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TITLE OF THESIS..... THE POLICY AND ADMINISTRATION OF THE
MUNICIPAL GRANTS ACT, 1951, AS AMENDED
.....
UNIVERSITY..... CARLETON UNIVERSITY
DEGREE..... M.A. (Pub. Admin)..... YEAR GRANTED 1966

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DATED *September 28* 1966

THE POLICY AND ADMINISTRATION OF
THE MUNICIPAL GRANTS ACT, 1951, AS AMENDED

by

Brian Walter George Marley-Clarke

A thesis submitted to Carleton University in partial
fulfilment of the requirements for the degree of Master
of Arts in Public Administration

School of Public Administration
Carleton University
Ottawa, Canada
September 1966

ABSTRACT

This thesis is a general survey of the policy aspects and the administrative aspects of the amended Municipal Grants Act. Its purpose is to identify some of the major problems involved in the, sometimes, difficult task of calculating the various type of grants for municipalities.

The study consists of three chapters which deal with the historical events preceding the enactment of the municipal grants legislation, along with the two important amendments of 1955 and 1957.

Then follow three more chapters which deal with the technical ramifications of arriving at the actual grant to be awarded to the municipality. Also there is a chapter on the administrative details of how the Act is implemented by the Municipal Grants Division of the Department of Finance.

Finally, an assessment is made as to the effectiveness of the legislation in terms of its stated purpose. A recommendation is made as to how the administration of the Act may be improved.

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CHAPTER I.

A CONSIDERATION OF THE PRINCIPLE OF GRANTS-IN-LIEU OF TAXES.

TWO EXAMPLES: CANADA AND THE UNITED KINGDOM.

The purpose of this thesis is to give as full a treatment of the subject of municipal grants as is possible, given the constraints of time and limited reliable sources. A concise and fair exposition of the events leading up to, during, and after the passage of the municipal grants legislation in Canada, has been attempted.

Starting with an explanation of the principle of grants in lieu of taxes, this thesis briefly surveys the various concepts involved in establishing a Municipal Grants Act.

It should be noted, right from the beginning, that what is to be understood as "taxes" throughout this chapter and in fact the whole thesis, is specifically "real property taxes." We shall not be concerned with business taxes, water taxes etc. Furthermore, we shall be concerned only with federal grants in lieu of "real property" taxes to municipalities and, in some cases, school commissions (e.g. in the Province of Quebec).

The principle of grants in lieu of taxes has not always been clearly enunciated. Governments, as we shall see, have for a long time given grants for a variety of reasons. It is the author's opinion that one of the primary reasons why governments give grants in lieu of paying taxes on "real property" is that they recognize the fundamental principle of equity — "that which is equitable or fair".¹

The Parliament of Canada recognized that in municipalities and school commissions where there was a heavy concentration of federal government ownership of property there was placed on the "real property" taxpayers of those municipalities and school commissions, an unfair burden of the real property taxes, i.e. if the government was just like any ordinary corporate entity it would have to pay "real property" taxes; but Section 125 of the British North America Act changes the constitutional or legal position of the federal government on matters of property ownership. However, with regard to the property taxpayers in the particular municipality one should not carry the "equity argument" too far; for, it is well known that when the federal government

1. Webster's International Dictionary.

decided to legislate via "The Municipal Grants Act, 1951," to give grants in lieu of "real property" taxes, it planned to raise the revenue for the grants via personal income and other taxes. In other words, every Canadian taxpayer was to help offset the so-called "inequitable burden of tax" placed on the property taxpayers in the various municipalities where the federal government owned property (e.g. Halifax, Ottawa, Montreal, and Toronto).

One could argue on the basis that it is inequitable to the Canadian taxpayer to have to relieve the excess burden of tax placed on the property taxpayer in certain municipalities. This argument, however, appears feeble in the context of section 125 of the British North America Act which in essence states that one level of government cannot tax another level of government.² Hence, it would be fair to say that the federal government realized its responsibility, in terms of equity, in passing the municipal grants legislation.

A secondary reason why governments might wish to make grants in lieu of taxes is that they feel that the

2. British North America Act, 1867 (hereinafter, the B.N.A. Act) 30 Victoria, c.3., section 125.

4.

overall quality of municipal services will probably improve with increased revenues. It may also be both more expedient and efficient, for the municipality to furnish whatever services the federal government requires, for example, the cleaning of roads which approach federal government property, ambulance service, than if the federal government itself, had to furnish these services. The question immediately raised is: how does one judge whether a municipality or the federal government is better equipped to supply services efficiently?

A partial answer is that it would depend largely on the municipality one is discussing. If, for instance, the question is raised with reference to Ottawa the answer probably would be in favour of the municipality. However, if one is addressing the question with reference to the city of Moose Jaw, in the province of Saskatchewan, the answer is not quite so obvious.³

The principle of grants in lieu of taxes was first recognized in England in the first half of the nineteenth

3. A surer method of answering the above question would be to use cost-benefit analysis. However, cost-benefit analysis goes beyond the scope of this particular thesis. It is interesting to note that even cost-benefit analysis is not always conclusive because the benefit side of the cost-benefit analysis presents some difficulties in terms of measurement.

century.⁴ Since then the principle of exemption of Crown or Government property has been incorporated into the written constitutions of many nations including those of Canada and the United States. Its constitutional manifestation in Canada is section 125 of the British North America Act which states:

"No lands or Property belonging to Canada
or any Province shall be liable to Taxation."

What this meant, has already been dealt with earlier in the chapter. Its significance, for the later Municipal Grants Act, 1951, is that it took eighty-four years before Parliament gave official recognition to the need of grants in lieu of real property taxes. A very important reason for this seemingly long delay is the fact that the growth of municipalities only took place with the growth in population and industrialization, which in turn only really started with the Second World War, approximately 1940. So, in reality, it took a decade for a "real property" grants' system in Canada to be established. For all intents and purposes, this system is one of unconditional grants. It is within the discretion of Parliament,

4. D.H. Clark, "Grants in Lieu of Taxes on Crown Property in the United Kingdom: An Historical Note," Canadian Journal of Economics and Political Science, Volume 21, no. 2, May 1958, p.182.

in general, and the Minister of Finance, in particular, to make the decision on the amount needed for municipal grants. One might want to argue that the grant in lieu of "real property" taxes is conditional in that the municipality has to make an application "in a form prescribed by the Minister" (of Finance),⁵ providing, of course, the municipality in question has federal government property within its legally stated, geographic boundaries.

At this stage, it might prove useful to reflect very briefly on the historical origins of the principle of grants in lieu of taxes. As was mentioned earlier, grants in lieu of taxes originated in the United Kingdom. "In 1874 the Parliament of the United Kingdom approved a system of grants in lieu of property tax which are known as 'contributions in lieu of rates.' Under this system the United Kingdom makes 'ex gratia' payments, generally equivalent to full taxes, to all county boroughs, boroughs, urban districts, and rural districts containing Crown property beneficially occupied. Other local government units do not receive these grants since they are not taxing authorities. The United Kingdom was quite certainly the first country in the world to

5. Canadian Statutes, 15 George VI, c. 54, section 4, Subsection I.

make such payments."⁶

In 1858, a special Select Committee was formed "to inquire into the operation of the Law, as it at present stands, by which land occupied by Public Establishments is rendered exempt from Local Rates and Taxes."⁷ The primary argument for the establishment of a grants system put forth by the Select Committee of 1858 was that Crown ownership of land results in loss of taxes since taxes would be paid on such land if privately owned.

Although the Committee's Report to the House was well documented, it was not acted upon until 1874 and, even then, only the main recommendations were put into bill form. The delay, some sixteen years, was due mainly to Parliament's disinterest in local government, along with a conflict over rating procedures.⁸

It is extremely interesting and important to note that both Canada and the United Kingdom (although at different periods in history) recognized that a system of municipal (or

6. Clark, op. cit., p. 182.

7. Hansard, Parliamentary Debates, 3rd Series, volume 150, p. 1797.

8. Clark, op. cit., pp. 183-184.

8.

local government) grants made economic sense. In other words, in order for the quality of municipal services to be kept to a good standard, all property owners, including the Crown, must pay their fair share.

Hence, we could say that in Canada and in the United Kingdom the principle of grants in lieu of taxes is a meaningful one and that this same principle is clearly enunciated in the legislation of both countries.

CHAPTER 2.

AN HISTORICAL REVIEW OF THE EVENTS LEADING UP TO THE ESTABLISHMENT OF THE MUNICIPAL GRANTS ACT

Many Canadians are aware of the importance of the B.N.A. Act not just for historical purposes but also for everyday matters as is demonstrated frequently. Although there has been much discussion and debate as to its importance, most legislators and even ordinary citizens are keenly aware of the effectiveness of many of the sections of the B.N.A. Act. It is with one of these sections that we are particularly concerned (i.e. Section 125). This section states in no uncertain terms that one taxing authority, such as the municipal or provincial government, cannot tax another sovereign government, the federal government, in matters of real property.

Since municipalities receive their charters from provincial governments, the by-laws of municipalities have the same effect as if enacted by the provinces. Furthermore, the municipalities have the right to tax individuals on any real property that they might own within the geographical boundaries of the municipality. The same is not true, however, with regard to Crown lands or federal government property, according to Section 125 of the B.N.A. Act.

Realizing that because of the provision in the federal constitution municipalities were losing vital revenues, the federal Parliament decided to look into the matter more closely.

One of the first Parliamentarians to bring the important subject of municipal grants to the House of Commons' attention was Mr. T.L. Church, member of parliament for Broadview and a former mayor of Toronto. Mr. Church was instrumental in seeing that all the municipalities in Canada, which had federal government property within their boundaries got some financial aid from the federal government to compensate them for lost revenues because of section 125 of the B.N.A. Act.

Mr. Church's continual harassment of the government on the subject of municipal grants is well documented if one wishes to refer to the House of Commons Debates for the years 1947, 1948 and 1949.

For instance, on Thursday, June 12, 1947, Mr. Church stood up in the House and referred to the fact that the City of Ottawa had been receiving small grants since 1938, and later in 1945, the City of Ottawa received larger grants by means of a special statute called the Ottawa Agreement Act, 1944.¹

1. Canadian Statutes, 8 George VI, 1944, c. II.

11.

Mr. Church went on further to ask: "What action has been taken to extend the principle in the legislation to other municipalities throughout Canada rendering to the government similar services?"²

Mr. Fournier, member of parliament for Hull, answered, "If and when the government takes action or does anything to extend this principle to other municipalities the house will be informed in due course".³ Again, Mr. Church, on March 24, 1948 pressed the government for action on the subject of municipal grants by asking the Minister of Finance two questions:

1. "What action is the government taking towards granting some form of aid to municipalities (besides Ottawa) for similar municipal services rendered free to federal authority by Canada's municipalities?";

and

2. "What action has been taken since the debate last session on this matter, if any?"

Mr. Abbott's only reply was as follows: "This matter is receiving the active consideration of the government and an announcement will be made in due course."⁴ Although

-
2. Canada, House of Commons, Official Report of Debates, 1947, p. 4071. (Hereinafter referred to as "Canadian Hansard.")
 3. Canadian Hansard, 1947, p. 4071.
 4. Canadian Hansard, 1948, p. 2565.

Mr. Church can be considered the main provocateur in the House of Commons debates, during 1947-50, on matters concerning municipal grants, especially grants in lieu of real property taxes; there were a few other members of parliament who also showed a keen interest in this area.

Mr. Donald Fleming, member of parliament for Eglinton, made a point of reference to grants in lieu of taxes when on October 31, 1949 he discussed the National Housing Act. Mr. Fleming phrased the problem, as he saw it, as follows:

"We know the British North America Act has the effect of exempting properties owned by the crown in the right of the dominion from either provincial or municipal taxation. But this does not prevent contributions by the federal government or its agencies, equivalent to what the taxes on those properties would be.

Here is a problem from which there is no escape. These municipalities cannot see more and more of their land falling under dominion ownership, or ownership of dominion agencies, without feeling the effect of this cramping of their limited tax base. If the government is going to meet it in the way they used to tell us they were permitting Wartime Housing Limited to make very limited contributions in lieu of taxes--contributions that very often were not half or even a third of the taxes the same property would have borne had it been in private hands." 5

5. Canadian Hansard, 1949, p. 1301.

Two days later, Mr. A. Earl Catherwood, member of parliament for Haldimand, pressed the prime minister, the Right Honourable Louis St. Laurent, for a statement on the subject of "Grants in Lieu of Taxes." Mr. St. Laurent replied that a statement would be made before the end of the session.⁶

Finally, on November 14, 1949, Mr. Abbott made a lengthy statement to the house on the subject of federal grants in lieu of municipal taxes. In this statement Mr. Abbott said, among other things, the following:

"For some considerable time the government has had under review its policy in respect of the tax-exempt status of its real property in various municipalities throughout Canada. The present situation, which reflects the exemption from municipal taxation granted to crown property under the British North America Act, has given rise to increasing complaints as the number and variety of federal properties have multiplied during the past few years. These complaints have been embodied in representations from such bodies as the Canadian federation of mayors and the Ontario association of mayors and reeves, as well as from individual municipalities.

"The government, aware of the problems faced by some municipalities in financing continuing growth and expanding services, has studied these complaints with sympathy and with the utmost care. Every effort has been made to gather together the relevant data and to

6. Ibid., p. 1370.

examine these data in the light of conditions and needs in our own country and the experience of other countries.

"One of the first steps in this study was to make a preliminary survey of all federal government property in Canada. This survey took a great deal of time to complete, but it was absolutely necessary to arrive at an appreciation of the nature and magnitude of the problem."⁷

The survey Mr. Abbott is referring to, in the above statement, is the one carried out by the Dominion Bureau of Statistics' Public Finance Division at the beginning of 1947. As it turned out, the purpose of the survey or study was to determine the "average" concentration of federal property in Canadian municipalities.⁸

The statistical compilations resulting from the survey are contained in two separate volumes known simply as Book 1 and Book 2. Book 1 contains various summaries of the information reported in questionnaires received from government departments and other agencies of the Crown, including analyses by provinces and by municipalities in which properties are located. Book 2 contains a further analysis of the municipal totals according to "Types" of property,

7. Ibid., p. 1703.

8. Information obtained from Department of Finance's documents.

sub-divided between those included in the general formula recommended for establishing the proposed municipal tax grants--Class A; and residual types of property--Class B. Each book contains an index of its content for convenient reference. More shall be explained about these "statistical compilations" in Chapter Four.⁹

Mr. Abbott continued, in his November 14, 1949 address to the House of Commons, to show that other countries in the world had similar problems to Canada in trying to provide relief to municipalities because of the tax exemption granted on property owned by the central government. No other country's experience, however, could provide the exact solution for Canada.

"A solution suitable to a closely-knit unitary state, such as the United Kingdom, cannot be applied to a federal state, such as Canada, where governmental powers are divided and where the municipality is a creature of a provincial rather than a central government. The only two countries where the central government was found to pay full rates on all its properties were the United Kingdom and Eire, both unitary states where the local governments are subordinate to and integrated with the central government and where financial and administrative relationships are more a question of financial accounting than separate fiscal responsibility."¹⁰

9. Information obtained from Department of Finance's documents.

10. Canadian Hansard, 1949, 2nd Session, pp. 1703-1704.

Mr. Abbott continued to say that the government (at the time) had decided that the constitutional exemption of federal property from municipal taxation must be maintained. He also mentioned that "any federal program of this sort should recognize that the presence of federal property within a municipality brings certain definite benefits to the municipality. These benefits included not only the increase in local incomes and business activity resulting from the presence of federal employees who work and live within the municipality, but also the greater degree of stability given to municipal revenues by the fact that a good proportion of municipal taxpayers are in the employ of the federal government."¹¹

Although what Mr. Abbott says in the above paragraph might be obvious in large cities with fairly large amounts of federal government property within their municipal boundaries (e.g. Montreal or Toronto); the same is definitely not true of small cities with very small amounts of federally-owned property. Mr. Abbott's statement seems even less obvious in medium-sized cities with small amounts of federally-owned property. The author feels that Mr. Abbott did not make it sufficiently clear to what extent most cities in Canada do, in fact, benefit by the

11. Ibid., p. 1704

presence of federally owned property. At some point in the later chapters, this issue of the "benefits" of having federal property in the municipality will be discussed from the viewpoint of the municipality.

In all fairness to Mr. Abbott, however, it must be noted that he partially redeems himself, but only partially when he declared: "It has been argued by some that the benefits resulting to a municipality from the presence of federal property within the municipality are more than sufficient to compensate for any added cost of municipal services which might be occasioned by the presence of this added property. I think this contention carries the benefit theory¹² too far...."

At a later stage in the debate, Mr. Abbott does point to the special cases where

"it clearly cannot be said that the benefits derived by a municipality from the presence of federal property within its limits are more than sufficient to compensate for the added costs resulting therefrom. This special type of case is where there is an abnormally large concentration of federal property within a municipality. (Underlining by the author.) The studies which have been made have convinced the government that where federal property is heavily concentrated

12. Supra, see above footnote.

a problem is created for the municipality because our present municipal tax systems are not designed in such a way that they obtain for the municipal corporation as such all the benefits which accrue to the municipality at large from the presence of federal property."¹³

Mr. Abbott continued his statement to the house by emphasising that the survey team worked out a test of what may be considered "abnormal concentration of federal property" in a municipality. The proposed test being: "that anything in excess of the national average of all federal property to total municipal assessments in all municipalities in Canada shall be considered abnormal concentration. The preliminary figures we have obtained as a result of the survey (mentioned earlier) indicate that this national average is somewhere between four per cent and five per cent. For the purposes of the solution we are proposing, it has been decided to use the lower figure of four per cent...."¹⁴

It is very interesting to note that both, officials in the Department of Finance, and in the Dominion Bureau of Statistics, at a later date, felt that the figure of four per cent did not represent the average concentration of "Federal Property". The proof that the average concentration of four per cent was unrepresentative being established by the following:

13. Canadian Hansard, 1949, 2nd Session, pp. 1704-05

14. Ibid., p. 1705.

out of 4,000 municipalities (700 with Class A property), only about 40 were eligible for grants. Thus, 40 municipalities were above "average" or put the other way 3960 were below
15
"average".

