



NATIONAL ASSEMBLY OF QUÉBEC

FIRST SESSION

FORTY-SECOND LEGISLATURE

Bill 3
(2019, chapter 5)

An Act to establish a single school tax rate

**Introduced 6 December 2018
Passed in principle 13 February 2019
Passed 16 April 2019
Assented to 17 April 2019**

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EXPLANATORY NOTES

The purpose of this Act is to establish a single school tax rate applicable to all school boards established under the Education Act.

To that end, the Act provides that the single school tax rate is computed on the basis of an amount for financing school boards' local needs, which is established annually using the method prescribed by government regulation. The school tax rate is published in the Gazette officielle du Québec.

The Act gives the Minister of Education and Higher Education the power to pay a fiscal balance subsidy to any school board to ensure full financing of its local needs not covered by the tax.

The Act provides for a transitional school tax system as of the school year 2019–2020 which, based on the amounts allocated annually for that purpose by the Minister and in accordance with the computations it includes, allows the school tax rate applicable to the various school boards to gradually decrease until a floor rate, determined for the duration of the transition, applies to all school boards.

The Act repeals various measures established by the Act to reform the school tax system, in particular to abolish the school tax regions and to allow school boards to continue collecting the school tax. However, the exemption introduced by that Act for the first \$25,000 of the value of immovables subject to the school tax is maintained.

Lastly, the Act contains various consequential provisions.

LEGISLATION AMENDED BY THIS ACT:

- Act respecting municipal taxation (chapter F-2.1);
- Education Act (chapter I-13.3);
- Act to reform the school tax system (2018, chapter 5).

REGULATION AMENDED BY THIS ACT:

- Regulation respecting the municipal and school tax system applicable to the governments of the other provinces, foreign governments and international bodies (chapter F-2.1, r. 12).

Bill 3

AN ACT TO ESTABLISH A SINGLE SCHOOL TAX RATE

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

EDUCATION ACT

1. Section 114 of the Education Act (chapter I-13.3) is amended by striking out the last sentence of the first paragraph.

2. Section 118 of the Act is amended

(1) by striking out the last sentence of the first paragraph;

(2) by striking out the last sentence of the second paragraph.

3. Section 302 of the Act is amended

(1) by inserting the following paragraph after paragraph 2:

“(2.1) “**adjusted standardized assessment**” means the value of the standardized assessment or, if there is a variation in the municipality’s standardized assessment of taxable immovables resulting from the coming into force of its assessment roll, the adjusted value obtained after averaging the variation in the standardized assessment in accordance with the provisions of Division IV.3 of Chapter XVIII of the Act respecting municipal taxation, with the necessary modifications;”;

(2) by inserting “or trust” after “person” in paragraph 4;

(3) by striking out the definition of “**school tax region**”.

4. Section 303 of the Act is replaced by the following:

“§2.—*Levy and determination of the school tax*

“**303.** For each school year, a school tax is levied on every taxable immovable.

The tax is levied on the value of the adjusted standardized assessment of the immovable that exceeds \$25,000.

“**303.1.** The school tax rate is the same for all taxable immovables.

It is computed annually, in accordance with section 303.4.

“303.2. The clerk of a municipal body having jurisdiction in property assessment shall provide every school board all or part of whose territory is included in the body’s territory with a certified copy of the assessment roll of the taxable immovables situated in the common territory and a certificate attesting the standardizing factor for that roll.

The clerk shall send the copy within 15 days after the day on which the Minister of Municipal Affairs, Regions and Land Occupancy communicates the standardizing factor for the municipal fiscal year in which the roll comes into force to the body.

The copy is provided on payment of the fees payable for the issue of copies of municipal documents.

“303.3. Each year, every school board shall send the Minister the information he considers necessary for computing the school tax rate, in the form determined by the Minister.

The information shall be sent on or before 1 May for the school year beginning on the next 1 July and be based on the assessment roll that is up to date on 1 April of the current school year for all taxable immovables situated in the school board’s territory.

“303.4. The school tax rate for a school year corresponds to the proportion that the amount for financing local needs for all school boards for the school year, computed using the method prescribed by a regulation made under section 455.1, minus the total standardizing compensation referred to in section 303.5, is of the adjusted standardized assessment of all taxable immovables as at 1 April preceding the school year.

