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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-FIFTH LEGISLATURE

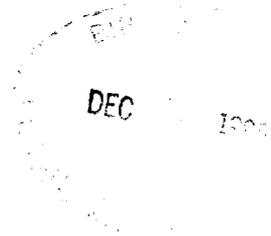
Bill 123

## **An Act to amend the Act respecting municipal taxation**

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**Introduction**

**Introduced by  
Mr Guy Chevrette  
Minister of Municipal Affairs**



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#### EXPLANATORY NOTES

*This bill amends the Act respecting municipal taxation mainly to redefine two measures under which sums of money are transferred to municipalities by the Government, namely the measure on equalization payments and the measure for the redistribution of revenues derived from the tax paid to the Minister of Revenue by operators of telecommunications, gas or electric systems.*

*With respect to equalization payments, the bill proposes that the municipalities that are eligible and the amounts that are payable for the 1996 municipal fiscal year be the same as for the 1995 fiscal year.*

*As regards the redistribution of revenues derived from the tax paid by operators of certain systems, the bill proposes that part of those revenues henceforth serve to finance certain financial assistance programs for the benefit of municipalities. The bill proposes to give the Government the power to designate the programs in the regulation relating to the apportionment of the revenues derived from the tax. Until the Government avails itself of the power, the bill sets out those programs, which are the equalization program, the program relating to "core cities" of metropolitan census areas and part of the program designed to neutralize the financial consequences of the regrouping of municipalities.*

*The bill also proposes to amend the Act respecting municipal taxation to change, from the 1997 municipal fiscal year, the taxation rules applicable to operators of gas distribution systems. First, any conduit forming part of such a system to which no direct connection may be made with the conduit supplying a consumer's immovable will be entered on the real estate assessment roll and will therefore become taxable for municipal and school purposes, as will the accessories and site of the conduit. Secondly, the rate of the tax collected from the operator of a system by the Minister of Revenue, which applies to that portion of his taxable revenue that exceeds \$5 000 000, will be reduced from 5% to 4%.*

*The bill also proposes to amend the Act respecting municipal taxation to allow a local municipality and the owner of an immovable exempt from taxation, for instance an intermunicipal board that owns a water treatment work, to enter into an agreement under which the owner will pay to the municipality a compensation for municipal services benefitting the owner's immovable. The bill proposes to repeal the current requirement for such an agreement that the owner already owe a compensation imposed unilaterally by the municipality.*

*Lastly, the bill proposes to amend the Act respecting municipal taxation to change, from the 1997 municipal fiscal year, the taxation rules applying to cooperatives and non-profit bodies holding a home day care agency permit. First, the immovable of the holder of such a permit will become exempt from taxation but it may give rise to a compensation in lieu of taxes where it forms part of the social services system provided that the permit indicates that the immovable is the address of the agency and provided the immovable is used mainly for the exercise of functions appropriate to such an agency. Secondly, the exercise of such functions will cease to give rise to the payment of the business tax by the permit holder.*



# Bill 123

## **An Act to amend the Act respecting municipal taxation**

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**1.** Section 66 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) is amended

(1) by striking out the words “a conduit and its accessories, or to” in the first line of the third paragraph;

(2) by adding, at the end of the third paragraph, the words “, and it does not apply to a conduit and its accessories, except a gas conduit in which the pressure is such that no other conduit supplying gas directly to the immovable of a consumer may be connected thereto.”

**2.** Section 204 of the said Act, amended by section 75 of chapter 2 of the statutes of 1994, by section 23 of chapter 23 of the statutes of 1994 and by section 1 of chapter 7 of the statutes of 1995, is again amended by inserting, after subparagraph *c* of paragraph 14, the following subparagraph:

“(d) an immovable that belongs to a cooperative or a non-profit body holding a home day care agency permit issued under the Act respecting child day care, that is indicated in the permit as being the address of the agency and that is used mainly for the exercise of the functions appropriate to such an agency;”.

**3.** Section 204.0.1 of the said Act, amended by section 2 of chapter 7 of the statutes of 1995, is again amended by adding the words “and is exempt from real estate tax” after the word “permit” in the eighth line of the third paragraph.

**4.** Section 206 of the said Act is amended

(1) by replacing the words “to which section 205 applies and that is situated in its territory” in the first and second lines by the words “referred to in any of paragraphs 4, 5 or 10 to 12 of section 204 and situated in the territory of the local municipality”;

(2) by striking out the words “in addition to the compensation exigible under section 205,” in the fourth line.

**5.** Section 221 of the said Act is amended by replacing the percentage “5%” in the second line of paragraph 1 by the percentage “4%”.

**6.** Section 230 of the said Act is replaced by the following section:

**“230.** The revenues derived from the tax imposed under section 221, after deduction of the sums withheld under the second paragraph, must be paid to municipalities.