The formula for the grant proposed by Mr. Abbott was explained as follows: "a grant equal to 75 per cent of the sum determined by taking that percentage of the general tax levy for municipal and school purposes...but excluding business taxes...which is equal to the percentage which total federal property assessments bear to total taxable assessments
16
in the municipality, less four per cent.

The 75 per cent figure was used in order to recognize that benefits accrue to the municipality from the presence of federal property, as well as, to acknowledge the fact that there is always a proportion of property (other than federal property) which is granted exemption from municipal tax.

Also at the time of the general statement on Crown properties Mr. Abbott clearly enunciated that with respect to crown corporations: "the policy of the government will be to authorize its crown corporations to work out fair and

15. Information obtained from departmental files in the Department of Finance.

16. Canadian Hansard, 1949, 2nd Session, p. 1705.

equitable agreements with the municipalities in which their properties are situated."¹⁷ In other words crown corporations were to be treated separately and not as part of the general municipal grants system. Also, "in the case of residential housing property owned or managed by the Central Mortgage and Housing Corporation, there are already agreements with municipalities providing for payments in lieu of taxes"¹⁸. Mr. Abbott also mentioned that special agreements had been made with Canadian National Railways on the subject of grants in lieu of property taxes.

At this point it might be useful to take note of the fact that the question of municipal grants led to a great deal of discussion in the House of Commons, even before the Act of 1951 had its first reading.

In answer to a question raised by Mr. H.O. White of Middlesex East, Mr. Abbott firmly stated: "The grants will not be based upon assessments made by local assessors. As I indicated in my statement, (which we have reviewed in detail above) the grants will be made on the basis of assessments,

17. Ibid., p. 1706.

18. Ibid., p. 1706.

which the government itself determines, as is done in all
 other countries that follow practices of this kind."¹⁹ On
 December 10, 1949, Mr. Cruickshank asked Mr. Abbott, "Will
 other municipalities receive the same consideration as Ottawa?"
 To which the reply of Mr. Abbott was, "The basis upon which
 grants will be made to Ottawa will be the same as that on
 which grants will be made to other municipalities. They will
 be based upon the same formula".²⁰

Many representations were made to the Minister of
 Finance by various associations protesting the unfairness of
 the municipal grants formula as outlined by Mr. Abbott. Also,²¹
 much pressure was applied in the House by opposition members.

19. Ibid., p. 2836.

20. Ibid., p. 3130.

21. For examples, see Canadian Hansard, 1950, pp. 37, 107,
 4430 and 4431.

CHAPTER 3

THE MUNICIPAL GRANTS ACT, 1951 AND THE AMENDMENTS OF 1955 AND 1957.

On June 4, 1951, the Hon. Douglas Abbott, Minister of Finance moved that the House of Commons go into committee at the next sitting to consider the following resolution:

"That it is expedient to bring in a measure to provide that the Minister of Finance may, out of moneys provided by parliament, make certain grants to municipalities in respect of federal property situated therein."¹

On June 18, 1951 Mr. Abbott moved that the house go into committee to consider the above-mentioned resolution. Mssrs. Fleming and Greenwood asked the Minister of Finance for a fuller statement of the proposed bill. Mr. Abbott replied simply by stating that "This bill puts into statutory form the provisions of order in council P.C. 741 of February 17, 1950, which authorizes grants to municipalities in lieu of taxes² on federal properties under certain circumstances."

The grants authorized by the proposed bill related to federal properties considered "necessary for the functioning

1. Canadian Hansard, 1951, 1st session, p. 3671.

2. Ibid., p. 4216.

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1. Canadian Hansard, 1951, 1st session, p. 3671.

2. Ibid., p. 4216.

of government" but excluded properties administered by crown corporations, commissions, boards or agencies established to perform special functions, such as the national railways, the national harbours board, Canadian Broadcasting Corporation and the like."³

Mr. Abbott also explained that the grants were to be of three kinds: "ordinary grants in lieu of general and school taxes; grants which provide a measure of relief to municipalities for loss of revenue in cases where taxable property has been acquired by the federal government and thus converted into tax-free property; and grants in lieu of special assessments for local improvements."⁴

Mr. D. Fleming, an opposition member, praised the government for having introduced the bill, by the following statement: "the idea of having a statute to deal with this matter, instead of leaving it, as has been the case, hitherto, to be disposed of by order in council with a grant of money in the estimates, seems to me to be eminently sound and desirable."⁵ Mr. Fleming, however, continues to point out that he thinks

3. Ibid., p. 4217.

4. Ibid., p. 4217.

5. Ibid., p. 4219.

that the 4 per cent national average is an unfair figure on which to base the formula. (As has already been suggested by the author in an earlier chapter.)

Another member, Mr. Angus MacInnis, of Vancouver East suggested, before the bill was introduced, that there was "only one fair way by which the federal government can pay money in lieu of taxation on federal property. That is this property should be assessed the same as other property in the municipality, and the dominion government should pay its fair share of the taxes.⁶

The author has purposedly given a sample of some of the discussion on the resolution introducing Bill No. 390 so as to give a fuller picture of the various problems that individual members of the house preconceived.

On June 18, 1951, the resolution was passed and Mr. Abbott introduced Bill No. 390, respecting grants to municipalities. Also the bill received first reading on this day.

On June 20th Mr. Abbott moved for the second reading of the bill. With this motion, there started the customary debate on the second reading of a bill.

Before continuing with the debate on the bill, it

6. Ibid., p. 4221.

may be advantageous to point out that the Municipal Grants
⁷
Act, 1951, has eight major sections. The first section deals
 with the title (i.e. the short form of the title). The second
 and third sections are entitled "Interpretation" and define
 what are the meanings of such words as "accepted value",
 "assessed value", "federal property", "Class A", and "Class
 B" property. Sections 4, 5, 6, 7, and 8 are concerned with
 the methods of applying for, and the administration of, the
 grants. Section 6 for instance makes the allotting of funds
 to municipalities or grants in lieu of taxes, retroactive to
⁸
 December 31st, 1948.

Mr. Donald Fleming, on second reading of the bill,
 voiced his disapproval of the bill because he felt that the
 government had narrowed down, too drastically, the provisions
 of what constituted federal property (i.e. in terms of
⁹
 receiving grants in lieu of taxes).

When challenged on the wording of the bill, which
 reads as follows: "the Minister may, in his discretion, out

7. For the convenience of the reader there is a copy of the
 amended Act, (i.e. an "Office Consolidation") in the Appendix.
 This "Office Consolidation" will enable the reader to follow
 the ensuing debate in the House of Commons during the
 passage of Bill No. 390.

8. Canadian Statutes, 15 George VI, c. 54.

9. Canadian Hansard, 1951, p. 4356.

of moneys provided by Parliament, make a grant to the municipality in respect of federal property situated therein...."¹⁰ by Mr. Fleming; the Minister of Finance gave a firm reply. Mr. Abbott stated, "It has always been perfectly clear that these are ex gratia payments and not payments as of right".¹¹ And, it is worthy of note to observe that this provision of ministerial discretion, provided by the B.N.A. Act, could not be removed by the amendments of 1955 and 1957.¹²

Mr. Fleming continued to criticize the bill for not providing nearly enough funds for improving municipal services to federal government property. He used Ottawa as an example. In response, the two sitting members for Ottawa West and Ottawa East, Mr. McIlraith and Mr. J.T. Richard, respectively, both praised the government's efforts with regard to giving grants in lieu of property taxes to the City of Ottawa.¹³

Mr. J.W. Noseworthy, member for York South, took a very strong stand on the importance of municipalities and their services to the community. Furthermore, he emphasized the fact

10. Canadian Statutes, 15 George VI, c. 54, section 4, subsection I.

11. Canadian Hansard, 1951, p.4357.

12. See "Office Consolidation" of the Municipal Grants Act in the Appendix.

13. Canadian Hansard, 1951, pp.4357-4359.

that Ottawa is not the only municipality of concern and that there were many other municipalities that deserved close examination.

"The tendency here seems to be to underestimate the importance of municipal government. Any services that a municipal government can render to a community should be rendered by the municipality because that government is closest to the people. The further removed any government is from the people, the less efficient that government is likely to be. In a democratic system we must not take any measures that will remove from the municipalities the responsibilities for those phases of government which they can render best."¹⁴

Mr. Noseworthy went on to argue that he saw no good reason why the federal government did not receive exactly the same treatment with regard to real property taxes, as would any other property taxpayer. He felt that the matter of assessment on federal property should not be in the hands of the federal government, for, in his opinion, it was a municipal government matter. Mr. Noseworthy argued,

"There is an increasing demand that all such (federal and industrial) properties should bear their fair share of municipal taxation. I think it would be difficult for anyone to give good, sound, logical reasons why the citizens of any particular municipality should be called upon to support a federal government office or building which serves not only the municipality but, in some cases, the country, in other cases the province and in still

14. Ibid., p. 4360.

other cases the surrounding countryside."

It is very interesting to note the attitudes of some members of the house with regard to the generosity of the government. Before the 1951 passing of the bill dealing with federal grants in lieu of real property taxes, many individual members of the House of Commons, representing their constituencies seemed to adopt the philosophy that whatever assistance the federal government made to the municipalities within their constituencies, they were grateful for the assistance regardless of the pittance it sometimes was. How times have changed!! After 1951, members were not so easily pleased with the grants to municipalities that the federal government was making. To illustrate the old philosophy of being grateful for what little one receives in terms of municipal grants one has only to follow Hansard's account of the debate between Mr. D. Fleming and Mr. J.H. Dickey. Mr. Dickey, the member from Halifax, vividly illustrated the old "generosity" philosophy when he said, "We in Halifax thought that when the federal government a couple of years ago announced the policy of paying special grants in lieu of taxation, a great step forward had been taken. We feel, in

15. Ibid., p. 4361.

addition, that their action in bringing in this legislation and incorporating this principle in a bill to become the law of the country is a further step forward."¹⁶

Mr. George A. Drew, Leader of the Opposition, expressed his disappointment with the bill by stating, "If a principle is a principle at all and not just something pulled out of a grab bag, then it is something that will apply to every municipality where operations or undertakings of the same kind, carried on by the dominion government, are carried on for the benefit of the people in those communities and for the benefit of the people of Canada generally."¹⁷

Mr. Drew goes one step further in his argument about what principles, if any, are embodied in the legislation which will make the legislation more easily understood. He gives his own version of what the principle behind the bill should be, by expounding his own political philosophy:

"I believe in free enterprise, I believe in free enterprise being protected against specially-subsidized government operations in the same field. In many of these cases governments are getting into operations where they compete with organizations which, as ordinary corporations, must pay taxes. I am satisfied that it is in the interests of good

16. Ibid., p. 4363.

17. Ibid., p. 4368.

government and of efficiency of operation to have those organizations pay taxes which put them on the same competitive level as any other organization in the same field." 18

Surprisingly, Mr. Drew's criticism of the bill not having a clear principle behind it, received support from some of the government members sitting in the House of Commons, including David A. Croll of Spadina. Mr. Croll clearly said, "I have not been able to find a principle in the bill, although I have tried. I thought that after the hon. member for Fraser Valley (Mr. Cruickshank) had spoken I would understand the bill thoroughly and that he would explain it clearly. But he got off onto some baby food, and I did not get much information from him".¹⁹

It should also be noted that Mr. Stanley Knowles, the member from Winnipeg North Centre, agreed with some of the government members on this bill, as well as with some opposition members. Mr. Knowles stated,

"Mr. Speaker, for just a few minutes I should like to speak in support of the position taken on Monday by the hon. member for Vancouver East (Mr. MacInnis) and the position taken in the house today by a number of hon. members on the government side, particularly the

18. Ibid., p. 4368.

19. Ibid., p. 4370.

hon. member for Spadina (Mr. Croll). It seems to me that just as the federal government expects the people of Canada to pay their taxes, the federal government should come clean on this matter and pay grants equal to what would be the municipal taxes on government-owned property." 20

Mr. Knowles made a very salient point in referring to the speed with which the government was trying to pass the bill:

"Quite frankly, I feel that this legislation should not be proceeded with at this time; in fact I am rather startled that the government should ask that this bill be dealt with this session, particularly in view of the desire to get the urgent business through. I wonder why a contentious measure of this kind should be brought forward particularly when on the basis of the order in council and an item in the estimates the various cities that have been getting these payments could continue to get them and in the meantime this matter could be given further study. I suggest in all seriousness that the minister should discuss with some of his colleagues the advisability of having one of them move the adjournment of this debate, and let this matter stand over until the fall session for further consideration, which I would hope might result in a fair deal for all our municipalities." 21

Even though Mr. Knowles' statement got support from such members as Solon Low (Peace River) and J.O. Gour with respect to the time limit, the debate on the bill lasted only until June 20, 1951 at which time it received third reading and was sent to the Senate for approval. The individual

20. Ibid., p. 4373.

21. Ibid., p. 4374.

sections of the bill were discussed briefly; the main speakers being Messrs. Fleming, Knowles, Graydon and, of course, Abbott.²²

Let us now turn our attention to the amendment of 1955.

If one wishes to see exactly how this amendment affected the original Act, the marginal notes in the "Office Consolitation" of the Municipal Grants Act should be consulted (i.e. in the "Appendix" to the thesis). On March 14, 1955, Mr. Walter E. Harris, Minister of Finance, "... moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to extend the benefits of the Municipal Grants Act to provide for certain changes in connection with the administration of the act."

This motion was agreed to by the members of the house.²³

On March 17, 1955, the above motion was agreed to and the house went into committee.²⁴ Mr. Harris was the first speaker; and he recalled the purpose for which the Municipal Grants Act, 1951 was established. "Hon. members will recall that the Municipal Grants Act providing for grants to municipalities in lieu of taxes came into effect on June 30, 1951,

22. Ibid., pp. 4373-4883

23. Canadian Hansard 1955, p.1980

24. Mr. Robinson, member for Simcoe East, was in the chair.

and its predecessor, the municipal grants regulations, on January 1, 1950.

It will be remembered that the act provides for three kinds of grants: ordinary or annual grants in lieu of real property taxes; transitional grants which provide a measure of relief to municipalities for loss of real property tax revenue in cases where taxable property has been acquired by the federal government after December 31, 1948; and grants in lieu of special assessments for local improvements.²⁵ Mr. Harris continues in his statement to say why the "grants formula" must be changed:

"It is now felt that in the light of the experience gained [See author's comments in Chapter Two referring to the inadequacy of the four per cent average.] in the administration of the act, the scope of these grants ought to be broadened so that a larger number of municipalities may qualify for these annual grants. It is proposed to increase this number by reducing the minimum percentage factor from 4 per cent to 2 per cent. The bill will also liberalize the formula in two other ways. The first will increase the payments by relating the grant to the ratio of federal property to taxable property only, instead of the ratio of federal property to taxable and federal property combined. The second will remove the 75 per cent factor. The combined effect will be to calculate the grants at the full real property tax rate.

"These are the most important changes proposed in the bill, and they relate to the annual grants

25. Ibid., p. 2107.

paid under section 5 of the act. [See "Office Consolidation", for the precise wording of the Act, in the Appendix.] Another change will make it clear that ornamental features which add substantially to cost, but not to functional utility, are to be excluded from the assessment base of annual grants." 26

Mr. Harris proposed that Indian reserves be excluded from the definition of federal property. Also, it was suggested that the "...minister may direct that crown property occupied by a taxable tenant shall be included as federal property. This permits the inclusion in the grant base of such properties as married quarters developments, provided the municipality foregoes its right to tax the occupants".²⁷ Mr. Harris also makes a statement on "service deductions" and defines what he means by citing two examples. "Among the others amendments of lesser importance is a provision which makes it clear that a deduction may be made from an annual grant where the crown provides a normal municipal service to taxable property in the municipality. Examples are: Parks provided to the city of Ottawa by the federal district commission and fire protection²⁸ provided to the city of Halifax by the naval fireboat." Mr.

26. Ibid., p. 2107.

27. Ibid., pp. 2107 and 2108.

28. Ibid., p. 2108.

Harris further explained that:

"...the bill amends section 7 by removing a restriction which precluded a local improvement grant if the cost of the improvement had been levied as a special rate on the assessed value of the taxable property in the area of benefit a method which is occasionally used by some municipalities. The bill will also provide statutory authority for the annual grants to municipalities, institute in 1952 pursuant to the rural municipal grants regulations and covered by an item in the estimates. These rural grants may be paid to municipalities containing or adjacent to those containing military stations on which reside federal employees. Payments made under these regulations are based on loss of taxes on lands used for military bases." 29

Many opposition members criticized the government's attempt to increase the benefits to municipalities by the proposed 1955 "Municipal Grants Act Amendment". Mr. Macdonnell pointed out the need for increased municipal revenues to combat unemployment. Similarly, Mr. Solon Low brought the house's attention to the fact that "...today municipal finance is in a critical state...when you come to the municipalities, I do not care in which province you look, almost without exception the municipalities are having a desperate time attempting to obtain sufficient revenues to meet their very important responsibilities".³⁰ Mr. Argue had a similar argument as regards the need for increased municipal revenues, and suggested that the

29. Ibid., p. 2108.

30. Ibid., p. 2110.

Municipal Grants Act was an excellent method of providing increased revenues for the numerous municipalities throughout Canada.