The proportion is multiplied by 100 to express the rate in dollars per \$100 of adjusted standardized assessment. The rate is expressed as a five-decimal number. The fifth decimal is increased by 1 if the sixth is greater than 4.

“303.5. The total standardizing compensation corresponds to the sum of the most recent standardizing compensation amounts computed for each school board under section 35 of the Act to establish a single school tax rate (2019, chapter 5).

“303.6. The maximum school tax rate is \$0.35 per \$100 of the adjusted standardized assessment of all taxable immovables.

The maximum rate is applied where the computation of the school tax rate results in a higher rate.

“303.7. The Minister shall publish the school tax rate in the *Gazette officielle du Québec* and give notice of it to the school boards and the Comité de gestion de la taxe scolaire de l’île de Montréal, not later than 15 June preceding the school year concerned.

“§3. — *Collection of the school tax*”.

5. Section 304 of the Act is amended

(1) by replacing “An immovable” and “is taxable” in the first paragraph by “The school tax levied on an immovable” and “shall be collected”, respectively;

(2) by replacing “the immovable is taxable” and “levied by” in the second paragraph by “the school tax shall be collected” and “intended for”, respectively.

6. Section 305 of the Act is amended by replacing “An immovable” and “is taxable” by “The school tax levied on an immovable” and “shall be collected”, respectively.

7. Section 306 of the Act is amended

(1) by replacing the first paragraph by the following paragraph:

“The school tax levied on an immovable owned by a natural person to whom sections 304 and 305 do not apply and who has elected to pay the school tax to a school board shall be collected exclusively by that school board.”;

(2) by replacing “levy” in the second paragraph by “destination”.

8. Section 307 of the Act is amended

(1) by replacing “An immovable” and “is taxable” in the first paragraph by “The school tax levied on an immovable” and “shall be collected”, respectively;

(2) by replacing “to be levied” and “levied by” in the second paragraph by “to be collected” and “intended for”, respectively.

9. Section 308, the heading of subdivision 2 before section 310, and sections 310 to 312 of the Act are repealed.

10. Section 313 of the Act is amended by striking out the first paragraph.

11. The heading of subdivision 3 before section 314 of the Act is struck out.

12. Section 314 of the Act is replaced by the following section:

“**314.** After 1 July of the school year concerned, the director general of the school board shall have a request for payment of school taxes sent to every owner of a taxable immovable, except where the collection of the school tax is entrusted to another school board under section 304 or 307.”

13. Section 316 of the Act is replaced by the following section:

“**316.** Interest is payable on school taxes at the rate applicable under the first paragraph of section 28 of the Tax Administration Act (chapter A-6.002) on the day the notice required under section 303.7 is published in the *Gazette officielle du Québec*. The notice shall mention the applicable interest rate.

The rate applies to all taxes payable, from 1 July of the school year to which the notice referred to in the first paragraph applies.

Every tax bill shall clearly state the applicable interest rate and the fact that the rate may be changed in accordance with this section.”

14. Section 317 of the Act is amended by inserting “, except where an owner’s annual tax bill is for an amount under \$2” at the end.

15. Section 343 of the Act is amended by inserting “by the owner of the immovable” after “If the right of redemption is exercised” in the second paragraph.

16. Section 344 of the Act is amended by replacing “shall be sold at auction or by private sale, as the school board may determine” by “shall be disposed of in accordance with the regulation referred to in the second paragraph of section 272”.

17. Section 434.1 of the Act is replaced by the following section:

“**434.1.** The Comité shall collect the school tax intended, under sections 304 to 307, for any of the school boards situated in whole or in part on the island of Montréal.

To that end, it shall exercise the functions and powers the law confers on school boards, with the necessary modifications.”

18. Sections 434.2 to 434.4 of the Act are repealed.

19. Section 434.5 of the Act is amended by replacing the first paragraph by the following paragraph:

“Each year, every school board on the island of Montréal shall, by resolution of its council of commissioners, require from the Comité the payment of the amount for financing local needs computed using the method prescribed by a regulation made under section 455.1.”

