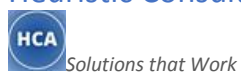




Jurisdictional Scan Summary

Jurisdictional (Canada) Scan: Municipal Direct Aid to Business

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Small Business Sustainment – Review of Canadian Experience

As part of the analysis of Calgary's proposed Small Business Sustainment (Resiliency) Grant, a review of Canadian jurisdictions was undertaken to identify whether other municipalities had experience with similar programs. And, if so, how effective those programs had been in achieving their aims.

The applicable legislation and related practices in Ontario, Saskatchewan, Quebec, Manitoba, Nova Scotia, Newfoundland, BC and Alberta (Edmonton) were considered in the review.

In half of those jurisdictions (Ontario, Quebec, Nova Scotia and BC) legislation prohibits the granting of aid, by a municipality, to business or industry. The applicable legislation, in those jurisdictions, typically provides some limited, special circumscribed exceptions to the general prohibition (e.g., for the preservation or improvement of designated properties) but those exceptions are narrow and appear targeted to non-economic aspects of the properties potentially benefitting from the relief. In these jurisdictions, councils are not otherwise given any broad discretion to provide aid to business by way of grants or exemptions/abatements.

In St. John's, there is no specific prohibition from the granting of aid but the applicable legislation (*the City of St. John's Act*) is written in a prescriptive manner. Unlike the law in most other jurisdictions, this means that the legislation specifies (prescribes) the actions that the City is authorized to undertake. If an action is not authorized, then it is not allowed. Consequently, prohibitive sections are redundant in that type of legislation. There is no authority in the legislation for the provision of aid to business or industry in the *City of St. John's Act*. This means that provision of aid is disallowed by the absence of authority, rather than by a specified prohibition.

In Winnipeg, a 'small business tax credit' program helps offset cost to small business of the business tax. Business tax applies only to occupied space, so that the small business tax credit is available for occupied space up to a threshold. The threshold essentially reflects the amount of space the business occupies – the implied assumption is therefore that the tax credit is of benefit only to small business. A tax rate is determined each year by dividing the total *Annual*

Rental Value by the residual amount of revenue to be raised through business tax (approximately \$60 million). Taxpayers expend considerable effort to get below the threshold in order to qualify for the small business tax credit. Winnipeg would prefer to eliminate the business tax but there are political implications for doing so.

In Saskatchewan, where there is no prohibition against aiding industrial or commercial properties, the municipal approach seems to have been to provide tax exemptions/abatements, rather than to pay grants. Recently both Saskatoon and Regina have developed incentives to *attract* business using their tax programs. In Saskatoon this appears to be in the nature of a tax abatement program whereas Saskatoon's approach is in the nature of a tax exemption¹.

Edmonton operates under the same legislation as Calgary (other than their independent Charters) and under that legislation there appears to be nothing to prevent the granting of aid to business or industry. Incentive programs have been developed, in Edmonton, to assist small business owners to improve and develop their properties. Some of these incentives are directed specifically to brownfield redevelopment and the others largely target development incentives, e.g.

- the Corner Store Pilot Program which supports the revitalization of community commercial areas through “a variety of methods including storefront and interior improvement grants, business support, regulatory support, and in some cases, infrastructure upgrades”² and
- the Development Incentive program, which is opening for applications in mid-2019 for interior improvement grants, to encourage “property owners in Business Improvement Areas to invest in higher density residential and/or commercial development. The program provides grants to cover a portion of building or renovation costs”³

¹ More information about these programs can be found in the Saskatchewan Government publication called [2018 Saskatchewan Business Incentives](#). Saskatchewan also has provincially based business incentive programs again described in this paper

² [Corner Store Pilot program description](#)

³ [Development Incentive Program](#)

The following table references appropriate legislative authorities for scanned jurisdictions.

Comparative Jurisdiction Review

Grants to assist small business

Jurisdiction	Legislation providing municipal powers and duties	Prohibition against aid to business	Grants to assist small business ⁴	Contacts
Ontario				
Toronto London Hamilton Ottawa	<ul style="list-style-type: none"> <i>Municipal Act, 2001</i> <i>City of Toronto Act, 2006</i> <i>City of Ottawa Act, 1999</i> <i>City of Hamilton Act</i> 	Yes - ss. 106, 107 of <i>Municipal Act, 2001</i> ; ss. 82-84 of <i>City of Toronto Act, 2006</i>	Not allowed by legislation (although some limited granting is allowed in s. 107 of the <i>Municipal Act</i> and s. 83 of the <i>City of Toronto Act</i> , it seems to be subject to the general prohibitions in ss. 106 and 82, respectively)	Legislation review only
Saskatchewan				
Regina Saskatoon	<ul style="list-style-type: none"> <i>Cities Act</i> <i>Municipalities Act</i> 	No specific legislative prohibition	No known grant history, but in Regina, there have been historical examples of tax exemptions given to building owners to attract new business. ⁵	Regina – Gerry Krismer Saskatoon – Mike Voth, Director Corporate Revenue
Quebec				

