



# **BILL NO. 223**

*Government Bill*

---

*1st Session, 64th General Assembly  
Nova Scotia  
1 Charles III, 2022*

---

## **An Act to Dissolve the Municipal Finance Corporation**

CHAPTER 38  
ACTS OF 2022

**AS ASSENTED TO BY THE LIEUTENANT GOVERNOR  
NOVEMBER 9, 2022**

The Honourable John Lohr  
*Minister of Municipal Affairs and Housing*

---

*Halifax, Nova Scotia  
Printed by Authority of the Speaker of the House of Assembly*

This page is intentionally blank.

## **An Act to Dissolve the Municipal Finance Corporation**

Be it enacted by the Governor and Assembly as follows:

- 1** This Act may be cited as the *Municipal Finance Corporation Dissolution Act*.
- 2** In this Act,
  - (a) “Board” means the Board of Directors of the Corporation;
  - (b) “Civil Service” has the same meaning as in the *Civil Service Act*;
  - (c) “Corporation” means the Nova Scotia Municipal Finance Corporation, a body corporate, incorporated under the *Municipal Finance Corporation Act*;
  - (d) “Crown” means the Crown in right of the Province;
  - (e) “former Minister” means the Minister of Municipal Affairs and Housing;
  - (f) “Minister” means the Minister of Finance and Treasury Board.
- 3**
  - (1)** The Corporation is dissolved.
  - (2)** All affairs and matters relating to providing financial assistance for municipalities, municipal enterprises and hospitals through a central borrowing authority are assigned to the Minister.
- 4**
  - (1)** The Board established by the *Municipal Finance Corporation Act* is dissolved.
  - (2)** All appointments of persons as members of the Board are revoked.
  - (3)** The appointment of the person as Chief Executive Officer is revoked.
  - (4)** All contracts, agreements, orders and by-laws with respect to the remuneration, allowances or expenses to be paid to the members of the Board and the Chief Executive Officer are null and void.
  - (5)** By-laws made by the Board under the *Municipal Finance Corporation Act* are revoked.
- 5**
  - (1)** All actions taken by or on behalf of the Corporation or by the employees of the Province in the course of their duties related to the Corporation prior to the coming into force of this Act are ratified and affirmed.
  - (2)** For greater certainty, no action, application or other proceeding lies or may be instituted against the Minister or the former Minister with respect to anything done or purported to be done in good faith, or with respect to anything omitted in good faith, under the *Municipal Finance Corporation Act*, by the Minister or the former Minister.

(3) Nothing in subsection (2) may be taken as providing any indication that any right, power, duty, function, responsibility or authority referred to in that subsection was not validly exercised by the Minister or the former Minister.

6 (1) All property of the Corporation, both real and personal, all assets of the Corporation and all interests or rights of the Corporation in or to any property are transferred and assigned to and vested in the Crown.

(2) For greater certainty, this Act is a legal and valid transfer and assignment to the Crown of all mortgages, charges, encumbrances or other documents and all other property of every description standing in the name of, or vested in, the Corporation.

(3) All liabilities, contracts, obligations, debts, causes of action, actions, appeals, applications or other proceedings of the Corporation, or in the name of the Corporation, are transferred to and assumed by the Crown.

(4) Except as otherwise provided in this Act, nothing in this Act affects the rights of any creditor of the Corporation or any person with a claim against the Corporation and all those rights may be asserted against the Crown.

7 The Crown shall indemnify and hold harmless a person who was a member of the Board before the coming into force of this Act, and the heirs, executors, estate and effects of the person with respect to all costs, charges and expenses that the person incurs in relation to any action, application of other proceeding brought or prosecuted against the person in connection with the duties of the person as a member of the Board except costs, charges and expenses that are occasioned by the person's own wilful neglect or wilful default.

8 No action, application or other proceeding lies or may be instituted against the Corporation, the Minister or the Crown before any court or administrative body in the Province as a result of

- (a) the dissolution of the Corporation; or
- (b) the revocation of the appointments of the Board and the Chief Executive Officer.