Mr. Murphy, member for Lambton West, wanted the government to take the same attitude towards real property taxes as was the case with crown corporations. "I do not see why the government cannot accept the same principle and apply it to payments on crown property. If it is fair for crown companies to pay on a basis that is fair and equitable, why is it not fair for the government to assume the same responsibility under the same circumstances and pay its share, instead of having a 2 per cent fringe which is going to keep most of the municipalities from getting some small amount which to them may mean a great deal?"³¹

The resolution put forth by Mr. Harris was discussed in detail by many other members of the house, including Mssrs. McIlraith, White, Hahn, Hamilton (N.D.G.), and Pellet. Finally, on March 17, 1955, the motion to introduce Bill No. 258, was made by Mr. Harris, and agreed to by all. Also at this time the bill had its first reading.

On May 12, 1955 Mr. Harris proposed second reading

31. Ibid., p. 2115.

of the bill and the house went into a discussion about the advantages and disadvantages of the legislation. As it turned out, the bill was mostly advantageous; the only "disadvantageous" aspect of it seemed to be that not enough money was being paid out to the municipalities. At six o'clock, the same day, the bill was read the second time and referred to the standing committee on banking and commerce. On its return to the committee of the house Mr. Robinson, the committee chairman in the house stated "...that the bill was considered by the standing committee on banking and commerce and reported without amendment".³² Furthermore, clauses 1 to 8 inclusive were agreed to.

On June 15, 1955, Mr. Harris moved the third reading of Bill No. 258, thus amending the original Municipal Grants Act. The motion was agreed to and the bill was read for the third time and passed. Royal Assent was given the bill on July 11, 1955.

The importance of the 1955 amendment is that it made the Municipal Grants Act a more equitable remedy, in dealing with grants in lieu of real property taxes, than did the original 1951 Act. The very fact that the grants formula

32. Ibid., p. 4796.

itself was changed, both quantitatively and qualitatively, made the amendment a great improvement over the initial Act. With the rise in the number of municipalities receiving grants, largely as a result of the 1955 amendment, there was a corresponding increase in the demands for an organized branch of the government to deal exclusively with municipal grants in lieu of taxes. Let us turn our attention now to the 1957 amendment to the Municipal Grants Act. It was known as Bill No. 158.

On January 28, 1957, the Minister of Finance, Mr. Walter Harris, moved that the house go into committee at the next sitting to "...extend the benefits of the Municipal Grants Act". The motion was agreed to.³³ So, on February 15, 1957, the house went into committee to consider the January 28th resolution.

In his opening statement Mr. Harris said:

"There is no doubt in my mind that while the original grant formula was sound in principle, conditions have been constantly changing and have justified a more comprehensive approach. Much of the argument advanced for the extension of the program has been on the ground of municipal fiscal need, but this is a provincial matter and not the purpose of a bill of this nature. What we are concerned with here is the effect of the location of federal property within

33. Canadian Hansard, 1957, p. 695.

a municipality upon its capacity to perform its proper functions. 34

This statement is a repudiation of some of the remarks levelled at the government at the time of the passage of the 1955 amendment. Mr. Harris made it quite clear that the federal government had no intentions of trying to step into the areas of policy that were clearly the jurisdiction of the provincial governments. He attempted to draw the house's attention to the subject of the federal government's new role in making funds available to municipalities in order to compensate for the taxes the municipalities would otherwise receive if not for section 125 of the B.N.A. Act.

This new role of the federal government, in making municipal grants, was defined as follows:

"Rather than restrict the application of these grants, the government now proposes to remove the 2 per cent floor and pay grants to all municipalities with federal property where the normal municipal services in that municipality are performed on account of the federal property. This means that the federal government will, subject to certain exceptions, pay the equivalent of full municipal taxes, including school taxes, on its land and buildings in municipal areas." 35

34. Ibid., p. 1354.

35. Ibid., p. 1354.

The 1957 amendment recognized the problems concerned with large, self-contained defence establishments:

"It has been found necessary to provide for one further special case where there are special circumstances following from heavy concentration of federal property in one municipality. This is a saving clause. Under this provision adjustments in the grants may be provided where the normal application of the act might not be appropriate in view of the relationship of other federal agencies to the affairs of the municipality. The best example of this sort of thing that comes to mind is the position of the town of Oromocto in New Brunswick at the present time. This is a planned project connected with Camp Gagetown, where special arrangements have been entered into with the province of New Brunswick for its management and development." 36

In addition to the major changes stated above; there is another slight variation from the 1955 amended Act, which "...will allow payments on buildings owned and occupied by the crown where located on land leased from tax-exempt owners." 37

Mr. Macdonnel was Mr. Harris' and the government's chief critic on the 1957 Municipal Grants Act Amendment. Mr. Macdonnel repeatedly told the house that the bill did not go far enough; but curiously enough Mr. Macdonnel, himself, did not, in concrete terms, even outline what might be a suitable formula for all municipalities with federal property in their

36. Ibid., pp. 1354-1355.

37. Ibid., p. 1355.

boundaries, which would go far enough. Other critics of the legislation were Messrs. Winch, Holowach, and Mr. White. Others lauded the Minister of Finance's resolution. e.g. Messrs. Hollingworth and Starr.³⁸

On February 21, 1957, Mr. Harris introduced Bill No. 158 and it received first reading. With little discussion on first reading the bill was read a second time on the 22nd of February, 1957, and referred to the standing committee on Banking and Commerce. On March 6, 1957 the house went into committee, with Mr. Robinson as chairman, to discuss Bill No. 158.

At the time of the committee, there were a number of speakers voicing their various objections to the proposed legislation. Clause I dealing with the "effective rate" (explained in Chapter Six) was a contentious issue in the debate; but it seems that most members knew what was meant by the term "effective rate" as set out in the Act.

After a number of questions, with specific reference to certain municipalities, had been partially answered by the government side, sections 2 to 9 (inclusive) of the Amended

38. Ibid., pp.1353-1355; pp. 1494-96; pp. 1509-35.

Act was agreed to and Bill No. 158 was read a third time and³⁹ passed. The bill was given Royal Assent on March 28, 1957.

The effect of the amendments to the 1951 Act was to make a more equitable treatment of federal grants to municipalities in lieu of real property taxes. The original Act only recognized the need of financial assistance to municipalities which had heavy concentrations of federal property within its boundaries. The amendments succeeded in establishing a fair and workable formula for the federal authorities to administer to all municipalities, which contained federally-owned property.

This chapter, along with the two preceding chapters, completes the historical treatment of federal grants in lieu of real property taxes, in Canada.

39. Canadian Hansard, 1958, p. 1948.

CHAPTER 4

WHAT PROPERTY IS SUBJECT TO GRANTS?

Although it may seem a curious way of heading a chapter—by asking a question, in the present case, it may be justified on two counts: partially because of the question's haunting recurrence in the Parliamentary Debates and also because of its innate importance to the meaning of the Act itself.

With reference to federal grants to municipalities in lieu of real property taxes, the answer to the question, generally speaking, would be as follows: Crown property in the right of Canada administered by federal government departments, or just simply all federal property, with perhaps a few exceptions which are stated later in the thesis, but mostly in this chapter.

If we answer the question, posed by the title of this chapter, by "federal property", let us examine the Act's definition of what is meant by "federal property". Section 2(c) of the Act (i.e. "Office Consolidation.") defines "federal property" as "real property owned by Her Majesty in right of Canada and any building owned and occupied by Her Majesty situated on land that is owned by a person other than Her Majesty and that is not taxable property, but does not, except

as provided in this paragraph and in subsection (3) of section 7 include

- (i) real property forming part of an undertaking in respect of the conservation, irrigation, reclamation, rehabilitation or reforestation of land,
- (ii) a park, historical site, monument, museum, public library, art gallery or Indian reserve,
- (iii) an improvement to land or structure that is not a building designed for the shelter of people, plant or movable property,
- (iv) an improvement to land or structure forming part of any defence establishment that, in the opinion of the Minister, is a self-contained defence establishment,
- (v) real property under the control, management or administration of the National Railways as defined in the Canadian National-Pacific Act, or a corporation, company, commission, board, or agency established to perform a function or duty on behalf of the Government of Canada,
- (vi) except when otherwise prescribed by the Minister, real property owned by Her Majesty and leased to or occupied by a person from whom, by reason of his interest in or occupation of that real property, a municipal taxing authority may collect real estate tax, or

(viii) the building known as the Houses of Parliament, including the Peace Tower and the Parliamentary Library, etc...."¹

The author has purposely quoted the whole section of the act dealing with "federal property" for the Act specifies what is not included in the exact meaning of these two words, as well as what is included. Also Section 7 (3) of the Act must be taken into consideration. Hence, the sections of the Act referred to above are the most complete answer to the question raised in the title.

Although the federal government came up with a fairly precise definition of what it considered to be "federal property", it did not have an accurate measure of that "federal property". Hence, as a joint-venture, the Department of Finance and the Dominion Bureau of Statistics made a survey of government-owned property under the auspices of the "Inter-departmental Committee of Inquiry on Payments for Municipal Taxes and Services." The actual statistical compilations were assembled by the Public Finance Division of the Dominion Bureau of Statistics.²

It is important to recognize the fact that not only government departments were asked to make an inventory of the property they administered, but also crown corporations, government boards, and commissions, were asked to make a

1. See "Office Consolidation" of the Act in the Appendix.

2. Information obtained from Department of Finance's documents and files.

complete inventory of government-owned property they, in turn, administered. The federal government's approach to the survey was fairly sound. It issued a questionnaire and an accompanying memorandum outlining a specific procedure so that properties could be properly classified according to the nature and use being made of them. If an individual body, be it a corporation or a department, did not fully understand the details of the survey, inquiries were directed to a senior officer of the Department of Finance who was attached³ to the Department of Public Works.

The survey covered properties owned by the Crown at January 1, 1947, or acquired from that date until the survey was completed on June 15, 1949.

Reports made by departments were submitted in the first instance to the Treasury Board. From there, they were transmitted to the Public Finance Division of the Bureau. Conversely, points requiring clarification, having discrepancies, and other matters relating to incompleteness of information and delinquencies, were referred to Treasury Board for inquiry. The Public Finance Division of the Dominion Bureau of Statistics was concerned only with the receipt and

3. Idem.

custody of departmental reports and the compilation of information; therefrom, each report was scrutinized for completeness and consistency of data, not to mention a close check for mathematical accuracy.⁴

A total of 9,000 reports (approx.) were dealt with in the survey. In order that statistical summaries could be compiled, four principal steps, prior to the addition and summarization of data, were found necessary:

1. Sort by departments and principal branches, Crown corporations, other agencies, etc.
2. A re-sort by municipalities.
3. Sort of reports for each municipality by five special categories.
4. A re-sort of reports for each municipality according to detail "type" classification for Class "A" and Class "B" properties.⁵

Aside from the more or less detailed reports, a number of written submissions were also received. These were mainly from Crown companies and other agencies of a commercial or semi-commercial nature, such as the Canadian Government Railways, which, because of the number of properties and practical difficulties involved, did not submit reports of individual properties under their control or administration.

4. Idem.

5. Idem.

These written submissions also dealt with existing policy of the respective agencies in the matter of municipal taxes or "in gratia" payments being made.

The memorandum accompanying the questionnaire, which was distributed to all departments and agencies, was very explicit in its instructions to the users of the questionnaire. One of the most important sections of the memorandum dealt with the "general principles" that "should be observed" in answering the questions, i.e. the following:

1. "Properties administered by the Department of Public Works should not be reported by other Departments as the information in all such cases will be supplied by the Department of Public Works.
2. Property belonging to the Government of Canada includes properties vested in a commission, statutory corporation or other body as an agent of the Crown. However, the reports of government departments should not include properties owned by the special classes of government agencies, Crown Companies, etc., which are listed in Schedule "A".⁷ The authorities are being asked directly for this information. The properties of all other special boards or commissions not included in Schedule "A" attached, should, however, be reported on the attached questionnaire forms, through departmental offices.

6. Idem.

7. See Schedule "A" in the Appendix.

3. Foreign Legations in Canada should be reported by the Department of Public Works if the information is known or can be obtained, and clearly identified as such.
4. Canadian Embassies, Legations, and other Government offices established abroad, the properties of which are owned by the Canadian Government should be reported on the same basis as other property. However, do not include rental or leased premises used for these offices.
5. Land and/or buildings expropriated by the Crown, but which are leased to or occupied by private tenants should be reported and identified accordingly. Report similarly unimproved land and vacant properties not being used. Exceptions to this rule are properties held by Central Mortgage and Housing Corporation, Wartime Housing Limited and under the Veterans Land Act, which properties should not be reported in this survey.
6. Do not report properties in the North West Territories, National Parks or Indian Reserves. Properties in Yukon should be reported.
7. Do not report properties which have been declared surplus and turned over to War Assets Corporation. Such properties should be reported by War Assets Corporation.⁸

There is one further item regarding the term "property", which is similar to the definition already presented at the beginning of this chapter, hence, it would be

8. Information obtained from Department of Finance's documents and files.

unnecessary repetition to reproduce it here.

The statistical compilations produced by the Public Finance Division of the Dominion Bureau of Statistics (hereinafter referred to as D.B.S.) from the above-mentioned questionnaires and reports show a variety of data ranging from assessed valuation on land and buildings for all departments to local improvements up until 1947. The statistics which were used in the survey were compiled in two books known simply as Book I and Book 2.⁹

In Book I, Table 5, there was a very important footnote attached to each page with reference to all government land (item 2 in the table) which reads as follows: "Represents charges for special services which do not constitute part of and are not included in general Tax Rate (Line 6) such as: Fire Protection, Garbage Removal, Street Maintenance, etc."¹⁰ Incidentally, Line 6 of the above-mentioned table reads "General Municipal and School", under the general heading of Tax Charges¹¹ (Estimated).

9. A reference to these statistical compilations was made in Chapter Two. Also, the contents of these two books, i.e. I and 2, were described briefly.

10. Book I, Statistical Compilations, from departmental files in the Department of Finance.

11. Idem.

Book 2, of the "Statistical Compilations", shows the total assessed values for each municipality in each province. Also there is the division between Type A and Type B property, which has been explained in an earlier chapter. Also, see the original Act of 1951 for a more complete explanation.

It was from these statistical compilations, in part, that the "average" concentration of 4% was based. This figure, as we saw in chapter two, was a most unfortunate one for the government to defend. In fact, the 4% figure did not represent the "average" concentration of federal property. Some of the reasons why this figure was wrong were given by a number of officials in the public service a few years after the Municipal Grants Act, 1951 came into force. "Firstly no recognition was given to the fact that there are many different kinds of averages and that these averages may give widely different results."¹² Citing an example the critics of the 4% "average" come up with the following:

1. Arithmetic mean weighted by size	4.6
2. Arithmetic mean giving equal weights	3.8
3. Median	2.0
4. Geometric Mean	1.8
5. Mode	1.0

"The average used in the study was the first one, the arithmetic mean weighted by size. For data of the type under study, this average will always give a higher result than any of the other four averages. Even assuming the arithmetic mean weighted by size to be the proper type of average, there were additional errors in the derivation of

12. Information obtained from Department of Finance's documents.

the average. Under the provisions of the Municipal Grants legislation we may pay grants only on Class A Federal Property. Only Class A property should have been included in arriving at the "average" in the study." ¹³

The critics went on in detail to prove that the average should have been 2%. Furthermore, they stated that "a proper 'average' would be one which about half of the municipalities with Class A government property would exceed i.e. one half the municipalities would be above average and one half below." ¹⁴ Thus, for the 700 municipalities with Class A government property, a proper average would permit 350 to qualify". Also, the critics pointed out, "that to permit 350 municipalities to qualify, the percentage would have to be lowered from 4% to somewhere in the vicinity of 1%." ¹⁵

"From an administrative viewpoint, however, there is much to be said for a gradual lowering of the average required in the Act. We would like to suggest 4% to be lowered to 2%." ¹⁶ It would seem that the public servants

13. Idem.

14. See table entitled "Government-Owned Property Survey" in the Appendix.

15. Information obtained from Department of Finance's Documents.

16. Idem.

quoted above were listened to, for the 1955 amendment of the Act changed the figure from four to two percent.

Now turn to the question, "What is a grant?", or, even better, "What is an unconditional grant?". The answer is apparent that an unconditional grant is a gift. For all intents and purposes, the federal grants to municipalities in lieu of taxes are unconditional grants. The only condition being that the municipality must apply for a grant, fulfilling the legal provision as set out in the Act.¹⁷ Generally speaking, grants are made on all federal property equal in amount to the tax that a municipality would collect, if the federal property were taxable property.

The Municipal Grants Act, as amended, states: "A grant may, pursuant to this section, be made to a municipality in respect of any federal property in the municipality, not exceeding the amount obtained by applying

- (a) the effective rate of the real estate tax levied in the municipality in the appropriate tax year, to
- (b) the accepted value of that federal property."¹⁸

Under the Act, grants may also "be made to a

17. Canadian Statutes, 15 George VI, c. 54, section 4, subsection I.

18. "Office Consolidation" of Municipal Grants Act, section 5, subsection I.

municipality in respect of any real property in the municipality (other than federal property) referred to in subparagraph (ii), (iii) or (iv) of paragraph (c) of section 2 that was acquired by Her Majesty in right of Canada after 1953 and that was immediately prior to such acquisition taxable¹⁹ property."

