



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FIFTH LEGISLATURE

Bill 135
(1996, chapter 41)

An Act to amend the Act respecting municipal taxation

Introduced 15 December 1995
Passage in principle 17 June 1996
Passage 23 October 1996
Assented to 30 October 1996

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EXPLANATORY NOTES

This bill amends the Act respecting municipal taxation 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 systems, the bill provides that part of those revenues henceforth serve to finance certain financial assistance programs for the benefit of municipalities. The bill gives 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 determines the programs that may be designated, namely the equalization program, the program relating to "core cities" of metropolitan census areas, the program concerning regional county municipalities and part of the program designed to neutralize the financial consequences of the regrouping of municipalities.

Lastly, the bill provides that the agreement of the federations of municipalities must be obtained before any other program may be designated by the Government.

Bill 135

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THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Section 230 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) 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 or of any component of such a program, 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 in the said regulation and according to the rules, terms and conditions prescribed therein.”

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

“(4) designate any program or program component 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;”.

3. The said Act is amended by inserting, after section 262, the following section:

“**262.1** The Minister shall, before presenting to the Government any draft regulation that establishes the list of programs or program components designated under paragraph 4 of section 262 or that adds a program or component to that list, obtain an agreement on the list or addition to the list from the Union des municipalités du Québec and from the Union des municipalités régionales de comté et des municipalités locales du Québec inc.

An agreement obtained from the president or any other authorized representative of a body referred to in the first paragraph is deemed to be an agreement obtained from the body.”

4. Until the coming into force of the first regulation made after 29 October 1996 under paragraph 4 of section 262 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1), enacted by section 2 of this Act, the Government is deemed to have, under the said paragraph,

(1) designated the following programs:

(a) the equalization program under the Regulation respecting the equalization scheme (R.R.Q., 1981, chapter F-2.1, r.9.001), subject to section 6 of this Act;

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

(c) any program pertaining to the functioning of regional county municipalities, for every municipal fiscal year subsequent to the 1996 fiscal year;

(2) designated the following components of any program designed to neutralize the financial consequences of a regrouping or annexation:

(a) the component pertaining to 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);

(b) the component pertaining to the application of the Regulation respecting the equalization scheme, for every municipal fiscal year subsequent to the 1996 fiscal year.

The sums necessary, for a municipal fiscal year, to finance the programs mentioned in paragraphs *a* and *b* of subparagraph 1 of the first paragraph and to finance, where applicable, the program mentioned in paragraph *c* of the said subparagraph and the program component mentioned in paragraph *b* of subparagraph 2 of the first paragraph shall be added, in the process prescribed by the Regulation respecting the apportionment of revenues from the tax paid by operators of certain systems for the establishment of the net amount to be apportioned for a fiscal year subsequent to the 1995 fiscal year, to the sums necessary, for the fiscal year, to finance the program component mentioned in paragraph *a* of subparagraph 2 of the first paragraph.

5. Section 262.1 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1), enacted by section 3 of this Act, does not apply in respect of the first regulation made after 29 October 1996 under paragraph 4 of section 262 of the Act respecting municipal taxation, enacted by section 2 of this Act, if the regulation

(1) does not designate a program other than the program mentioned in subparagraph 1 of the first paragraph of section 4 of this Act, and does not designate the program mentioned in paragraph *c* of the said subparagraph for the 1996 municipal fiscal year; and

(2) does not designate a program component other than the program components mentioned in subparagraph 2 of the first paragraph of section 4, and does not designate the program component mentioned in paragraph *b* of the said subparagraph for the 1996 municipal fiscal year.

6. 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 29 November 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 29 November 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.

7. The first regulation made after 29 October 1996 to amend or replace the Regulation respecting the equalization scheme (R.R.Q., 1981, chapter F-2.1, r.9.001) may have retroactive effect from any date not earlier than 1 January 1997.

8. This Act comes into force on 30 October 1996.