20. Sections 435 and 436 of the Act are repealed.

21. Section 439 of the Act is amended by replacing the introductory clause and paragraph 1 by the following:

“**439.** The Comité shall, for each school year, apportion the amount for financing local needs and the investment income of all or part of that amount according to the following rules:

(1) every school board on the island of Montréal shall, not later than 3 January of each year, receive the amount for financing local needs computed using the method prescribed by a regulation made under section 455.1;”.

22. Sections 440 to 443 of the Act are repealed.

23. Section 455.1 of the Act is replaced by the following section:

“**455.1.** The Government shall, by regulation, prescribe the method for computing the amount referred to in section 303.4 for financing local needs for a school board. The method must make it possible to determine basic financing and financing that takes the number of students into account.

The method for computing basic financing may vary according to categories of school boards and types of activities.

The method for computing financing that takes the number of students into account may include rules for establishing the number of eligible students and may vary according to categories of students, weighting indexes applicable to students, measures to mitigate the impact of a decline in the number of students in a school board, and categories of school boards.

The regulation may provide for the indexing of the amounts included in the computation method.”

24. Sections 475 and 475.1 of the Act are replaced by the following sections:

“**475.** The Minister shall, in the budgetary rules referred to in section 472, provide for the payment of a fiscal balance subsidy to allow each school board to obtain the amount for financing local needs computed using the method prescribed by a regulation made under section 455.1.

The subsidy corresponds to the difference between that amount and the school tax proceeds for the year concerned established on the basis of the assessment roll referred to in section 303.3. It is paid in equal parts not later than 31 July and 31 October of the year concerned.

The school boards shall send the Minister the information he considers necessary for computing the fiscal balance subsidy, on the date and in the form determined by the Minister.

The Minister shall also, in those budgetary rules, provide for the payment to the school boards and to the Comité de gestion de la taxe scolaire de l'île de Montréal of compensation for loss of revenue incidental to the taxation in an amount corresponding to the last compensation that was paid to them under section 40 of the Act to establish a single school tax rate (2019, chapter 5), where applicable.

“475.0.1. Where the sum of the school tax proceeds and the fiscal balance subsidy provided for in section 475 does not correspond to the amount for financing local needs computed using the method prescribed by a regulation made under section 455.1, the difference between the sum and the amount is taken into account in establishing the subsidy amounts granted under the budgetary rules referred to in section 472 and may be considered to stand in lieu of a subsidy, in whole or in part.

The first paragraph does not apply to a school board on the island of Montréal where the sum of the school tax proceeds and the fiscal balance subsidy is greater than the amount for financing local needs for that school board.

“475.1. A fiscal balance subsidy intended for a school board on the island of Montréal under section 475 is paid to the Comité de gestion de la taxe scolaire de l'île de Montréal.

The same applies to the compensation for loss of revenue incidental to the taxation.”

25. Schedule I to the Act is repealed.

AMENDING PROVISIONS

ACT RESPECTING MUNICIPAL TAXATION

26. Section 495 of the Act respecting municipal taxation (chapter F-2.1) is amended by replacing “taxation power” by “taxation-related power”.

ACT TO REFORM THE SCHOOL TAX SYSTEM

27. Sections 6 to 12, 14, 16 to 26, 28 to 35, 40 to 50, 56, 58, 68 to 72, 74 and 75, paragraph 1 of section 76, sections 77, 78, 80 and 81, paragraph 1 of section 82, and sections 83, 85 and 87 to 95 of the Act to reform the school tax system (2018, chapter 5) are repealed.

28. Section 96 of the Act is amended

(1) by replacing “2020” in the introductory clause of the first paragraph by “2019”;

(2) by striking out the portion after subparagraph 2 of the first paragraph.

REGULATION RESPECTING THE MUNICIPAL AND SCHOOL TAX SYSTEM APPLICABLE TO THE GOVERNMENTS OF THE OTHER PROVINCES, FOREIGN GOVERNMENTS AND INTERNATIONAL BODIES

29. Section 7 of the Regulation respecting the municipal and school tax system applicable to the governments of the other provinces, foreign governments and international bodies (chapter F-2.1, r. 12) is amended by replacing “. If the school tax in lieu of which the sum stands is not collected by a local municipality, the word “municipality” in the Regulation” in the second paragraph by “and the word “municipality””.