Also another type of grant, which came under section 7 of the Act, "may be made to a municipality not exceeding the unpaid principal amount of that part of the cost of a local improvement that has been specially assessed against federal property and has become due and payable after the²⁰ 31st day of December, 1942." With regard to this section (7) there is one important exception which is stated in subsection (2) as follows: "No grant shall be made under subsection (1) in respect of any part of the cost of a local improvement that the municipality has received from any person or may recover from any person as a special assess-²¹ment."

Therefore, it can be said that there are three main

19. See "Office Consolidation" of the Municipal Grants Act, section 6, subsection 1.

20. Ibid., section 7, subsection 1.

21. Ibid., section 7, subsection 2.

types of grants under the Act. These are grants made under the authority of sections 5, 6 and 7 of the amended Municipal Grants Act.

Once again look back to the question raised by the title of this chapter and then to the answer which followed. The answer to the question, "What property is subject to grants?", was "all federal property administered by government departments not including Crown corporations". The one major exception to the answer of "all federal property", other than Crown corporations, is large military establishments.

In the cases of the large military establishments, the housing is owned by the Department of National Defence, on Crown property. Also, the education of the children of federal employees is provided by the Department itself. All sewage and other public services is usually looked after by the Department itself. Hence, the municipality provides few, if any, services to the military establishments. Therefore, the municipality in the area of the establishment does not qualify for a substantial grant.

There are cases, however, where the Department of National Defence has built both military and civilian housing in the area of municipal boundaries, and those housing units

have received substantial municipal services. One such case was the agreement in 1953 between the Department of National Defence and the Town of St. Foy, Quebec.²² Under the terms of the agreement, the Town of St. Foy was to provide "fire and police protection, street lighting, maintenance of water and sewer systems, maintenance of streets, sidewalks and boulevards....", to the 200 housing units owned by Her Majesty in right of Canada. In return, the Department of National Defence paid the Town of St. Foy an annual payment of \$70 per unit pro-rated on a monthly basis. In addition to this, the Department paid the Town a sum equal to an annual payment of \$15 per unit pro-rated on a monthly basis for the water to be supplied to each housing unit. Hence, the annual cost of municipal services for the 200 housing units to the Department of National Defence (and then later the Department of Finance, under the Municipal Grants legislation)²³ was \$17,000.

22. This was before these cases were handled by the Municipal Grants Division of the Department of Finance.

23. Information obtained from interviews with officials of the Department of National Defence, as well as from documents made available from departmental files within the Department of National Defence.

Aside from the major exception of military establishments to the general principle of making grants in lieu of property taxes on federally-owned property, there is one other minor exception. The minor exception being, the case where the land is owned by the municipality, where the building is owned by the Crown in right of Canada, and²⁴ where the municipality is the occupant of the building. The federal government does not award a grant to the municipi-²⁵pality in the above-mentioned situation.

There is also the situation in which the federal government provides services, which normally the municipality would be expected to provide, to property within the boundaries of the municipalities. In such cases the federal government when awarding a grant in lieu of real property taxes, makes what is known as a "service deduction"; the amount is calculated by estimating what it would cost the municipality to provide the service that the federal govern-

24. Information obtained from interviews with officials in the Department of Finance.

25. There are other minor exceptions such as national parks, historic sites, public libraries, art galleries, or Indian Reserves, which are in municipal boundaries but in these cases the federal government does not make grants.

ment is, in fact, providing.

The federal government, through the Department of Finance, has been most conscientious in trying to administer the Municipal Grants legislation in a fair and equitable manner. It is fair to say, from the author's viewpoint, that the principles outlined in this chapter have been maintained. The normal grants (if there is such a thing, since every situation presents its own characteristics or even problems) are made according to a specified routine. The exceptional grants are also handled by a clear-cut procedure. The decisions, with respect to all grants, seem to meet with the approval of most municipalities.

However, if the municipality feels that it is entitled to more than it is receiving under the legislation, its grievances are carefully weighed in the light of experience, precedence, and, of course, the Act itself. Then, the Municipal Grants Division delivers what it hopes to be a fair and just verdict.

26. A more detailed explanation of "service deductions" will be made in Chapter Six.

CHAPTER 5

BASIS OF VALUATION OF PROPERTY

Before embarking on a somewhat technical explanation of how properties are evaluated, notice should be taken of the fact that most of the information in this chapter has been obtained through conversations with senior assessors at the federal and municipal levels.

Although there are operational manuals to guide the municipal assessors in each province throughout Canada, in making correct assessments, the job of property valuation tends to be very much a function of experience. In other words, it usually takes a period of five years before an assessor learns the many different techniques that his profession requires.

Most municipalities insist that their assessors take formal academic training. All the federal assessors in the Municipal Grants Division of the Department of Finance are licensed assessors who are graduates of the Queen's University Extension Course in property assessment. This is a three year course.

Hence, it is not difficult to see that the business of property valuation is one that requires both training and experience.

At the federal level, the assessors are usually former municipal assessors who have had approximately five to ten years experience assessing property in large metropolitan areas. In addition to these "big city" assessors there is usually one man who is specialized in land assessment and who has spent considerable time in the Western Provinces, and he is usually a graduate in Agricultural Science. The main task of the assessor with the land assessment specialization, is to assess properties in rural municipalities.¹

The assessors employed by the federal government to help administer the Municipal Grants legislation are indirectly responsible for arriving at the "accepted value" as stated in section 2(a) of the Act.² In other words, the federal assessors act on behalf of the Minister of Finance in checking each municipality, to see that all federally-owned property within that municipality is assessed as though it

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1. Information obtained from an interview with a Senior Assessment Officer in the Municipal Grants Division of the Department of Finance.
 2. See "Office Consolidation" of the Municipal Grants Act in the Appendix.

were taxable property. The federal assessor's main task is to verify the municipal assessment of the federal property, which is eligible for a grant under the Municipal Grants legislation. In order to do this, the federal assessor has to make field trips to all the various municipalities, in each of the ten provinces, and examine federal property which, under the Act, is eligible for grants in lieu of taxes. Since the federal assessor has to check the valuation on federal property placed by the municipal assessor, it is not difficult to see why the federal government wants experienced ex-municipal assessors to do the job.

Field trips are not made to every municipality by the federal assessors, but inevitably they are made to all municipalities whose valuation of federal property is high or the amount of the grant is large. Once in the field, if a federal assessment officer considers a valuation to be high, he will try to reach agreement with the local assessor as to a reasonable value. If a difference in opinion persists, the value set must be in accordance with the Department of Finance's decision. If a municipality took strong exception

3. Noting, of course, the several exceptions outlined frequently thus far such as, Crown Corporations and national parks.

to a value the federal assessor, or even better, the Municipal Grants Division placed, it could appeal to the Minister of Finance under section 2(a) of the Act,⁴ but not to the⁵ courts.

In some provinces, like Saskatchewan, all the municipalities in the province are assessed by the staff of the provincial Department of Municipal Affairs. When dealing with municipalities in the Province of Saskatchewan, federal assessors usually settle disputes over property valuation on federally-owned property, by visiting the Saskatchewan Department of Municipal Affairs.⁶

Now, let us turn our attention to the actual methods of arriving at property valuations for assessment purposes. Practically every municipality in every province has its own method of arriving at a proper assessment of real property. Through the various provincial assessment officers' associations, standards of valuation have been established. Also, these standards have been written down in special "manuals of assessment values". Although there are variations

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4. This point has already been referred to in this chapter.
 5. Information obtained from an interview with a Senior Assessing Officer in the Municipal Grants Division of the Department of Finance.
 6. Idem.

from municipality to municipality, in any given province, with regard to the type and quality of structure or land being evaluated, there is always a manual which suggests the correct method of assessment.

When discussing the basis of valuation with regard to municipal assessments the author intends to focus his attention on municipalities within the province of Ontario. All references to municipal assessment methods, imply that the author is dealing with municipalities in Ontario, unless otherwise stated. In 1954, the Department of Municipal Affairs published a guide to all municipal assessors entitled "Manual of Assessment Values". In it was described the various methods of the valuation of property, as well as tables of suggested unit valuations on both land and buildings.⁷ The manual's coverage was fairly comprehensive.

The purpose of the manual is stated at the outset:

"This manual has been prepared for the guidance of assessors when establishing the assessment values of real property with a twofold purpose in view,... (a) that the assessors shall have some data to assist them in ascertaining the assessment rates for the different types of real property, and (b) that the assessment values to be established shall be closely related to the actual value of the property as of a given year."⁸

7. See "Manual of Assessment Values", Department of Municipal Affairs, Province of Ontario, 1954.

8. Ibid., p. I.

The manual carefully defines all the necessary features of a proper assessment procedure. For example, it defines what is meant by "actual value" -- "the amount a willing purchaser will pay a willing seller in the average year chosen from a period of the so called good years and bad years."⁹ Also, if the above definition of actual value is accepted, then the assessment value should never be higher than the actual value of any class of property in the municipality. It is also true that the normal actual value of any property is not greater than the normal economic return, or the normal rental return from such property when it is capitalized. It has been found that on some classes of property (e.g. farms) the replacement cost of the buildings alone often exceeds the sale or rental value of the whole property.

The writers of the manual strongly favoured the "rental capitalization method" for it recognized the value of property as affected by its location, better than any other method. The principle had been accepted that the values of either lands or buildings for assessment purposes would be in some cases increased and in other cases decreased

9. Ibid., p. 1.

by the average rents which were received from such types of property. The capitalization of such average rents, when applied against the basic rates shown in the manual, would assist the assessor in establishing the true value for assessment purposes. However, a variation of the basic rates had been made, where it was thought necessary, between the different types of property so that, when the basic rates were computed along with the rental capitalization, a closer approach to the actual value would be achieved.

The manual continued to explain what was meant by the "rental capitalization method". It stated that the sales value and the replacement cost of buildings and or lands were important factors in establishing "actual value". These two considerations, along with average rents, were the basis of a proper assessment. However, the business of calculating average rents was considered a difficult one and the assessor was advised to proceed with caution. The manual clearly stated what it expected of the assessor in this area:

"The assessor will have two classes of property to deal with when estimating the rent a property should earn. The tenant occupied property does not present the same difficulty as that of owner occupied property and, in either case, it is possible to obtain the amount for which similar property is rented to use as a guide. An

assessor will find it necessary to obtain the amounts for which a number of similar or comparable properties are renting and then to take the average or normal rent as a basis. It will probably be more difficult to ascertain a large number of rental values on property used for farming purposes due to the fact that the greater majority of farms are owner occupied." 10

The manual continued to explain that the earnings from the annual rent, when capitalized, varied with the different types of property and that a fair basis to calculate this factor, when placed against the replacement cost, had been arrived at. The basis of calculation being as follows:

- "A. "Residential property (including summer cottages, substandard dwellings and apartment houses)--10 times annual rent.
- B. Commercial property (including hotels)--12 times annual rent.
- C. Farm property with buildings (all classes)--7 times annual rent.
- D. Farm lands (all classes)--7 times annual rent." 11

Also, the manual explained that the construction and layout of an industrial building determined the suitability of the building for the type of manufacturing being carried

10. Ibid., p. 6.

11. Ibid., p. 7.

on in it. Similarly, the present use factor coupled with the replacement cost were two of the more certain guides to be considered when placing the assessment value on the property.

The manual went on to discuss the importance of obsolescence and depreciation. With respect to rent, there was no allowance made for depreciation or obsolescence. Also, a very good point was made with regard to overbuilt property and rent capitalization -- "There are instances where the normal rent, which can be derived from a property, is so low that when it is capitalized and placed as one factor against the replacement cost of the buildings plus the value of the land, that the value thus ascertained for assessment purposes does not represent the actual value of the property."¹² Furthermore, it was explained that if the rent capitalization method used for the buildings, along with the value of the land calculation for assessment purposes did not fall in line with the actual value, the following formula should be used:

12. Ibid., p. 10

"If a property in its present condition could not produce a return of 3% annually if it were rented then the rental capitalization method will not be used. Instead, the assessment on the buildings will be 30% of the replacement cost ascertained for the buildings. The value placed for assessment purposes on the land will then be added to this sum to establish the total assessment. Where this method is used instead of the rental method the reason should be noted...." 13

So far, we have seen most of the methods used in the various municipalities to place accurate valuations on parcels of property, both on land and buildings. The author has deliberately gone into details about the 1954 manual because many municipalities in Ontario are still using the principles and guidelines of valuation procedure as set out in the 1954 "Manual of Assessment Values". There has been a much more recent guide to municipal assessors in Ontario, published by the Department of Municipal Affairs, entitled "Appraisal Notes for the Assessor". This manual was released for the use of municipal assessors in August, 1964.

The new "Appraisal Notes..." recognizes with much greater clarity, such economic concepts as the "market-place" "value", than does the earlier "Assessment Manual". Some

13. Ibid., p. 10.

illustrations will make the point more effective:

"Market value is more generally defined as: the price, expressed in terms of money, that a willing buyer will pay a willing seller for a property exposed in the open market over time. This definition has as its origin the economist's concept of a perfect market and assumes that:

- (a) There are a large number of buyers and sellers;
- (b) The commodity being traded is standardized;
- (c) Buyers and sellers enter the market freely;
- (d) There is perfect knowledge on the part of buyers and sellers;
- (e) A reasonable time is allowed to find a buyer;
- (f) The supply and demand change quickly as prices change.

It is improbable that the market will, for a particular transaction, meet all the conditions implied in the definition. The fewer of these that exist for a transaction, the more difficult it is to determine the market value of the property. The definition has merit in that it directs the assessor to look to the marketplace for a yardstick. The market establishes the relationship, between cost (supply) and usefulness (demand) as expressed by completed transactions. Money is a measure of value allowing one to compare and evaluate diverse items." 14

14. "Appraisal Notes for the Assessor", Department of Municipal Affairs, Province of Ontario, 1964, p. 9.

It is evident that considerable progress has been made by the whole profession of municipal assessors in the decade 1954-64, in terms of comprehending economic concepts. The fact that the Queen's University Extension Course in Assessment, under the auspices of the Institute of Municipal Assessors of Ontario, requires all students to use such texts as Samuelson's Economics, Barlowe's Land Resources Economics, and Turvey's Economics of Real Property, is indicative of an intensive training in the science of economics as applied to property.¹⁵

The 1954 "Assessment Manual" made a sharp distinction between an appraiser and an assessor. The work of an assessor was described as differing "radically" from that of an appraiser. It was stated that an appraiser was engaged, as a rule, to determine the value of a property or several properties for a specified purpose, such as:

- "(a) Value for fire insurance risk
- (b) Value for Succession Duty purposes
- (c) Value for mortgage loan
- (d) Value for sale or purchase purposes."¹⁶

An assessor's duty, on the other hand, was to value property under the provisions of Section 33, as stated in the

15. Curriculum, Correspondence Training, Institute of Municipal Assessors, 1965.

16. "Manual of Assessment Values", Department of Municipal Affairs, Province of Ontario, 1954, p. 4.

manual, and to ensure that the assessed values bore a just relation to one another in accordance with the class, type, construction and use of each property so that the assessments of all properties would be equalized and would represent their actual value.

With the passage of time, the distinction between appraiser and assessor has become less obvious and the two professions have gotten more involved in each other's work routines. This fact has been recognized by the Ontario Department of Municipal Affairs in its 1964 "Assessors Handbook of Cost Factors". The Handbook stated that when an assessor estimates the value of a property he is making an appraisal. The basic assumptions in real property appraisal being:

- "A: That real property has value because it is scarce and because of the benefits that can be derived from it;
- "B: That value is not inherent in a property but is determined by the decisions of individuals in the market place for real property;
- "C: That the market measures value of a property in three ways:
 - i) by actual sales of similar property;
 - ii) by capitalizing the money income;
 - iii) by determining the cost of providing a similar property." 17

17. "Appraisal Notes for the Assessor", Department of Municipal Affairs, Province of Ontario, 1964, p. 11.

Aside from the various handbooks and manuals that have been issued by the provinces throughout Canada on assessment procedures, there are also town charters and, more important, provincial assessment acts which state emphatically how land or property is to be assessed. The assessment acts of the ten provinces are the legal bases upon which all municipal assessments are based. In this chapter, the focus of municipal assessment procedures has been directed to the province of Ontario. This has been done because many of the other provinces have similar provisions, excepting Saskatchewan and Manitoba.

The former part of the chapter dealt with how the federal government deals with the municipalities in respect to the amended Municipal Grants Act; the latter part dealt with municipal assessment, noting how both the federal assessors arrive at the "accepted value" and how the municipal assessors arrive at the "assessed value" (in the language of the Act). It should now be clear as to what the "basis of valuation" is in relation to the Municipal Grants legislation that is under review.

CHAPTER 6

RATE OF TAXATION

The importance of the rate of taxation or the "tax rate," should be obvious to anyone who has read section 5 of the Municipal Grants Act, as amended. Section 5 of the Act deals with exactly how the grant is to be arrived at -- that is by applying:

- "(a) the effective rate of real estate tax levied
in the municipality in the appropriate tax
year,
- to
- (b) the accepted value of that federal property." ¹

The accepted value of property has already been dealt with extensively in the last chapter. Hence, sufficient attention must now be directed to the somewhat complicated method of computing the tax rate.

