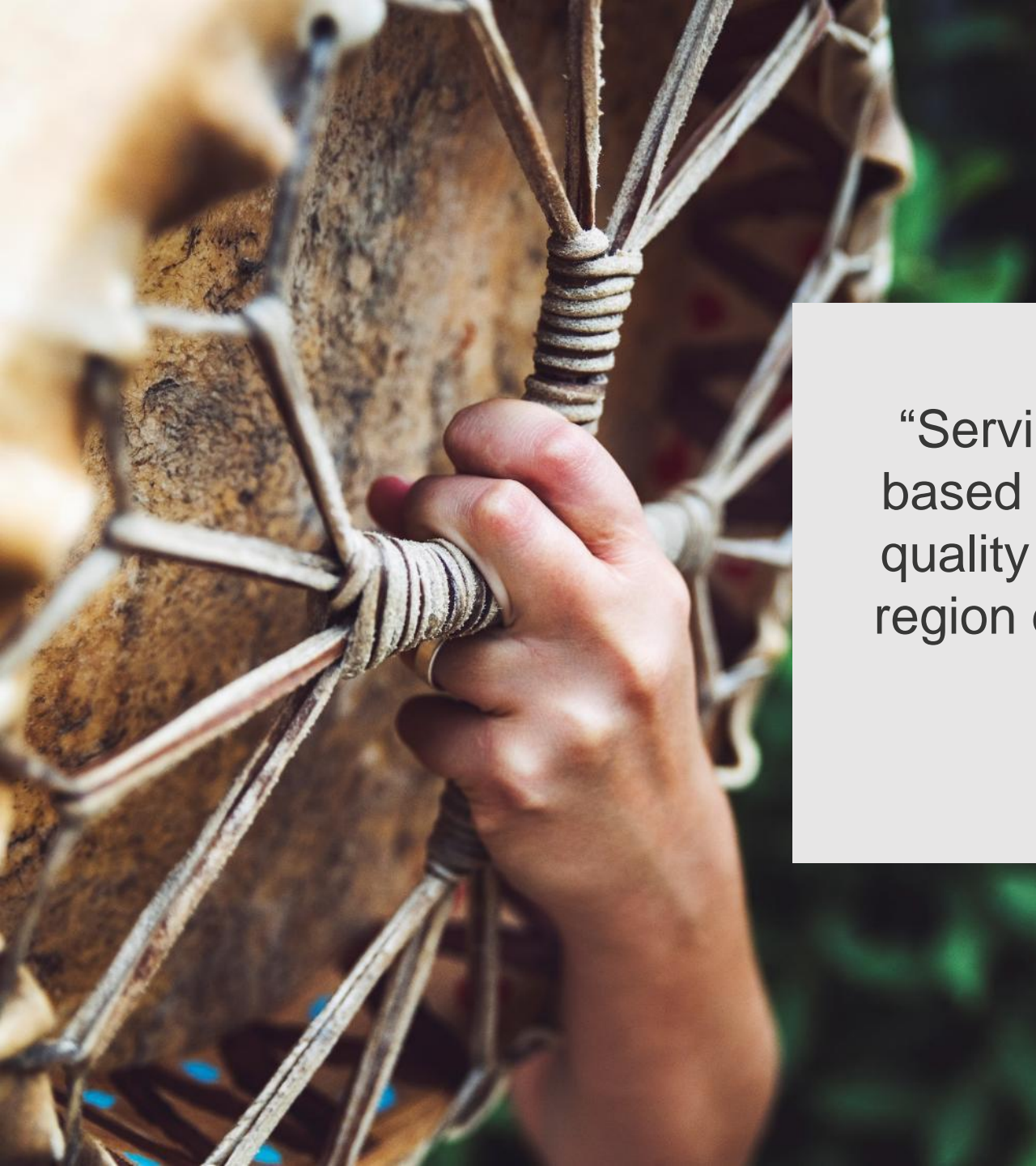
9

Draft Service Agreement

10

Review and Finalization

Typical Service Agreement Support Workplan



“Service agreements work when they are based on one essential understanding: the quality of life and the standard of living in a region depend on the success of the region as a whole.”

Resources



FNTC Facilitation Services



**Identify and advance
mutual interests**



**Set and maintain
ground rules**



**Develop agendas
and advance work
plans**



Provide templates

FMA Fiscal Powers

Negotiating From a Position of Strength

FMA Provides for Expanded First Nation Local Revenues

Property Tax

Service Taxes

**Development
Cost Charges**

**Service &
Facility
Fees**

**Property
Transfer Taxes**

**Business
Activity Taxes**



First Nations Gazette

Gazette des Premières Nations

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- Supporting the legal voice of First Nations

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**FOR MORE INFORMATION AND
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Thank you!

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