The following sums shall be withheld from the revenues derived from the tax :

(1) a sum, equal to 1.5% of the revenues, representing the tax collection costs;

(2) a sum, equal to 1.5% of the revenues, representing the costs incurred for the payment of part of the revenues to municipalities;

(3) a sum representing any tax to be collected from the municipalities for services provided to them by the Government or by one of its ministers and consisting in collecting the tax imposed under section 221 on behalf of the municipalities and in paying part of the revenues derived from that tax to them.

Part of the revenues to be paid to municipalities under the first paragraph may be allocated to the financing of any program of the Government or of any of its ministers or bodies designated in the regulation under paragraph 4 of section 262, intended to provide financial assistance to a municipality or a group of municipalities. Any balance shall be apportioned among the local municipalities by the person determined by the said regulation and according to the rules, terms and conditions prescribed thereunder.”

**7.** Section 236 of the said Act, amended by section 76 of chapter 2 of the statutes of 1994, by section 23 of chapter 23 of the statutes of 1994 and by section 3 of chapter 7 of the statutes of 1995, is again

amended by replacing the words “or stop-over centre permit” in the second line of subparagraph *g* of paragraph 1 by the words “, stop-over centre permit or home day care agency permit”.

**8.** Section 262 of the said Act is amended by replacing paragraph 4 by the following paragraph:

“(4) designate any program of the Government or of any of its ministers or bodies referred to in the third paragraph of section 230 to the financing of which is allocated part of the revenues that are derived from the tax imposed under section 221 and that are payable to the municipalities, determine the person who is to apportion the balance of those revenues among the local municipalities and prescribe the rules, terms and conditions of that apportionment;”.

**9.** Sections 1, 2, 5 and 7 have effect for the purposes of every municipal fiscal year from the 1997 fiscal year.

**10.** Until the coming into force of the first regulation made after (*insert here the date preceding the date of coming into force of this Act*), under paragraph 4 of section 262 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) enacted by section 8 of this Act, the following programs are deemed to have been designated by the Government under the said paragraph:

(1) any program designed to neutralize, in the application of the Regulation respecting the apportionment of revenues from the tax paid by operators of certain systems (R.R.Q., 1981, chapter F-2.1, r.12.1), the financial consequences of a regrouping or an annexation;

(2) any program to provide financial assistance to municipalities constituting the “core cities” of metropolitan census areas;

(3) the equalization program under the Regulation respecting the equalization scheme (R.R.Q., 1981, chapter F-2.1, r.9.001), subject to section 11 of this Act.

The sums necessary to ensure the financing of the programs referred to in subparagraphs 2 and 3 of the first paragraph are added, in the process prescribed by the regulation mentioned in subparagraph 1 of the said paragraph to establish the net amount to be apportioned, to the sums necessary to ensure the financing of the program referred to in subparagraph 1 of the said paragraph.

**11.** The rules prescribed by the Regulation respecting the equalization scheme (R.R.Q., 1981, chapter F-2.1, r.9.001) as relate

to the determination of the municipalities eligible for the scheme, the fixing of the equalization amount payable to each eligible municipality and the terms and conditions for the payment of the amount are inoperative for the purposes of the 1996 municipal fiscal year.

Any municipality that was eligible for the scheme for the 1995 fiscal year is eligible for the scheme for the 1996 fiscal year. The equalization amount payable to an eligible municipality for the 1996 fiscal year is the same as the amount payable to the municipality for the 1995 fiscal year. In respect of the equalization amount payable for the 1996 fiscal year, the amounts of the two payments or, as the case may be, the amounts of the single payment and of the amount collected in excess shall, subject to the third paragraph, be the same as in respect of the equalization amount payable for the 1995 fiscal year. Notwithstanding the Regulation respecting the equalization scheme, the second payment in relation to the equalization amount payable for the 1995 fiscal year, if any, shall be made not later than 31 August 1996 or the ninetieth day after receipt, within the meaning of the regulation, of the municipality's financial report for the said fiscal year, whichever date is later. The first or single payment in relation to the equalization amount payable for the 1996 fiscal year shall be made not later than 31 August 1996, and the second payment, if any, shall be made not later than 31 August 1997.

Deduction of the amount collected in excess, if any, may be made, in accordance with the Regulation respecting the equalization scheme, after the date on which the Minister of Municipal Affairs ascertains the existence of an amount collected in excess in relation to the equalization amount payable for the 1995 fiscal year; if such a date is earlier than the date established for the single payment in relation to the equalization amount payable for the 1996 fiscal year, the amount collected in excess may be deducted from the amount of the payment. Deductions of the amounts collected in excess in relation to the equalization amounts payable for the 1995 and 1996 fiscal years may be made simultaneously.

For the purposes of the second paragraph, the municipality that is the successor of a municipality that is eligible for the scheme for the 1995 or 1996 fiscal year is considered to be the latter municipality.

**12.** This Act comes into force on (*insert here the date of assent to this Act*).