The tax rate referred to here, is of course the real estate tax rate placed by the municipality on all real property. Since, the federal government is exempt from paying the tax and has opted, through the municipal grants legislation, to pay a grant in lieu of the tax, the federal government has a dis-

1. See the "Office Consolidation" of the Municipal Grants Act, section 5, subsection 1, in the Appendix.

cretionary power to decide what rate of tax it is going to settle for.

In its effort to be fair the federal government has tended always to agree to the same tax rate, being computed on its own property, as it is applied on all other real property by any particular municipality.

The federal government, however, felt that after the "effective tax rate" had been applied to the "accepted value", the government must then take into account services which it provides for itself, or to the municipality, without the full cost of these services being borne by the municipality.

The calculation of these "service deductions," as they are known in the parlance of the civil servants who administer the Act, is made by the Municipal Grants Division of the Department of Finance. There is a special form, called the "Service Deduction Form", in the Appendix, which shows exactly what items are considered in the computation of the service deduction.

This chapter is separated into two distinct sections: (a) the selection of the rate of tax, and (b) the service deductions. The selection of the rate of tax is quite a straightforward explanation of how a municipality arrives at its tax rate. The City of Ottawa has been chosen as an example of a municipality whose tax rate is usually accepted as the

"effective rate of the real estate tax" as set out in section 5, subsection I, of the Act. The service deductions are a little more complicated to explain; also, they are handled strictly by the Municipal Grants Division.

The City of Ottawa, as do most municipalities in Ontario, establish their rate of tax as a mill rate. This mill rate is arrived at as follows: After the proposed annual budget is drawn up and Council establishes what money it requires, Council deducts from the total amount of money required all sources of revenue other than property taxes. Then Council takes the residual or remainder and divides this figure by the total of the taxable assessment. (The resultant is the tax rate.)

The mill rates are broken down into two main categories:

i) a general mill rate which is composed of the following items:

- (a) General Purposes
- (b) Public Libraries
- (c) Civic Hospital
- (d) Riverside Hospital

ii) a school mill rate which is broken down as follows:

- (a) Public Schools
- (b) Collegiate ²
- (c) Separate

There is a further breakdown in the tax rates, in that there is a "residential-farm" rate and a "business-commercial" rate, in the City of Ottawa's "Schedule of Tax Rates."³

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2. It is essential to point out that there is a difference between the tax paid by public school supporters and the tax paid by separate school supporters.
 3. This information was obtained in an interview with an official in the City of Ottawa's Collection Department.

The breakdown between "residential-farm" and "business-commercial" in tax rates also exists in other municipalities throughout Ontario and also in the City of Halifax.⁴

The mill rate is not too complicated, except in the areas where there is a difference in the school rates between separate and public schools. In parts of Ontario, Saskatchewan, and Alberta, different school tax rates are applied to Protestants and Roman Catholics. Under the Municipal Grants Act the government does not take the position of any religious denomination but uses a weighted average tax rate based on the relative assessments of taxable property between Protestants and Roman Catholics. (e.g., if 60 per cent of the total assessment of all taxable property in a municipality is owned by public school supporters and 40 per cent by separate school supporters, the public school rate is given a 60 per cent weighting and the separate school rate a 40 per cent weighting.)⁵

In the Province of Quebec the government assumes the status of a taxable corporation and pays the tax rate which would be paid by corporations. In cities such as Montreal and

4. Information obtained from an interview with an officer in the Municipal Grants Division, Department of Finance.

5. Information obtained from interviews with Department of Finance officials and from documents and files within the Department of Finance.

Quebec City, this means that the "neutral rate" is paid. More about the situation existing in the Province of Quebec, will be explained in Chapter Seven. ⁶

In areas where there are two classes of rates (i.e., "commercial-industrial" or "residential-farm") federal property such as post offices, armouries or research laboratories, is classified as commercial-industrial while living accommodation and property which is normally exempt where not owned by the Crown -- such as schools and hospitals -- would be classified as residential. ⁷

Less than the full tax rate is paid in two cases. These are as follows: First, where the federal government supplies itself with certain services and, therefore, makes no use, or only limited use, of the corresponding municipal services. (This is usually related to the services of schooling, police protection, fire protection, garbage collection or sewage disposal. It is important to realize that only services financed by means of the real property tax are subject to deduction.) Second, where the federal government furnishes services to taxable property which the municipality would otherwise be likely to provide, such as maintenance of parks

6. Idem.

7. Idem.

and certain roads, referred to as "driveways" in the City of Ottawa, and a fireboat in Halifax Harbour.⁸

It is fairly obvious that what is being referred to directly above, is the subject of "Service Deductions". These "Service Deductions" are calculated in one of the two ways,

"(a) where the government does not benefit from a given municipal service because it supplies the service itself, the proportion of the municipal tax rate attributable to this service is calculated and then applied to the approved value of the property which does not benefit from the service. (e.g. assume that a federal property with an approved assessment of \$100,000 does not receive garbage collection from a municipality. Assume further that the municipality has a total current tax rate of 50 mills and a total budget of \$5,000,000 of which \$300,000 or 6 percent is for garbage collection. The deduction would be calculated by applying a rate of 3 mills (6 per cent of 50 mills) to the value of \$100,000 = \$300.00);

(b) where the government is supplying a service to taxable property the deduction is made by estimating what it would cost the municipality to supply the service to such taxable property if the municipality were supplying the service."⁹

If the correct jargon is used, the first type of service deduction referred to in the quote above would be called the "mill-type" service deduction, for it is calculated on the basis of the mill system used in most Ontario municipalities.

8. Idem.

9. Information obtained from files and correspondence in the Department of Finance.

The second type of service deduction, also referred to in the quote, is known as the "cost-type" service deduction.¹⁰ It is calculated simply by establishing the costs of the service. Examples of some of the costs involved in this second type of service deduction follow. In the City of Ottawa there are a number of roads which are built and maintained by the National Capital Commission. Heavy vehicles, such as trucks, are not allowed on these roads. Hence, their usefulness to the City of Ottawa is severely limited, although it should be noted that the real estate taxpayers of Ottawa use these roads in their private cars. The police protection on the "driveways" is provided mainly by the Royal Canadian Mounted Police. On occasion, however, the City police also give a certain amount of protection.

The federal government builds and maintains these roads, yet, there are still some services which the City provides. In calculating the grant to the City of Ottawa, the federal government, through the Municipal Grants Division, deduct from the normal grant a cost-type service deduction for the "driveways". As has been suggested earlier, this calculation

10. Note: Debt charges are not included in either type of service deduction.

is complicated. Some of the items in the calculation are:

- (a) Amortization of the capital cost of the construction over its useful life.
- (b) The annual cost of maintenance.
- (c) The cost of snow-removal and of spreading calcium on the roads in wintertime. ¹¹

Similarly, other "cost-type" service deductions are calculated and subtracted from the normal grants.

Once the Municipal Grants Division has calculated all the various cost-type and mill-type service deductions, it takes a total of service deductions and subtracts that total from whatever figure it arrives at, after having multiplied the "effective tax rate" times the "accepted value". Finally, after all these calculations are made, the net grant, or actual grant, is arrived at and awarded to the municipality.

The author feels that it is unnecessary to examine in detail the numerous complex methods of calculation of the various service deductions in order to understand the underlying principles which have already been stated. There are a number of documents in the files of the Department of Finance which go into great detail explaining every aspect of how the service

11. Information obtained from an interview with a senior official in the Department of Finance.

deductions are actually calculated. As has already been noted, there are two methods of calculation. Both methods require a number of complicated steps. In some situations there are as many as fourteen (14) items to consider in arriving at the final calculation of the service deduction.¹²

Even the "Service Deduction Form," which the Municipal Grants Division uses, has three major items, which, when multiplied together gives the total deduction for services.¹³

This chapter has dealt, as concisely as possible, with the "rate of taxation". Along with Chapter Five, it has provided the two basic ingredients that are necessary to arrive at the actual grant that would be awarded to any municipality under the terms of section 5 of the Municipal Grants Act.¹⁴

12. Information obtained from departmental files and memoranda in the Department of Finance.

13. See "Service Deduction Form" in the Appendix. It is self-explanatory.

14. Refer to the "Office Consolidation" of the Municipal Grants Act, section 5, in the Appendix.

CHAPTER SEVEN

THE EVOLUTION OF ADMINISTRATIVE PROCEDURES

This chapter attempts to present an historical perspective of the administration of the Municipal Grants Act since its inception in 1951. Then it continues to outline the administrative procedures, used by the Municipal Grants Division, which occur when a municipality applies for a grant under the municipal grants legislation. Also, a few comparisons are made, between different years of the Act's administration, to show what effect legislative changes have made in terms of the number and amounts of the grants.

It was noted in Chapter One that the principle of grants in lieu of real property taxes was first recognized in England in the first half of the nineteenth century.¹ Exemptions on land for rating purposes had been granted as far back as 1601, in spite of the passage of the Poor Relief Act.²

In Britain there are common law exemptions as well as statutory exemptions. Included in the common law exemptions

1. Supra, see footnote number four in Chapter One.

2. The Council of the Rating and Valuation Association, Exemptions from Rating, p. vii.

are all crown lands.³ There are also exemptions on agricultural buildings, canal hereditaments, churches, lighthouses, and certain types of personal property.⁴

In England, the central government is wholly responsible for the nation. England is a unitary state; whereas, Canada has a federal system in which responsibility is divided between the federal government and the provincial governments. This distinction between the two countries is essential when talking about municipalities, or "local governments". In Canada there are grants in lieu of taxes paid by both the federal and provincial governments. In Great Britain, the grants in lieu of taxes are paid only by Her Majesty's Treasury.

The system of paying grants in lieu of real property taxes worked quite well in Great Britain and became a very real source of income to "local governments" or municipalities. Although the system of paying grants, as envisaged by the Municipal Grants Act of 1951, was necessarily (for the reasons given above) different, the principle behind paying the grant was the same. The government wished to pay its fair share of

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3. It is interesting to note that Section 125 of the B.N.A. Act incorporates the same principle of exempting Crown lands from taxes or rates as did the common law exemptions in Britain in the seventeenth century.
 4. The Council of the Rating and Valuation Association, op.cit., pp. 1-28.

municipal taxes or rather the equivalent of what the fair share would be if it had to pay taxes.

Mr. Abbott, in his November 14, 1949 speech in the House of Commons stated that there were only two countries where the central government paid full rates on all its properties and these two countries were the United Kingdom and Eire.⁵ Hence, no secret was made of the fact that Canada had borrowed some of her ideas from Great Britain as to how to administer (at that time i.e. 1949) the envisaged municipal grants legislation.

Once the format of the Act had been decided upon and it had successfully been put through both houses of Parliament, a very small group was set up to administer the Act in 1951. It only took two full-time people to administer the Act in the first year of its enforcement.⁶ It is not surprising that so few people were involved because there was only a total of 43 grants awarded, of which 21 were under \$5,000 because of the exemptions.⁷

5. Supra, see footnote number eleven in Chapter Two.

6. Information obtained from officials in the Department of Finance.

7. See table in the Appendix entitled "1951 - Payments to Municipalities."

The amendments of 1955 and 1957 did much to make the Municipal Grants Act a more equitable instrument in securing the equivalent to real property taxes on all federally-owned property, as a means of producing revenues for the deserving municipalities (i.e. those municipalities having federal property within its boundaries).⁸ Administratively, the amendments of 1955 and 1957 together made the calculation of the grants to municipalities more complicated, thus requiring additional staff at both the professional and clerical levels.⁹ This staff had to receive special training as to how a particular grant was to be calculated.

It was not until 1957 that the Department of Finance actually set up a division entitled the Municipal Grants Division. Hence, the existence of this highly specialized division is barely nine years old.¹⁰ In the relatively short period of time, from 1951 to 1964, the number of grants awarded has increased from 43 in 1951 to 1425 in 1964.¹¹ The reason for such a difference is due to

8. Supra, Chapters One and Three

9. Although the actual grants' formula was simplified because it was the straight application of the "effective tax rate" or mill rate to the "accepted value".

10. Information obtained from an interview with a senior official in the Department of Finance.

11. See table in the Appendix entitled "1964 - Payments to Municipalities."

the amendments of 1955 and 1957. It is significant to note that in 1947 the number of municipalities containing federal property was 1277.¹²

Since 1947 there has been only an increase of 148 municipalities or school commission which contain federally-owned property. This figure includes the Yukon and the Northwest Territories.

The Municipal Grants Division has set up procedures which are of benefit to the municipalities. It has standardized its application forms for the various types of grants, thus achieving uniformity in the manner in which the various grants may be applied for. Also, each municipality is provided with a set of instructions on how to calculate the grant, after it has applied to the federal government for a grant in lieu of real property taxes. The calculation of the grant to any municipality is made by the Municipal Grants Division in the Department of Finance. The final figure for the grant might differ from the municipality's calculation because of such items as the "service deductions" or even on the "accepted value".

As was explained in an earlier chapter there are three different categories of grants under sections 5, 6 and 7,

12. See table entitled "Government-Owned Property Survey" —
"Number of Municipalities by Provinces, 1947" in the Appendix.

respectively, of the amended Municipal Grants Act. For the purpose of administering the Act, the Municipal Grants Division of the Department of Finance designed eight different application forms to be used by the municipalities when applying under section 5 of the Act.¹³ Grants under sections 6 and 7 of the Act are handled on an individual basis.

The province of Ontario is the only province which has two completely separate application forms. Form A is used for Cities, Towns and Villages in the province of Ontario. Form B is used for Townships in the province of Ontario. The main difference between the two applications is that Form A is concerned with differentiating between the general mill rates and the school mill rates in one Item, (4); whereas, Form B separates the tax rates on commercial and residential property in one Item, (4), and the school tax levies in another Item, (5).¹⁴

Application "Form C" deals solely with the province of Manitoba. It considers three major rates in arriving at the total mill rate (i.e. (a) the general rate, (b) the school rate, and (c) the municipal commissioner rate.)¹⁵

13. All eight of these forms, lettered A to H can be found in the Appendix.

14. See Application forms A and B in the Appendix.

15. See Appendix for "Form C".

"Form D" is used for the provinces of Saskatchewan and Alberta, along with the Yukon Territory and the North West Territories. The total mill rate being composed of five rates:

- "(a) general (municipal)
- (b) public school
- (c) separate school
- (d) hospital
- (e) health unit " 16

"Form E" is that used by municipal corporations in the province of Quebec. As was stated in Chapter Six, the federal government is taxed for the purpose of the calculation only at the same rate as is a limited corporation.¹⁷

"Form F" is a special form for school municipalities as they are called, in the provinces of Quebec and Prince Edward Island. Again as in "Form E" there is a school tax rate for which limited corporations are liable; in this case the limited corporation being the federal government in respect to federally-owned property within the school municipality.¹⁸

"Form G" is the application form used by municipalities in the province of British Columbia. Its total mill rate is broken down simply into general and school rates.

16. See Appendix for "Form D".

17. See "Form E" in the Appendix.

18. See "Form F" in the Appendix.

There are no other divisions, as is the case in Ontario. (i.e. commercial and residential.) "Item 4" deals with a percentage of the full assessed value at which taxable improvements are taxed for general (non-school) taxes.¹⁹

"Form H" is used by municipalities in the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. It is a very straightforward application in that the calculation of the mill rate is a simple one, seeing that there is only a general rate and a school rate.²⁰

The eight application forms reviewed above deal only with Section 5 grants under the Municipal Grants Act. Grants under Sections 6 and 7 have a different procedure altogether.

The "local improvement grant", or more specifically the grant which falls under section 7 of the Act, allows for local improvements installed alongside federal property, provided they are of a sufficiently permanent nature to have a lifetime of at least ten years. Some examples of improvements which normally qualify are pavements, sidewalks, watermains, and sewer mains when these projects have been undertaken under the provisions of the Local Improvement Act. Also eligible under

19. See "Form G" in the Appendix.

20. See "Form H" in the Appendix.

Section 7 are the construction of, and repairs to drains for which special assessments are imposed under the Municipal Drainage Act. However, special assessments imposed on a frontage basis to finance such annual costs as street cleaning, street oiling or snow removal are not eligible for local improvement grants under the Act, even though they are mentioned under the Local Improvement Act. Furthermore, to be eligible, the claim must relate to an amount which can be specially determined as assessable against a specific property.²¹

If the "local improvement" grant is approved, it is paid in one lump sum and represents the commuted value of the principal contained in the special assessments that relate to the federal property.²²

The special application form used for the Section 7 grant requires a lot of particulars. The purpose of obtaining all this information is to identify the property, confirm the actual frontage affected by the improvement, and ensure that the project has been duly authorized by municipal Bylaws and that the rate per front foot claimed is the same rate as has

21. Information obtained from an interview with a senior officer in the Department of Finance.

22. Under no circumstances is interest included.

been uniformly applied against other taxable property on the same street.²³

When the Municipal Grants Division sends out an application form to a municipality, it also sends a covering letter which suggests how the application for the grant is to be used. Following are some important points which are drawn to the attention of every municipality when it is applying for a grant:

1) Sufficient detail should be provided to make possible the positive identification of each property. The designation of the property together with the street address should be given, and also the name of the federal administering department. This is particularly important with a municipality which usually changes roll numbers each year.

2) When making the application the municipality should provide an explanation for any and all changes in assessment made since the previous year. It is felt that the furnishing of such explanatory material will certainly save additional correspondence and it may even make possible the elimination of some field visits.