⁴ Sometimes the provision of grants is also called “bonusing” in the literature review. Note - those jurisdictions that provide a general prohibition against aid to business typically do provide some legislative authority to enable specific aid for the preservation and improvement of heritage properties.

⁵ Information received from Gerry Kismer, City Assessor, City of Regina (April 30, 2019)

Montreal	<ul style="list-style-type: none"> • <i>An Act Respecting Municipal Taxation</i> • <i>Municipal Code</i> • <i>Cities and Towns Act</i> • <i>Municipal Aid Prohibition Act</i> 	Yes – ss. 1-3 of <i>Municipal Aid Prohibition Act</i>	Not allowed by legislation	Legislation review only
Manitoba				
Winnipeg	<ul style="list-style-type: none"> • <i>Municipal Act</i> • <i>Municipal Assessment Act</i> • <i>City of Winnipeg Charter</i> 	No specific prohibition	Winnipeg provides a 'small business tax credit' to offset the cost to small business of the business tax	Kelly Shields, City Assessor
Nova Scotia				
Halifax	<ul style="list-style-type: none"> • <i>Municipal Government Act</i> • <i>Halifax Regional Municipality Charter, 2006</i> 	Yes - s. 57(2) of <i>Municipal Government Act</i>	Not allowed by legislation	Legislation review only
Newfoundland				
St. John's	<ul style="list-style-type: none"> • <i>City of St. John's Act</i>⁶ 	Legislation in Newfoundland is prescriptive – actions not allowed unless specific authority given. Although there is no prohibition against aid, there is also no authority to allow such aid.	No known history of grants. A few years ago the province provided for a phase in of taxes for new businesses but none are receiving it now. And grants have been allowed for restoration of heritage buildings ⁷ .	Derek Coffey, Deputy City Manager, City of St. John's

⁶ The Act specifically enables the City to reduce taxes due to the poverty of the person liable to pay the taxes, s. 262 (not clear if it applies to businesses, appears to be targeted to residential property owners but that limitation is not clear)

⁷ Information provided by Derek Coffey, Deputy City Manager, City of St. John's (April 30, 2019)

British Columbia				
Vancouver	<ul style="list-style-type: none"> • <i>Community Charter</i> • <i>Local Government Act</i> • <i>Vancouver Charter</i>⁸ 	Yes - s. 125 of <i>Community Charter</i> and s. 273 of <i>Local Government Act</i>	Not allowed by legislation	Legislation review only Patrice Impey, Chief Financial Officer and General Manager, Finance, Risk, and Supply Chain Management
Alberta				
Edmonton	<ul style="list-style-type: none"> • <i>Municipal Government Act</i> • <i>City of Edmonton Charter</i> 	No prohibition	No rebates or grants, in Edmonton, similar to Calgary's proposal ⁹ but incentive programs are in place to assist small business property owners improve and develop their properties ¹⁰ and specifically for brownfield redevelopment ¹¹	Rod Risling, Branch Manager, Assessment and Taxation, City of Edmonton

⁸ Cities outside of Vancouver are governed, for local government tax purposes, by the *Community Charter*. The *Local Government Act* applies to rural areas and regional districts. In BC "**assistance**" been defined as "means providing a grant, benefit, advantage or other form of assistance" (see s. 271 of *Local Government Act*). The Vancouver Charter contains no specific prohibition, but as an older, more prescriptive type of legislation, provides specific authorities for particular actions by council (e.g., s. 204 "Authorized Expenditures"). But it is clear that the overall legislative scheme in BC is to curtail the provision of such aid by all local governments.

⁹ Information provided by Rod Risling, Manager, Assessment and Taxation, City of Edmonton and through the City website

¹⁰ www.edmonton.ca/business_economy/business_resources/small-business-funding-initiatives-programs.aspx

¹¹ www.edmonton.ca/programs_services/funding_grants/brownfield-redevelopment-grant-program.aspx