TRANSITIONAL PROVISIONS

30. Sections 31 to 42 apply for the purpose of computing the school tax rate applicable for the school year 2019–2020 and subsequent school years. They cease to have effect on the coming into force of section 4, insofar as it enacts sections 303.1, 303.4, 303.5 and 303.7 of the Education Act (chapter I-13.3).

31. Subject to sections 38 and 39, the applicable school tax rate is determined by school board.

It is determined annually, in accordance with sections 32 and 34.

32. The school tax rate applicable to a school board for a school year corresponds to the proportion that the amount for financing local needs for the school board for the school year, computed using the method prescribed by a regulation made under section 455.1 of the Education Act, as enacted by section 23, minus the increased standardizing compensation provided for in section 33 for the school board for the school year, is of the adjusted standardized assessment, as at 1 April preceding the school year, of all taxable immovables included in the school board’s property tax base.

The proportion is multiplied by 100 to express the rate in dollars per \$100 of adjusted standardized assessment. The rate is expressed as a five-decimal number. The fifth decimal is increased by 1 if the sixth is greater than 4.

If the school tax rate computed for a school board is greater than the school tax rate it applied the previous year, the latter rate applies.

33. The increased standardizing compensation for a school board whose school tax rate the previous school year was greater than the floor rate is equal to the sum of

(1) the standardizing compensation computed for the school board for the previous school year; and

(2) the standardizing compensation increase computed for the school board in accordance with section 36 for the school year concerned.

For the school year 2019–2020, the amount deemed to have stood in lieu of the standardizing compensation for the school board for the school year 2018–2019 is computed

(1) by determining the balance subsidy obtained by the school board for the school year 2018–2019 under any of paragraphs 17 to 19 of section 87 of the Act to reform the school tax system (2018, chapter 5);

(2) by multiplying by \$25,000 the number of taxable immovables included in the school board’s property tax base for the year concerned and whose adjusted standardized assessment is greater than \$25,000;

(3) by adding the aggregate value of the adjusted standardized assessment of all taxable immovables included in the school board’s property tax base for the year concerned and whose adjusted standardized assessment is \$25,000 or less to the amount obtained under subparagraph 2;

(4) by multiplying the amount obtained under subparagraph 3 by the school tax rate applicable to the school board the previous year; and

(5) by subtracting the amount obtained under subparagraph 4 from the amount determined under subparagraph 1.

34. The school tax floor rate is \$0.10540 per \$100 of the adjusted standardized assessment of the taxable immovables.

Section 32 does not apply to a school board to which the school tax floor rate applied the previous school year. In such a case, the floor rate applies to that school board for any school year.

If the school tax rate computed for a school board is lower than the floor rate, the floor rate applies.

35. The fiscal balance subsidy provided for in section 475 of the Education Act, as enacted by section 24, includes a standardizing compensation intended to make it possible, ultimately, to apply a single school tax rate to all school boards.

The standardizing compensation for a school board is computed

(1) by determining the fiscal balance subsidy provided for under section 475 of the Education Act, as enacted by section 24, for the year concerned;

(2) by multiplying by \$25,000 the number of taxable immovables included in the school board's property tax base for the year concerned and whose adjusted standardized assessment is greater than \$25,000;

(3) by adding the aggregate value of the adjusted standardized assessment of all taxable immovables included in the school board's property tax base for the year concerned and whose adjusted standardized assessment is \$25,000 or less to the amount obtained under subparagraph 2;

(4) by multiplying the amount obtained under subparagraph 3 by the floor rate or by the reduced rate; and

(5) by subtracting the amount obtained under subparagraph 4 from the amount determined under subparagraph 1.

36. Each school year, an amount is allocated to the increase in the standardizing compensations by the minister responsible for the administration of the Education Act out of the appropriations granted for that purpose by Parliament.