3) If a municipality makes a claim in its application for new property it must send the Municipal Grants Division

23. Information obtained from departmental files as well as from an interview with a senior official in the Department of Finance.

a completed assessment appraisal card, in order that the Division have a chance to inspect the card before reviewing the new value. The same need would arise if the assessed value of any federal property changed between one year and the next, especially in cases where there has been a general reassessment.

4) Values should be based on up-to-date assessment rolls. Situations have arisen where the Division has had discussions with a local assessor and agreed on values for the federal property, only to discover, at a later date (when the application is received), that the figures submitted were different from those agreed with the assessor. When this happens, additional correspondence is inevitable.

5) Municipalities are reminded that a general reassessment requires diligent application of all the regular assessment routines.²⁴ It is sometimes found necessary to remind the municipality that the federal property, although tax exempt, is, under the Act, a revenue-producing property and as such deserves more than cursory or token assessment treatment.

6) There is one final point about which the Municipal Grants Division briefs the municipality which is applying for

24. See Chapter Five for an explanation of these assessment routines.

a grant. This last suggestion is about land which was previously taxable and which has been acquired by the federal government part way through the year. This land should not be included in the application until the year following that of acquisition. The municipality will not lose taxes for the period from the date of acquisition to the end of that year because the government department which purchases the property will be ready upon request to see that the taxes for such period are settled.²⁵

The way in which applications for grants are presented is extremely important from the viewpoint of achieving administrative efficiency. If the municipality makes mistakes in its application, the Municipal Grants Division must spend a great deal of time and resources in trying to correct the errors, so that the application can be processed and the grant awarded. Every grant that is awarded, must first be thoroughly audited and then processed. In order to fully understand the administrative procedures used to implement the Municipal Grants Act, a brief explanation of how the grants are processed must be presented.

The first step, that the Municipal Grants Division

25. All the above information concerning the covering letter to municipalities was obtained from correspondence and interviews with several officers in the Department of Finance.

must use, is to identify each property on which the municipality is claiming both land and buildings.²⁶ This step is essential because the Division does not administer any federal property; therefore, it must refer to the department of government which does administer each property included in the claim. In this way confirmation is obtained of ownership of the land, as well as details for every building, such as its dimensions, the date of completion, cost, construction details and so on.²⁷

The second step the Division uses to determine a grant is to set an accepted value for each property that is in line with the assessed value of comparable taxable property.²⁸

Once accepted values have been established the third step is to select and apply the appropriate tax rate, including the school rate, for the specific federal property. If there are different tax rates which apply in different parts of the municipality, it is necessary that the application should indicate which rates are applicable in the area containing the federal property. It is most important that all the particulars

26. See Chapter Four.

27. Perhaps one of the best means of identification for properties whose value has been established is to show the assessment roll number and to preserve continuity in this respect from year to year.

28. This step has already been described in detail in Chapter Five.

in the application form respecting school levies and rates be filled in completely and accurately.²⁹

The fourth and final step in the grant process occurs after each grant has been calculated and the calculation verified. The application form from the municipality is approved for payment and a cheque in settlement is immediately requested from the Division's Treasury Office. The cheque is sent on to the appropriate Municipal Treasurer as soon as it is received by the Municipal Grants Division.³⁰

The success of the "federal grants to municipalities" program has been very much a function of a "well-oiled" machine. It is to the credit of the Municipal Grants Division that their administrative procedures have produced such good results. Even though this division is only nine years old it has proven itself to be an efficient administration. It is the opinion of one of the largest recipients of municipal grants that the Division is, in most cases, "fair and efficient in its implementation of the Municipal Grants Act".³¹

29. See Chapter Six for further explanation regarding tax rates.

30. The information concerning the four steps of processing a grant was obtained from files in the Department of Finance, as well as from conversations with employees in the Municipal Grants Division.

31. Information obtained from an interview with an official in the City of Ottawa's Assessment Department.

CHAPTER EIGHT

CONCLUSION

This thesis has undoubtedly given the impression, which in the main has been intended, that the whole idea of awarding grants in lieu of real property taxes, by the Canadian government to municipalities in the various provinces, has been influenced solely by the United Kingdom. This impression, however, is not entirely accurate, although the bulk of the influence has been British.

Mr. Abbott's speech of November 14, 1949¹ hinted at the fact that other countries were also studied. One of these countries was the United States; and it was studied because "... without the consent of Congress, taxes directly upon the United States, its agencies, or property are unconstitutional. This doctrine of implied constitutional immunity developed in decisions of the Supreme Court, beginning as far back as 1819 in the famous decision of McCulloch v. Maryland."²

Hence, Canada also borrowed from American experience

1. Supra, see Chapter Two, p. 15.

2. Denzel C. Cline, "Recent Developments in the Taxation of Federal Property," A Paper, National Tax Association, Philadelphia, (October 28), 1958, p. 1.

before undertaking the municipal grants legislation in the late nineteen forties.³ By drawing heavily on the experience of the United Kingdom, as well as consulting the United States, the Canadian municipal grants legislation was drafted in the latter part of 1950 and then presented for Parliament's approval in 1951.⁴

The subsequent amendments of 1955 and 1957 did much to make the grant formula a more equitable solution than the earlier Act of 1951.⁵

The issue of policy, with regard to the Municipal Grants Act, brings to mind three major questions: What property is eligible, under the legislation, to receive a grant?, How is property to be valued?, and lastly, What is the effective rate of taxation?⁶ It would be fair to say that the basic policy formulations are contained in the Act, as amended. In addition to this, however, it must be realized that the federal government must make decisions on what may be called "borderline cases", in a manner that is always accepted

3. Information obtained from interviews with officers in the Department of Finance.

4. See Canadian Statutes, 15 George VI, c. 54.

5. This aspect of the thesis has already been explained in some detail in Chapter Three.

6. These three questions have been answered by Chapters 4, 5 and 6, respectively.

in good faith; also because "... the Minister may, in his discretion, out of moneys provided by Parliament, make a grant to the municipality in respect of federal property situated therein,...."⁷ The emphasis being placed on the word discretion. For, it is a discretionary power that the Minister of Finance exercises.

The interpretation of the word "administration", for the purposes of this thesis, is taken to mean the mechanical duties that must be performed if a desirable level of efficiency is to be maintained to the satisfaction of the municipalities, as well as to Parliament, under the terms of the Act.⁸

Each chapter, so far, has dealt with both problems of policy as well as with problems of administration. The line of demarcation between policy and administration seems to be a very fine one indeed. So fine, that it prompted a very well-known and erudite senior Canadian civil servant, (in 1953), Dr. K. W. Taylor, a former Deputy Minister of Finance, to say "... that policy is not so much a series of conscious decisions,

7. See "Office Consolidation" of the Municipal Grants Act, section 4, subsection 1, in the Appendix.

8. Chapter Seven has described what some of these "mechanical duties" are, as well as dealing with how that efficiency has, in part, been maintained.

but rather grows out of a stream of administrative decisions."⁹ Dr. Taylor's dictum could very easily be applied when explaining what policy is, in the present circumstances.

For the purposes of this thesis, however, policy is the combination of the exact language of the Act, along with whatever decisions are found necessary by the Minister of Finance, or for practical purposes, the Municipal Grants Division, in order to carry out the purpose for which the legislation was intended by Parliament.

After having had a series of interviews with various officials from different sections of the City of Ottawa, such as the Collection department and the Assessment department, the author was left with the impression that these individuals were more or less satisfied with the way in which the Municipal Grants Act is administered. There are some areas of disagreement. The chief one is that of property assessment. The City of Ottawa has felt, and still does feel, that certain federally-owned properties deserve higher assessments than the federal government is willing to acknowledge. Hence, the City feels that its grant from the federal government is lower than what, in the

9. The Institute of Public Administration, Proceedings, 1953, p. 205.

City's opinion, it should be.¹⁰ Because the awarding of grants is a discretionary matter, municipalities are careful how they challenge the federal government's authority on this matter.

The standardization of assessment procedure in each province, would do much to alleviate the problems arising out of differences between the federal assessment (better known as the "accepted value") and the municipal assessment (better known as the "assessed value"). There is a great deal to recommend in the assessment procedures used in the provinces of Saskatchewan and Manitoba. All assessments for municipalities in these two provinces go through the Department of Municipal Affairs. It is highly recommended that a similar procedure be followed by all the other provinces. Eventually, it might be possible to have a nation-wide set of assessment procedures, although actual rates would differ because of different market conditions prevailing through the various localities in the country.

The complex job of calculating grants, by the Municipal Grants Division, would be made easier if all the

10. This statement is very difficult to prove for obvious reasons. The same is true for most other municipalities when questioned about whether or not the federal grant is completely fair. Since there are often political overtones to what might be an honest answer to the question, the smaller municipalities evade such interrogation.

provinces standardized their assessment procedures which would meet with the approval of their respective provincial Departments of Municipal Affairs. This change would possibly reduce the amount of disagreement between the federal government and the municipal government as to what is the value of the relevant federal property (that is the point of contention in any particular case).

Finally, attention should be focused on what the case really is for grants in lieu of taxes. If the thesis, thus far, has not been completely convincing on this particular score, a few more arguments should be presented to strengthen its position.¹¹

Perhaps one of the strongest arguments that can be made for having a federal government "grant in lieu of taxes" system, is that the federally-owned property receives municipal services; the payment of a grant in lieu of those taxes discharges what may be regarded as a moral obligation to reimburse the municipality for those services which it rendered.¹²

There are also more technical arguments for grants in lieu of taxes. (e.g. It is generally recognized by tax economists

11. Some of these arguments have already been referred to in Chapter One.

12. The real property tax admittedly bears only a rough relationship to the value of services received or even, ability to pay, but the same is true for most taxes in varying degrees.

that exemptions from a tax are harmful because they narrow the tax base and exert pressure on the rate of tax to be paid by those who are not exempt.) Furthermore, some economists object to tax exemptions because they distort the allocation of resources within an economy.¹³

Hence, it seems logical to argue, from the above evidence, that since there is a constitutional reason for exempting Crown property in right of Canada,¹⁴ there is an equally, if not more, convincing argument that the federal government pay its fair share of real property taxes or, since that cannot be done — the next best thing to it — legislation which provides grants to be paid in amounts equal to those that would be paid if federally-owned property were taxable. The Municipal Grants Act, 1951, as amended, serves the purpose adequately.

13. This argument, however, is not easily made. See Albert Breton's "A Theory of Government Grants," Canadian Journal of Economics and Political Science, volume 31, p. 175.

14. The argument being that the federal government would be placed in the position of being just another taxpayer and therefore would be subjected to all sorts of inconvenience and "red tape" so often encountered by the individual taxpayer.

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Most of the source material for this thesis has been gathered through interviews and by examination of government documents. The interviews span the period October, 1965 to August, 1966. Most of these interviews were conducted during the months of April, May, June and July of 1966. Among those interviewed were : senior officials in the Department of Finance; officials in the Municipal Grants Division, Department of Finance; officials in the City of Ottawa, and officials in the Department of National Defence. All those who were interviewed wished to remain anonymous.

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"Office Consolidation" of same
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SCHEDULE "A"SPECIAL BOARDS, COMMISSIONS, CROWN COMPANIES AND OTHER
GOVERNMENT AGENCIES; FROM WHICH INFORMATION ON PROPERTIES
IS BEING OBTAINED DIRECT

1. Air Transport Board
2. Bank of Canada
3. Board of Grain Commissioners
4. Board of Transport Commissioners
5. Canadian Arsenal Limited
6. Canadian Broadcasting Corporation
7. Canadian Commercial Corporation
8. Canadian Farm Loan Board
9. Canadian Maritime Commission
10. Canadian National Railways and Canadian National Steamships
11. Canadian National (West Indies) Steamships, Ltd.
12. Canadian Pension Commission
13. Canadian Wheat Board
14. Central Mortgage and Housing Corporation
(incl. Central Mortgage Bank)
15. Wartime Housing Company
16. Commodity Prices Stabilization Corporation, Ltd.
17. Export Credits Insurance Corporation
18. Eldorado Mining and Refining, (1944) Ltd.
19. Federal District Commission
20. Foreign Exchange Control Board
21. National Battlefields Commission
22. National Film Board
23. National Harbours Board
24. Northern Transportation Co., Ltd.
25. National Research Council
26. Park Steamship Co., Ltd.
27. Penitentiary Commission
28. Polymer Corporation Ltd.
29. Prince Edward Island Car Ferry and Terminals
30. Royal Canadian Mounted Police
31. Soldier Settlement and Veterans Land Act Administration
32. Trans-Canada Air Lines
33. Unemployment Insurance Commission
34. Wartime Price and Trade Board
35. War Assets Corporation Ltd.

GOVERNMENT-OWNED PROPERTY SURVEYNumber of Municipalities by Provinces, 1947

Province	Total No. of Munici- palities in Canada	No. with G.O.P.	No. with Class "A" Property	No. with Class "A" Property ratio over 4%	1/
Prince Edward Island	8	8	10	2	
Nova Scotia	67	66	55	20	
New Brunswick	41	39	35	5	
Quebec	1,539	397	160	23	
Ontario	902	446	233	30	
Manitoba	175	76	55	8	
Saskatchewan	792	142	67	9	
Alberta	254	42	38	4	
British Columbia	95	61	52	8	
T O T A L	3,873	1,277	705	109	

1/ Ratio of G.O.P. to total of municipal and Class "A" G.O.P. valuations.

**PAYMENT OF GRANTS TO MUNICIPALITIES
FOR THE YEARS 1951 - 1964 INCLUSIVE***

<u>YEAR</u>	<u>AMOUNT</u>
1951	\$1,377,928.04
1952	2,038,372.76
1953	2,494,928.92
1954	2,974,582.00
1955	3,047,423.00
1956	6,986,750.00
1957	9,548,850.00
1958	17,477,339.00
1959	21,889,770.00
1960	22,499,890.00
1961	24,449,915.00
1962	24,699,726.00
1963	29,198,830.00
1964	31,484,065.00

* Information obtained from the Public Accounts of Canada.

1951PAYMENTS TO MUNICIPALITIES

Vote 100. Grants to Municipalities
in lieu of Taxes on Federal Property--
To provide for administration of the
programme respecting grants to
Municipalities in lieu of taxes on
Crown property outlined in the House
of Commons on November 14, 1949
including grants and other payments
to be made in accordance with
regulations of the Governor in
Council \$ 1,655,000.00
Expenditures 1,404,292.69

As at March 31, 1951, there were four
temporary salaried employees being
paid from this vote.

A distribution of expenditure follows:

	Salaries	\$ 20,567.10
A	Professional Services.	1,000.00
	Travelling Expenses.	3,921.75
	Office Stationery, Supplies & Equipment. . .	801.85
B	Payment of Grants.	1,377,928.04
	Miscellaneous.	<u>73.95</u>
		\$ 1,404,292.69

- A P.C. 42/5500, November 16, 1950, authorized the temporary employment with salary at the rate of \$ 100 per day, for a period not exceeding 10 days, of C.W. Ross, Ottawa, for the purpose of appraising Federal lands in Ottawa in connection with the City's application for a grant for 1950 under the Municipal Grants regulations.

(1951 continued)

B The Municipal Grants Regulations, P.C. 741, February 17, 1950, govern the payment of these grants. In these regulations, Federal property is divided into Class A and Class B property. Class A property includes Federal property that in the opinion of the Minister is dependent on a municipality in respect of a service that the Municipality customarily furnishes to lands in the municipality. Class B property includes Federal property which in the opinion of the Minister is wholly independent in respect of such services. An ordinary grant relative to Class A property exceeds 4 per cent of the total assessed value of taxable property and Class A property in the Municipality. A transitional grant may be made to a municipality relative to Class A and Class B property acquired by His Majesty after December 31, 1948. A grant may also be made in respect of local improvements affecting Class A and Class B property.

Of 43 grants under the regulations, those of \$ 5,000 or over are listed below:

Nova Scotia	
Amherst	6,646.00
Dartmouth	18,132.88
Halifax	208,489.73
New Brunswick	
Fredericton	11,711.95
Moncton	23,427.70
Saint John.	42,210.00
Quebec	
Hull.	46,939.74
Ontario	
Ottawa.	762,392.00
Toronto	8,874.13
Manitoba	
Winnipeg.	21,207.73
Saskatchewan	
Cory (Municipality of)	6,800.60

(1951 continued)

Moose Jaw	11,665.04
Prince Albert	7,707.00
Regina.	6,962.39
Alberta	
Calgary	57,584.51
Edmonton.	23,116.97
Lethbridge.	12,020.62
British Columbia	
Esquimalt (Township of)	19,175.00
New Westminster	27,089.00
North Vancouver (District of)	8,212.00
Prince Rupert	12,746.85
Richmond (Township of).	9,779.00
Grants under \$ 5,000 each (21)	<u>25,037.20</u>
	<u>\$1,377,928.04 *</u>

* Information obtained from Public Accounts of Canada, 1951 Annual Report.