9 A reference to the Nova Scotia Municipal Finance Corporation in any Act, other than this Act, regulation, rule, order, by-law, agreement or other instrument or document is to be read as, unless the context otherwise requires, the Department of Finance and Treasury Board.

10 (1) A financial instrument or agreement entered into by the Corporation under Section 8 of the *Municipal Finance Corporation Act* continues to be valid and effective.

(2) All payments due and payable as a result of a financial instrument or agreement entered into by the Corporation under Section 8 of the *Municipal Finance Corporation Act* must be made to the Department of Finance and Treasury Board.

11 The books, records, documents and files of the Corporation are the books, records, documents and files of the Crown.

**12 (1)** Every employee of the Corporation is deemed to be an employee of the Province in accordance with the *Civil Service Act*, and any enactment applicable to the employees of the Civil Service applies to such employees.

**(2)** Section (1) operates notwithstanding any provisions of the *Civil Service Act* with respect to appointments to and promotions and vacancies within the Civil Service.

**(3)** For greater certainty, the operation of subsection (1) is deemed not to

(a) constitute a termination, constructive dismissal or lay off of any employee;

(b) constitute a breach, termination, repudiation or frustration of any contract;

(c) constitute an event of default or *force majeure* under any contract;

(d) give rise to a breach, termination, repudiation or frustration of any licence, permit or other right, or to any right to terminate or repudiate a contract, licence, permit or other right, or to any estoppel.

**(4)** For any question involving the determination of service or seniority of an employee to whom subsection (1) applies, the period of employment with the Corporation prior to this Act coming into force is deemed to be employment with the Province and is deemed to be continuous with the period of employment with the Province commencing on the date this Act comes into force.

**(5)** Notwithstanding anything to the contrary in any enactment applicable to the Civil Service, every employee to whom subsection (1) applies is employed by the Province on the same or equal terms and conditions of employment as applied to the employee immediately prior to this Act coming into force, until such time as any terms and conditions are changed in accordance with any enactment applicable to the Civil Service.

**(6)** Where an employee to whom subsection (1) applies would have been eligible for a public service award under the *General Civil Service Regulations* made under the *Civil Service Act* if the person had remained as an employee of the Corporation until retirement, the Crown shall pay to the person upon retirement an amount equivalent to the amount of the public service award that it would have paid to the person for the person's years of employment as an employee of the Corporation.

**13** On the coming into force of this Act, the Crown may bring or maintain in its name any action, application or other proceeding, or exercise any power, right or remedy that the Corporation was, could have been or could have become entitled to bring, maintain or exercise on or before the coming into force of this Section.

**14 (1)** No prohibition of any transfer or assignment, or absence of any consent or approval required for any transfer or assignment, voids or affects the validity of a transfer or assignment under this Act.

**(2)** Any transfer or assignment under this Act is deemed not to be a breach or default under any lease, contract or instrument.

## FINANCE ACT

**15 Chapter 2 of the Acts of 2010, the *Finance Act*, is amended by adding immediately after Section 80 the following Sections:**

80A In this Section and Sections 80B to 80E and Section 81,

(a) “Fund” means the Municipal Fund;

(b) “municipal enterprise” means any body corporate the borrowings of which are or may be guaranteed by a municipality, any body corporate to which a municipality may lend money and any body corporate the deficit of which is or may be paid by a municipality, and includes an education entity as defined in the *Education Act*, but does not include a hospital;

(c) “Municipal Finance Corporation” means the Nova Scotia Municipal Finance Corporation established under the former *Municipal Finance Corporation Act*;

(d) “municipality” means a regional municipality, town, municipality of a county or a district, a village or a service commission;

(e) “service commission” means a board, commission or corporation created by or under the authority of any Act and having power to

(i) provide, for an area or the residents of an area, services similar to one or more of those that may be provided by a municipality for its residents, and

(ii) levy rates and taxes, or require a municipality or an official of a municipality to levy rates and taxes, other than or in addition to water or electricity rates fixed or approved under the *Public Utilities Act*,

and includes fire protection commissioners incorporated under the *Rural Fire District Act* or to whom that Act applies by virtue of Section 56 thereof but does not include a municipality or an education entity as defined in the *Education Act*.