The standardizing compensation increase is granted for a school year to a school board to which the floor rate did not apply the previous school year and corresponds to the product obtained by multiplying the amount allocated to the increase in the standardizing compensations for that year by the proportion that the difference in the tax proceeds to be eliminated for the school board for that school year is of the sum of the differences in the tax proceeds to be eliminated for all school boards to which the floor rate did not apply the previous school year, in whole or in part.

37. The difference in the tax proceeds to be eliminated for a school board by school year is computed

(1) by dividing by 100 the adjusted standardized assessment of all taxable immovables included in the school board's property tax base for the year concerned;

(2) by subtracting the floor rate from the school tax rate applicable to the school board the previous year; and

(3) by multiplying the amount obtained under paragraph 1 by the amount obtained under paragraph 2.

38. The school tax rate applicable to an English language school board is determined by portion of territory. The rate determined for a portion of territory corresponds to the tax rate applicable to the French language school board established in the same portion of territory.

Consequently, the following computation rules apply with regard to an English language school board:

(1) no standardizing compensation increase is granted to the school board under the second paragraph of section 36;

(2) for the purpose of determining the sum of the differences in the tax proceeds to be eliminated for all school boards in accordance with the second paragraph of section 36, a difference in the tax proceeds to be eliminated is computed for any school board to which the floor rate did not apply the previous school year, in whole or in part;

(3) the difference in the tax proceeds to be eliminated for the school board is computed

(a) by dividing by 100 the adjusted standardized assessment of all taxable immovables included in the school board's property tax base by portion of territory for the year concerned;

(b) by subtracting the floor rate from the school tax rate applicable the previous year by portion of territory;

(c) by multiplying the amount obtained under subparagraph *a* by the amount obtained under subparagraph *b*; and

(d) by adding together the amounts obtained under subparagraph *c* for all of the school board's portions of territory.

39. Despite section 38, the school tax rate applicable to a school board on the island of Montréal is determined for all school boards on the island of Montréal.

For the purposes of the computations provided for in sections 32, 33, 35, 36 and 37, the school boards on the island of Montréal are deemed to be one single French language school board whose value is equal to the sum of the values attributable to each of the school boards on the island of Montréal.

40. The Minister must, in the budgetary rules referred to in section 472 of the Education Act, provide for payment to the school boards and to the Comité de gestion de la taxe scolaire de l'île de Montréal of compensation for loss of revenue incidental to the taxation.

The purpose of the compensation intended for the school boards is to make up for the loss of revenue from arrears, and the purpose of the compensation intended for the Comité de gestion de la taxe scolaire de l'île de Montréal is to make up for the loss of revenue called additional revenue.

The compensation intended for a school board on the island of Montréal is paid to the Comité de gestion de la taxe scolaire de l'île de Montréal.

41. The floor rate applies to all school boards as soon as the minister responsible for the administration of the Education Act finds that the rate corresponds to the proportion that the amount for financing local needs for all school boards for the school year, computed using the method prescribed by a regulation made under section 455.1 of the Education Act, as enacted by section 23, minus the sum of the standardizing compensation amounts for the previous school year and the increase referred to in the first paragraph of section 36 for the school year, is of the adjusted standardized assessment of all taxable immovables as at 1 April preceding the school year, such proportion being multiplied and expressed in accordance with the second paragraph of section 32.

42. The minister responsible for the administration of the Education Act publishes the school tax rates applicable to the school boards in the *Gazette officielle du Québec* and gives notice of them to the school boards and the Comité de gestion de la taxe scolaire de l'île de Montréal, not later than 15 June preceding the school year concerned.

The reference to section 303.7 of the Education Act, in section 316 of that Act as enacted by section 13 of this Act, must be read as a reference to section 42 of this Act.

FINAL PROVISION

43. This Act comes into force on 1 July 2019, except

(1) sections 23 and 30 to 42, which come into force on 17 April 2019;

(2) section 4 insofar as it enacts sections 303.1, 303.4, 303.5 and 303.7 of the Education Act (chapter I-13.3), and section 24 insofar as it enacts the fourth paragraph of section 475 and the second paragraph of section 475.1 of that Act, which come into force on 1 July of the school year following the first school year the floor rate applied to all school boards.