1964

PAYMENTS TO MUNICIPALITIES

Vote 45. Grants to municipalities in accordance with the Municipal Grants Act and Regulations made thereunder	27,700,000
Vote 45a	1,000,000
Vote 45e	<u>2,800,000</u>
	31,500,000
Expenditures (19)	<u><u>\$31,484,065</u></u>

Grants were made in accordance with the Municipal Grants Act, c. 182, R.S., as amended, and Regulations established under the Act. Of 1,423 grants made under authority of the above Act and Orders in Council, those of \$ 5,000 or over are listed below:

Newfoundland	
Gander	14,409
Grand Falls	5,552
St. John's	140,000
Grants under \$ 5,000 (6)	2,208
	162,169
Nova Scotia	
Amherst	17,982
Annapolis (County).	20,458
Antigonish.	5,607
Canso	5,498
Cape Breton (County).	45,271
Colchester (County)	11,455
Cumberland (County)	12,859
Dartmouth	675,605
Digby	13,184
East Hants Municipality	7,384
Glace Bay	40,884
Halifax	1,743,617

(1964 continued)

Halifax (County)	656,875
Inverness (County)	10,083
Kentville	17,000
King's (County)	52,216
Liverpool	10,976
Lunenburg	5,404
New Glasgow	12,272
North Sydney	29,356
Pictou	11,032
Richmond (County)	5,050
Springhill	16,147
Sydney	63,328
Truro	27,211
Victoria (County)	5,893
Windsor	7,081
Yarmouth	20,132
Yarmouth (District)	7,858
Grants under \$ 5,000 (30)	70,293

3,628,011

Prince Edward Island

Charlottetown	74,594
St. Eleanors	21,753
Summerside	15,579
Grants under \$ 5,000 (31)	17,647

129,573

New Brunswick

Albert (County)	24,119
Bathurst	5,123
Campbellton	33,555
Carleton County Municipality	12,532
Charlotte County Municipality	11,089
Chatham	49,575
Fredericton	119,226
Lancaster	102,203
Moncton	169,620
Northumberland (County)	29,947
Queen's County Municipality	22,262
Sackville	8,000
St. Andrews	11,793
Saint John (County)	21,617

(1964 continued)

St. Stephen	14,495
Shediac	6,651
Sunbury (County).	20,605
Westmorland (County).	60,000
Woodstock	12,503
Grants under \$ 5,000 (26)	45,011

779,926

Quebec

Alma (School Commission)	5,639
Ancienne-Lorette (School Commission).	6,247
Annonciation	11,643
Ascot	5,588
Baie d'Urfe-Senneville	56,311
(School municipality).	9,942
Cap de la Madeleine (School Commission)	7,105
Cote Saint Luc	410,000
Dorval	8,391
Drummondville	12,205
Drummondville (School Commission)	23,380
Granby	306,215
Hull	211,544
Hull (School Commission)	5,065
Jonquiere (School municipality).	5,407
Lacolle (School Commission)	184,815
La Salle	5,559
L'Assomption (School municipality)	9,000
La Tuque	10,524
Lauzon	22,569
Lauzon (School Commission)	8,739
Levis	27,879
Longueuil.	37,955
Longueuil (School Commission).	1,400,000
Montreal	13,889
Mount Royal.	10,916
Normandin (School Commission).	6,230
Oka	5,500
Pointe Claire.	400,000
Quebec.	9,945
Rimouski (School Commission)	7,038
Riviere du Loup.	5,278
Riviere du Loup (School Commission).	6,094
Rouyn (School Commission).	19,890
St. Flavie (School Commission)	

(1964 continued)

St. Hubert	135,743
St. Jean	71,826
St. Jean (School municipality)	10,630
St. Laurent.	182,784
St. Vincent de Paul.	139,805
St. Vincent de Paul (School Commission).	218,089
Salaberry de Valleyfield (School Commission)	5,936
Schefferville	12,020
Schefferville (School municipality)	17,585
Sept Iles	15,364
Shannon	8,215
Shawinigan (School Commission)	10,208
Sherbrooke	86,834
Sorel	13,054
Val d'Or	7,508
Verdun	15,398
Westmount.	67,558
Grants under \$ 5,000 (369)	311,250

4,605,709

Ontario

Amherstburg.	6,054
Barrie	17,465
Belleville	85,969
Bowmanville.	6,013
Bracebridge.	6,516
Brampton	8,531
Brantford.	76,692
Brockville	10,871
Burlington	11,107
Campbellford	5,662
Capreol (Township)	6,043
Carleton Place	9,371
Chapleau (Township).	9,193
Chatham	52,962
Cobalt	6,179
Cobourg.	217,451
Collingwood.	10,278
Cornwall.	41,534
Cumberland (Township).	5,551
Essa (Township).	153,771
Etobicoke (Township)	65,881
Fort Erie	5,836

(1964 continued)

Fort Frances	10,057
Fort William	29,094
Galt	12,000
Geraldton.	5,343
Gloucester (Township).	89,490
Guelph	46,393
Guelph (Township).	7,744
Hallowell (Township)	15,542
Hamilton	266,939
Jaffray & Melick (Township).	20,177
Kenora	9,114
Kingston	276,072
Kingston (Township).	77,984
Kitchener	45,000
Korah (Township).	9,708
Leamington	6,293
London	1,294,995
March (Township)	6,015
McNab (Township)	12,118
Midland	21,097
Milton	5,363
Muskoka (Township)	12,129
Napanee	9,009
Nepean (Township).	80,000
Newmarket	14,225
New Toronto	9,462
Niagara	7,706
Niagara (Township)	5,247
Niagara Falls	25,000
North Bay	35,358
North Gower (Township)	6,980
North York (Township)	1,550,142
North Plantagenet (Township)	5,650
Oakville	108,637
Orillia	15,251
Ottawa	5,863,873
Owen Sound	31,361
Parry Sound.	8,442
Perth.	5,067
Petawawa	39,525
Petawawa (Township).	65,059
Peterborough	88,180
Picton	13,431
Pittsburg (Township)	206,200
Port Arthur	53,174

(1964 continued)

Prescott.	19,065
Preston	5,298
Richmond Hill	15,781
Riverside.	5,293
Rolph, Buchanan, Wylie & McKay (Townships). . .	9,987
St. Catharines...	48,596
St. Mary's	5,000
St. Thomas.	7,053
St. Vincent (Township).	21,656
Sandwich East (Township).	31,894
Sarnia.	55,000
Sault Ste. Marie.	89,461
Scarborough (Township).	26,686
Simcoe.	15,655
Sioux Lookout	16,398
Smiths Falls.	16,281
Stratford.	21,522
Sudbury.	90,000
Teck (Township)	5,826
Thorold (Township).	5,964
Timmins.	16,420
Toronto.	1,605,000
Toronto (Township).	307,887
Tossorontio (Township).	19,814
Tuckersmith (Township).	11,445
Waterloo.	5,132
Welland	19,750
Weston.	5,366
Whitby (Township)	6,385
Widdifield (Township)	118,117
Windsor	120,000
Woodstock	10,984
Grants under \$ 5,000 (232).	318,016
	<u>14,441,308</u>

Manitoba

Assiniboia	23,630
Brandon.	62,737
Churchill (District)	9,806
Consol (District).	7,009
Daly (Rural municipality).	37,699
Dauphin (Rural municipality)	33,631
Emerson	9,189

(1964 continued)

Flin Flon.	9,704
Fort Garry (Rural municipality).	66,798
Gimli (Rural municipality)	16,962
Morden.	5,430
Morton (Rural municipality).	5,949
Portage la Prairie.	32,194
Portage la Prairie (Rural municipality).	18,772
Rockwood (Rural municipality).	61,116
St. Andrews (Rural municipality)	5,734
St. James	520,640
Selkirk.	5,846
Stanley (Rural municipality)	8,276
Swan River	7,456
The Pas.	18,928
Virden	7,001
Winnipeg	816,043
Grants under \$ 5,000 (74).	91,861

1,882,411

Saskatchewan

Cory (Rural municipality)	16,128
Dundurn (Rural municipality).	7,466
Estevan.	7,776
Fort Qu'Appelle.	19,643
Indian Head (Rural municipality)	10,890
Leroy (Rural municipality).	11,881
Lloydminster.	5,098
Moose Jaw	44,629
North Battleford	21,240
Prince Albert (Rural municipality)	41,065
Regina	371,759
Saskatoon.	146,101
Star (Rural municipality).	5,918
Swift Current.	23,425
Swift Current (Rural municipality)	8,347
Uranium City and District Municipal Corpora- tion	7,030
Weyburn	7,352
Yorkton	17,495
Grants under \$ 5,000 (182)	170,717

943,960

(1964 continued)

Alberta

Bonnyville (Rural municipality No. 87)	132,810
Brooks.	6,321
Calgary	611,115
Camrose	10,576
Cardston (Municipal district No. 61).	11,730
Coutts.	12,754
Edmonton.	368,303
Edson.	5,581
Grande Prairie (County)	45,176
Improvement District No. 11	7,019
Improvement District No. 24	16,599
Improvement District No. 128.	22,979
Improvement District No. 143.	11,419
Improvement District No. 147.	10,006
Lacombe.	5,687
Lacombe (Municipal district No. 14)	15,872
Leduc (Municipal district No. 75)	185,908
Lethbridge	113,143
Lethbridge (Municipal district No. 25).	47,244
Medicine Hat	9,500
Peace River.	6,745
Red Deer.	41,664
Red Derr (County)	29,092
Rocky Mountain House.	6,077
St. Paul (County)	11,549
Stettler.	5,894
Sturgeon (County)	113,009
Taber.	5,028
Vegreville.	5,248
Wainwright (Municipal district No. 61).	11,543
Willow Creek (Municipal district No. 26).	14,622
Grants under \$ 5,000 (113).	150,261

2,050,474

British Columbia

Castlegar.	5,282
Chilliwack (Township)	107,959
Cranbrook.	5,275
Dawson Creek	56,608
Delta (District)	61,312
Duncan.	6,536
Esquimalt (Township)	390,275
Fort St. John	6,367

(1964 continued)

Kamloops.	11,476
Kent (District)	7,698
Kitimat (District).	10,525
Langley (Township).	21,290
Masset.	5,535
Mission	7,187
Mission (District).	10,000
Nanaimo	72,392
Nelson.	20,024
New Westminster	92,293
North Vancouver	8,649
Penticton.	14,580
Powell River (District)	5,354
Prince George.	23,798
Prince Rupert	27,000
Quesnel	6,653
Richmond (Township)	172,997
Saanich (District).	65,000
Salmon Arm.	10,710
Surrey (District)	13,607
Trail.	14,911
Vancouver	998,503
Vanderhoof.	9,067
Vernon	26,441
Victoria.	360,275
West Vancouver (District)	7,881
Williams Lake	6,823
Grants under \$ 5,000 (48)	72,805

2,743,088

Northwest Territory

Grants under \$ 5,000 (1) 4,270

*
\$31,484,065

* Information obtained from Public Accounts of Canada, 1964 Annual Report.

SERVICE DEDUCTION FORM

(Deduction from grant under Section 5, Subsection (4) (a)
of Municipal Grants Act.)

Municipality _____ Year _____

Service _____

Federal property for which deduction is made:

ITEM A Accepted value of Federal property not receiving this
service in full:

\$ _____

ITEM B Mill rate which may be attributed to this service:

(a) Total general mill rate _____ mills

(b) Direct budgeted cost of service \$ _____

(c) Add allowance for overhead ____% _____

(d) Total cost of service \$ _____

(e) Total budget for general purposes \$ _____

(f) Mill rate for this service = "a" x $\frac{\text{"d"}}{\text{"e"}}$

= _____ mills x \$ _____ = _____ mills
\$

ITEM C Estimated proportion of the normal cost of this service
which the Federal property does not receive

_____%

DEDUCTION = ITEM A x ITEM B x ITEM C

= \$ _____ x _____ x _____ = \$ _____

DEPARTMENT OF FINANCE

CANADA

MINISTÈRE DES FINANCES

SERVICE DEDUCTION FORM

(Deduction from grant under Section 5, Subsection (4) (a)
of Municipal Grants Act.)

Municipality _____ Year _____

Service _____

Federal property for which deduction is made:

ITEM A Accepted value of Federal property not receiving this
service in full:

\$ _____

ITEM B Mill rate which may be attributed to this service:

(a) Total general mill rate _____ mills

(b) Direct budgeted cost of service \$ _____

(c) Add allowance for overhead _____ %

(d) Total cost of service \$ _____

(e) Total budget for general purposes \$ _____

(f) Mill rate for this service = "a" x $\frac{\text{"d"}}{\text{"e"}}$

= _____ mills x \$ _____ = _____ mills
\$

ITEM C Estimated proportion of the normal cost of this service
which the Federal property does not receive

%

DEDUCTION = ITEM A x ITEM B x ITEM C

= \$ _____ x _____ x _____ = \$ _____

DEPARTMENT OF FINANCE

CANADA

MINISTÈRE DES FINANCES

A

APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

ITEM 1 Municipality _____ Province _____ Population _____

ITEM 2 Tax year for which application is made _____

ITEM 3 List federal properties in the space provided on the back of this form giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)

ITEM 4 Complete table of tax rates and assessments as follows:

	Col. 1	Col. 2
	Tax rates paid by owners of taxable property.	Total assessed value of all taxable property liable for tax rates listed in Col. (1). (Do not include business assessment.)
(a) general rates: commercial (do not include school rate)	_____ mills	\$ _____
(b) general rates: residential (do not include school rate)	_____ mills	\$ _____
(c) school rates: commercial - pub. school supporters	_____ mills	\$ _____
sep. school supporters	_____ mills	\$ _____
(d) school rates: residential - pub. school supporters	_____ mills	\$ _____
sep. school supporters	_____ mills	\$ _____

ITEM 5 Attach sample tax bill (2 copies) for current year, showing all tax rates.

I HEREBY CERTIFY that the information given in this application and in any documents attached is true, and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of clerk or assessor _____ Date _____

SEND TWO COPIES of this application, fully completed to:
The Director, Municipal Grants Division, Department of Finance,
Confederation Building, Ottawa 4, Ontario.

ATTACH if available single copies of the following:

1. Municipal budget of expenditures and revenues for year of application.
2. Copies of completed assessment appraisal cards for each federal property. (Assessment cards are required only for the first year in which application for grant is made. For subsequent years, cards are needed only for new properties or for properties which have been re-assessed)

APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

- ITEM 1 Municipality _____ Province _____ Population _____
- ITEM 2 Tax year for which application is made _____
- ITEM 3 List federal properties in the space provided on the back of this form, giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)
- ITEM 4 State total assessed value of all taxable real property in your township:
- (a) subject to commercial tax rate (excluding business assessment) \$ _____
- (b) subject to residential and farm tax rates \$ _____
- ITEM 5 State total amount of school tax levies (including public, separate and high school levies):
- (a) on the taxable assessment listed above under Item 4(a) \$ _____
- (b) on the taxable assessment listed above under Item 4(b) \$ _____
- Total school tax levies \$ _____
- ITEM 6 Attach sample tax bill (2 copies) for current year, showing all tax rates.

I HEREBY CERTIFY that the information given in this application and in any documents attached is true, and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of clerk or assessor _____

Date _____

SEND TWO COPIES of this application, fully completed, to:

The Director, Municipal Grants Division,
Department of Finance,
Confederation Building,
Ottawa 4, Ontario.

ATTACH if available details of how you arrived at your assessed values of federal property. If possible, send copies of your assessment appraisal cards for each property. If these are not available, send the following details for each property:

dimensions of land
size of building (area or cubic content)
approximate age of building
type of construction.

This detailed information is required only for the first year in which application for grant is made. For subsequent years assessment appraisal cards are needed only for new properties or for properties which have been re-assessed.

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NOTE: If you have both public and separate school supporters in your township complete both columns 10 and 11.

APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

ITEM 1 Municipality _____ Province _____ Population _____

ITEM 2 Tax year for which application is made (give date of commencement) _____

ITEM 3 List federal properties in the space provided on the back of this form giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)

ITEM 4 State current tax rates for which owners of taxable real property are liable: (do not include water rates)

(a) general rate _____ mills

(b) school rate _____

(c) municipal commissioner rate _____

(d) other (specify) _____

Total _____

mills

mills

ITEM 5 State total assessed value of all taxable real property in your municipality. (Do not include business assessment.) \$ _____

ITEM 6 Attach one blank tax bill for current year stating all tax rates.

I HEREBY CERTIFY that the information given in this application and in any documents attached is true and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of clerk or assessor _____ Date _____

SEND TWO COPIES of this application, fully completed to:
The Director, Municipal Grants Division, Department of Finance,
Confederation Building, Ottawa, Ontario.

ATTACH if available single copies of the following:

1. Municipal budget of expenditures and revenues for year of application.
2. Copies of completed assessment appraisal cards for each federal property. (Assessment cards are requested only for the first year in which application for grant is made. For subsequent years cards are needed only for new properties or for properties which have been re-assessed.)

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FORM D

DEPARTMENT OF FINANCE CANADA MINISTÈRE DES FINANCES
APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

- ITEM 1** Municipality _____ Province _____ Population _____
- ITEM 2** Tax year for which application is made _____
- ITEM 3** List federal properties in the space provided on the back of this form giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)
- ITEM 4** State current tax rates for which owners of taxable real property are liable:
(a) general (municipal)	_____	mills
(b) public school	_____	
(c) separate school	_____	
(d) hospital	_____	
(e) health unit	_____	
(f) other (specify) _____	_____	
- ITEM 5** State total assessed value of all taxable real property in your municipality. \$ _____
- Note: If you have both public and separate schools and the tax rates differ, give a breakdown of the total taxable assessment in the space below:
(a) assessment liable for public school rates	\$ _____
(b) assessment liable for separate school rates	\$ _____
- ITEM 6** Attach sample tax bill (2 copies) for current year, showing all tax rates:

I HEREBY CERTIFY that the information given in this application and in any documents attached is true, and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of Secretary-Treasurer _____ Date _____

SEND TWO COPIES of this application, fully completed to:
 The Director, Municipal Grants Division, Department of Finance,
 Confederation Building, Ottawa 4, Ontario.

ATTACH if available single copies of the following:

1. Municipal budget of expenditures and revenues for year of application.
2. Copies of completed assessment appraisal cards for each federal property. (Assessment cards are requested only for the first year in which application for grant is made. For subsequent years cards are needed only for new properties or for properties which have been re-assessed.)

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DEPARTMENT OF FINANCE
Canada

APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

ITEM 1 Municipality _____ Province _____ Population _____

ITEM 2 Tax year for which application is made _____

ITEM 3 List federal properties in the space provided on the back of this form giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)

ITEM 4 State real property tax rates

(a) general rate _____

(b) special rate _____

(c) other non-school rates (specify) _____

(d) school rate paid by limited corporations _____

ITEM 5 State total assessed value of all taxable real property in your municipality. _____

ITEM 6 State names of all school commissions and boards for whom your municipality collects taxes _____

ITEM 7 Attach sample tax bill (2 copies) for current year, showing all tax rates.

I HEREBY CERTIFY that the information given in this application and in any documents attached is true, and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of Secretary-Treasurer _____ Date _____

SEND TWO COPIES of this application, fully completed to:
The Director, Municipal Grants Division, Department of Finance,
Confederation Building, Ottawa 4, Ontario.

ATTACH if available single copies of the following:

1. Municipal budget of expenditures and revenues for year of application.
2. Copies of completed assessment appraisal cards for each federal property. (Assessment cards are requested only for the first year in which application for grant is made. For subsequent years cards are needed only for new properties or for properties which have been re-assessed.)

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DEPARTMENT OF FINANCE

CANADA

MINISTÈRE DES FINANCES

APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

- ITEM 1** School Municipality _____
- ITEM 2** Tax year for which application is made _____
- ITEM 3** List federal properties in the space provided on the back of this form giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)
- ITEM 4** State school tax rates for which limited corporations are liable in your municipality in the year for which application is made. _____
- ITEM 5** State total assessed value of all taxable real property in your municipality. \$ _____
- ITEM 6** State names of all school boards and commissions which collect real property tax from corporations, and within whose borders federal property listed in this application is situated, and state name and address of each school secretary-treasurer.

- ITEM 7** State exact basis (percentage of valuation of immovables) used in the current tax year for collection of taxes from corporations by the school bodies listed under item 6.

- ITEM 8** State name of each municipal corporation whose assessor is responsible for determining the valuations in your school municipality.

- ITEM 9** Attach sample tax bill (2 copies) for current year, showing all tax rates.

I HEREBY CERTIFY that the information given in this application and in any documents attached is true, and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of Secretary Treasurer _____ Date _____

SEND TWO COPIES of this application, fully completed to:
The Director, Municipal Grants Division, Department of Finance,
Confederation Building, Ottawa 4, Ontario.

ATTACH if available a single copy of your budget of expenditures and revenues for the year of application.

[illegible]

ASSESSED VALUES	
Land	Buildings
\$	\$

APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

ITEM 1 Municipality _____ Province _____ Population _____

ITEM 2 Tax year for which application is made (give date of commencement) _____

ITEM 3 List federal properties in the space provided on the back of this form giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)

ITEM 4 State percentage of full assessed value at which taxable improvements are taxed for general (non-school) taxes. _____ %

ITEM 5 State all real property tax rates

(a) general _____ mills

(b) school _____

(c) other _____

ITEM 6 State amount of full (100%) assessed value of all taxable real property in your municipality as follows: (Do not include assessed value of pole lines.)

(a) total land \$ _____

(b) total improvements subject to general taxes \$ _____

(c) total improvements subject to school taxes \$ _____

ITEM 7 Attach sample tax bill (2 copies) for current year showing all tax rates.

I HEREBY CERTIFY that the information given in this application and in any documents attached is true, and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of clerk or assessor _____ Date _____

SEND TWO COPIES of this application, fully completed to:
The Director, Municipal Grants Division, Department of Finance,
Confederation Building, Ottawa, Ontario.

ATTACH if available single copies of the following:

1. Municipal budget of expenditures and revenues for year of application.
2. Copies of completed assessment appraisal cards for each federal property.
(Assessment cards are requested only for the first year in which application for grant is made. For subsequent years cards are needed only for new properties or for properties which have been re-assessed.)

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APPLICATION FOR GRANT UNDER SECTION 5 OF THE MUNICIPAL GRANTS ACT

ITEM 1 Municipality _____ Province _____ Population _____

ITEM 2 Tax year for which application is made (give date of commencement) _____

ITEM 3 List federal properties in the space provided on the back of this form giving details requested. (If there is not sufficient space attach a schedule to your application giving the same information.)

ITEM 4 State current tax rates for which owners of taxable real property are liable:

- (a) general _____
- (b) school _____
- (c) other (specify) _____

ITEM 5 State total assessed value of all taxable real property in your municipality. (Do not include business or personal property assessment.) \$ _____

ITEM 6 Attach one blank tax bill for current year stating all tax rates.

I HEREBY CERTIFY that the information given in this application and in any documents attached is true, and correctly sets forth the tax rates and assessments in effect for the tax year for which application is made.

Signature of clerk or assessor _____ Date _____

SEND TWO COPIES of this application, fully completed to:
The Director, Municipal Grants Division, Department of Finance,
Confederation Building, Ottawa, Ontario.

ATTACH if available single copies of the following:

1. Municipal budget of expenditures and revenues for year of application.
2. Copies of completed assessment appraisal cards for each federal property.
(Assessment cards are requested only for the first year in which application for grant is made. For subsequent years cards are needed only for new properties or for properties which have been re-assessed.)

[illegible][illegible]

Office Consolidation

MUNICIPAL GRANTS ACT

R.S.C. 1952, c. 182

as amended by

1955, c. 49

1957, c. 10

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1957

CHAPTER 182.

An Act respecting Grants to Municipalities
(as amended by 1955, c. 49; 1957, c. 10.)

SHORT TITLE.

1. This Act may be cited as the *Municipal Grants Act*. 1951 Short Title
c. 54, s. 1.

INTERPRETATION.

2. In this Act

Definitions.

(a) "accepted value" means the value that, in the opinion of the Minister, would be attributed by a municipal taxing authority to federal property, without regard to any ornamental, decorative or non-functional features thereof, as the base for computing the amount of real estate tax applicable to that property if it were taxable property; (b) "assessed value" means the value attributed to taxable property by a municipal taxing authority as the base for computing the amount of real estate tax applicable to that property; (bb) "effective rate", in relation to any real estate tax, means the rate of tax that, in the opinion of the Minister, would be applicable to any federal property in a municipality if that property were taxable property; (c) "federal property" means real property owned by Her Majesty in right of Canada and any building owned and occupied by Her Majesty situated on land that is owned by a person other than Her Majesty and that is not taxable property, but does not, except as provided in this paragraph and in subsection (3) of section 7, include (i) real property forming part of an undertaking in respect of the conservation, irrigation, reclamation, rehabilitation or reforestation of land,	"Accepted value." Rep. and now. 1955, c. 49, s. 1 (1). "Assessed value." "Effective rate." New. 1957, c. 10, s. 1 (1). "Federal property." Rep. and now. 1957, c. 10, s. 1 (2).

CHAPTER 182.

An Act respecting Grants to Municipalities
(as amended by 1955, c. 49; 1957, c. 10.)

SHORT TITLE.

1. This Act may be cited as the *Municipal Grants Act*. 1951 Short Title
c. 54, s. 1.

INTERPRETATION.

2. In this Act

Definitions.

- (a) "accepted value" means the value that, in the opinion of the Minister, would be attributed by a municipal taxing authority to federal property, without regard to any ornamental, decorative or non-functional features thereof, as the base for computing the amount of real estate tax applicable to that property if it were taxable property; "Accepted value." Rep. and new. 1955, c. 49, s. 1 (1).
- (b) "assessed value" means the value attributed to taxable property by a municipal taxing authority as the base for computing the amount of real estate tax applicable to that property; "Assessed value."
- (bb) "effective rate", in relation to any real estate tax, means the rate of tax that, in the opinion of the Minister, would be applicable to any federal property in a municipality if that property were taxable property; "Effective rate." New. 1957, c. 10, s. 1 (1).
- (c) "federal property" means real property owned by Her Majesty in right of Canada and any building owned and occupied by Her Majesty situated on land that is owned by a person other than Her Majesty and that is not taxable property, but does not, except as provided in this paragraph and in subsection (3) of section 7, include
- (i) real property forming part of an undertaking in respect of the conservation, irrigation, reclamation, rehabilitation or reforestation of land,

- (ii) a park, historical site, monument, museum, public library, art gallery or Indian reserve,
- (iii) an improvement to land or structure that is not a building designed for the shelter of people, plant or movable property,
- (iv) an improvement to land or structure forming part of any defence establishment that, in the opinion of the Minister, is a self-contained defence establishment,
- (v) real property under the control, management or administration of the National Railways as defined in the *Canadian National-Canadian Pacific Act*, or a corporation, company, commission, board or agency established to perform a function or duty on behalf of the Government of Canada,
- (vi) except when otherwise prescribed by the Minister, real property owned by Her Majesty and leased to or occupied by a person from whom, by reason of his interest in or occupation of that real property, a municipal taxing authority may collect real estate tax, or
- (vii) the building known as the Houses of Parliament, including the Peace Tower and the Parliamentary Library, and the lands in the City of Ottawa bounded as follows: on the north by the Ottawa River; on the south by Wellington Street; on the east by the centre line of the roadway immediately adjacent to and west of the building known as the East Block and the projection of that line to the Ottawa River and Wellington Street; and on the west by the centre line of the roadway immediately adjacent to and east of the building known as the West Block and the projection of that line to the Ottawa River and Wellington Street;

except any property referred to in subparagraph (i), (ii) or (iv) that is owned by Her Majesty in right of Canada and that is leased to or occupied by a person who is an employee of Her Majesty in right of Canada or a member of the Canadian Forces and used by such person as a domestic establishment;

"Minister,"

- (d) "Minister" means the Minister of Finance;

"Municipality,"
New.
1957, c. 10,
s. 1 (3).

- (dd) "municipality" includes any municipal or other public board, commission, corporation or authority that, in the opinion of the Minister, exercises a function of local government under powers conferred by provincial statute, and that has power to levy a real estate tax;

"Real estate tax,"

- (e) "real estate tax" means a tax, other than a water tax, levied by a municipal taxing authority

- (i) on all owners of real property in that municipality, excepting those exempt by law, and
 - (ii) on persons who are lessees or occupiers of real property owned by any person exempt by law, and computed by applying one or more rates to all or a part of the assessed value of such real property; and
 - (f) "taxable property" means real property in respect of which a person may be required by a municipal taxing authority to pay a real estate tax. 1951, c. 54, s. 2.
- Rep. and new. 1955, c. 49, s. 1 (5).
"Taxable property."
3. (1) Repealed. 1955, c. 49, s. 2.
(2) Repealed. 1957, c. 10, s. 2.
(3) Repealed. 1957, c. 10, s. 2.
(4) Repealed. 1955, c. 49, s. 2.

GRANTS

4. (1) Where, in a form prescribed by the Minister, a municipality applies for a grant, the Minister may, in his discretion, out of moneys provided by Parliament, make a grant to the municipality in respect of federal property situated therein, but no grant shall be made in an amount exceeding that authorized by this Act.
- (2) No right to a grant is conferred by this Act. 1951, c. 54, s. 4.
5. (1) A grant may, pursuant to this section, be made to a municipality in respect of any federal property in the municipality, not exceeding the amount obtained by applying
- (a) the effective rate of the real estate tax levied in the municipality in the appropriate tax year,
- to
- (b) the accepted value of that federal property.
- (2) Where, in any municipality, a separate real estate tax is levied for school purposes and the rate of the tax levied for such purposes varies with the support of different religious denominations, in determining the amount of any grant made to the municipality under this section
- (a) there shall be substituted for the rate referred to in paragraph (a) of subsection (1) the effective rate of the real estate tax levied for purposes other than school purposes, and
- (b) there shall be included in the amount of the grant an amount not exceeding a fraction of the accepted value of federal property in the municipality, such fraction to be determined as follows:
- (i) the numerator is the total amount of the real estate tax levied in the appropriate tax year for school purposes, and
- Grants in respect of federal property.
No right to grant conferred.
Calculation of grant, i.e., and new. 1957, c. 10, s. 3.
Calculation of grant where separate tax for school purposes.
Rep. and new. 1957, c. 10, s. 3.

- (ii) the denominator is the assessed value of all real property in the municipality in respect of which a person may be required by the municipal taxing authority to pay a real estate tax levied for school purposes.

Deduction of certain amounts from grant otherwise payable.

Rep. and new.
1957, c. 10,
s. 3.

(3) The Minister may, in determining the amount of any grant to a municipality under this section, deduct from the amount that might otherwise be payable

- (a) an amount that, in the opinion of the Minister, represents
- (i) the value of a service that is customarily furnished by the municipality to real property in the municipality and that Her Majesty does not accept in respect of federal property in the municipality, or
 - (ii) the value of a service customarily furnished by municipalities that is furnished to taxable property in the municipality by Her Majesty; and
- (b) such other amount as the Minister considers appropriate having regard to the existence of any special circumstances arising out of any heavy concentration of federal property in the municipality.

Where full amount of grant not taken into account.

Rep. and new.
1957, c. 10,
s. 3.

(4) Where, in preparing its budget for a tax year, a municipality has not, in the opinion of the Minister, taken into account the full amount of any grant that may be made under this section, the Minister may, in determining the amount of that grant, make such adjustment in the rate referred to in paragraph (a) of subsection (1) or in the rate referred to in paragraph (a) of subsection (2) or the denominator referred to in paragraph (b) of subsection (2), as the case may be, as, having regard to the amount of the grant or portion thereof not so taken into account, he considers appropriate.

Grant in respect of property acquired after 1953.

Rep. and new.
1957, c. 10,
s. 4 (1).

6. (1) A grant may, pursuant to this section, be made to a municipality in respect of any real property in the municipality (other than federal property) referred to in subparagraph (ii), (iii) or (iv) of paragraph (c) of section 2 that was acquired by Her Majesty in right of Canada after 1953 and that was, immediately prior to such acquisition, taxable property.

Amount of grants.

Rep. and new.
1957, c. 10,
s. 4 (2).

(2) A grant made pursuant to this section shall not exceed

- (a) in the tax year of the municipality next following that during which the property referred to in subsection (1) was acquired by Her Majesty an amount equal to the total amount of the real estate tax levied in respect of that property for the tax year in which it was so acquired;
- (b) in the tax year of the municipality next following that in respect of which a grant is made pursuant to paragraph (a), an amount equal to seventy-five per cent of the amount granted pursuant to paragraph (a);

- (c) in the tax year of the municipality next following that in respect of which a grant is made pursuant to paragraph (b), an amount equal to fifty per cent of the amount granted pursuant to paragraph (a); and
- (d) in the tax year of the municipality next following that in respect of which a grant is made pursuant to paragraph (c), an amount equal to twenty-five per cent of the amount granted pursuant to paragraph (a).

(3) The amount of real estate taxes that a municipality may recover or has received from any person in respect of any real property referred to in subsection (1) for a tax year shall be deducted by the Minister from a grant made under this section in respect of such property and tax year.

Taxes recovered or received to be deducted.
Rep. and new.
1957, c. 10, s. 4 (3).

(4) In applying subsection (1) of section 4 to this section, the words "federal property" shall be construed as meaning property in respect of which a grant may be made under this section.

Application of subsection (1) of section 4.
Rep. and new.
1957, c. 10, s. 4 (4).

7. (1) A grant may be made to a municipality not exceeding the unpaid principal amount of that part of the cost of a local improvement that has been specially assessed against federal property and has become due and payable after the 31st day of December, 1942.

Grants in respect of local improvement costs.

(2) No grant shall be made under subsection (1) in respect of any part of the cost of a local improvement that the municipality has received from any person or may recover from any person as a special assessment.

No grant where costs received from others.
Rep. and New.
1955, c. 49, s. 5

(3) For the purposes of this section, "federal property" includes any property referred to in subparagraphs (ii), (iii) and (vii) of paragraph (c) of section 2.

"Federal property."
Rep. and new.
1957, c. 10, s. 5.

8. Repealed. 1957, c. 10, s. 6.

9. A grant may be made to the City of Ottawa in an amount that, in the opinion of the Minister, is a reasonable compensation for the expenses incurred by that City in furnishing services to the property referred to in subparagraph (vii) of paragraph (c) of section 2.

Grant to City of Ottawa in respect of property in section 2(c) (vii).
Rep. and new.
1957, c. 10, s. 7.

10. The Governor in Council may make regulations to provide, out of the moneys provided by Parliament, grants to municipalities, other than cities, towns or villages, in amounts that, in the opinion of the Minister, represent the expenses incurred by such municipalities by reason of the existence within or near their borders of real

Regulations to provide other grants.
Rep. and new.
1957, c. 10, s. 7.

property forming part of any defence establishment referred to in subparagraph (iv) of paragraph (c) of section 2.

Sections 3 and 9 of an *Act to amend the Municipal Grants Act, 1957. c. 10*, provide as follows:

"8. Notwithstanding sections 3, 4 and 6 of this Act, a grant in respect of a municipal tax year commencing before the 1st day of January, 1957, may be made under section 5, 6 or 8 of the *Municipal Grants Act* as in force immediately prior to the coming into force of this Act if application therefor is made prior to the 1st day of October, 1957, but not otherwise, and no grant in respect of such a municipal tax year shall be made under section 5 or 6 of that Act as amended by this Act.

9. This Act shall be deemed to have come into force on the 1st day of January, 1957."