80B (1) There is hereby established a fund to be known as the Municipal Fund.

(2) The Governor in Council may authorize the Minister to make available such sums of money from the General Revenue Fund as the Governor in Council considers necessary for the purpose of the Fund.

(3) All outstanding loans owing to the Municipal Finance Corporation when this Act comes into force are deemed to have been paid out of the Fund.

(4) All repayments and recoveries of principal made with respect to any transaction out of the Fund must be paid or credited to the Fund.

(5) A loan guarantee made under the former *Municipal Finance Corporation Act* or clause 80C(b) is a charge upon the Fund in the amount of the guarantee authorized.

80C The Minister may, subject to this Act and the regulations,

(a) lend money from the Fund to municipalities and municipal enterprises and accept and receive therefrom any securities on terms acceptable to the Minister;

(b) guarantee the payment of any debt or obligation of a municipality or municipal enterprise;

(c) enter into agreements that seem conducive to lending to municipalities and municipal enterprises, including agreements with any government or authority, be it municipal, local or otherwise;

(d) sell or otherwise dispose of notes, bonds, debentures or securities contained within the Fund on such terms and conditions as the Minister deems advisable, either at the par value thereof or at less or more than the par value thereof.

80D The Minister may not accept any note, bond, debenture or security of a municipality or municipal enterprise unless

(a) all of the requirements of the *Municipal Government Act*, the *Halifax Regional Municipality Charter* and any other governing enactment have been complied with by the issuing municipality or municipal enterprise; and

(b) the issue of the note, bond, debenture or security has been approved by the Minister of Municipal Affairs and Housing.

80E (1) Where a municipality is required under the *Municipal Government Act* or the *Halifax Regional Municipality Charter* to provide a sinking fund, the sums required therefor and the interest accruing thereon may be held and administered by the Minister in trust for the municipality.

(2) The Minister may invest the sums held in trust in investments authorised under this Act.

(3) For greater certainty, Section 9 does not apply to funds held in trust under this Section.

**16 Subsection 81(1) of Chapter 2 is amended by adding immediately after clause (j) the following clauses:**

(ja) respecting the requirements for a note, bond, debenture or security to be accepted by the Minister, including any guarantees that a municipality may be required to give with respect to a loan to a municipal enterprise;

(jb) respecting the process to be followed before the Minister makes a loan to a municipality or municipal enterprise;

(jc) respecting the types of transactions that the Minister may enter into under Section 80C;

(jd) respecting short-term lending from the Fund to municipalities and municipal enterprises;

(je) respecting fees that may be charged by the Minister to municipalities and municipal enterprises with respect to the administration of loans and other activities undertaken by the Minister under Sections 80B to 80E;

## HALIFAX REGIONAL MUNICIPALITY CHARTER

**17** Clause 3(r) of Chapter 39 of the Acts of 2008, the *Halifax Regional Municipality Charter*, is amended by striking out “approved by the Nova Scotia Municipal Finance Corporation” in the first and second lines and substituting “acceptable to the Minister of Finance and Treasury Board”.

**18** Subsection 112(2) of Chapter 39 is amended by striking out “*Municipal Finance Corporation*” in the first line and substituting “*Finance*”.

**19** Chapter 39 is further amended by adding immediately after Section 112 the following Section:

112A (1) Notwithstanding any other provision of this Act or any other Act of the Legislature, the Municipality or a municipal enterprise may not issue or sell notes, bonds, debentures or securities except to the Government of Canada, the Province or another municipality, or to any department, agency or fund thereof.

(2) This Section does not apply to a temporary borrowing pending the issue of notes, bonds, debentures or securities or a borrowing by the Municipality or a municipal enterprise made in accordance with this Act and for the purpose of defraying part of its annual current expenditure.

(3) This Section does not apply to a borrowing or part thereof by a municipal housing corporation where the municipal housing corporation obtains a borrowing guarantee from Canada Mortgage and Housing Corporation in respect of that borrowing or that part thereof, respectively.

**20** Clause 120(3)(f) of Chapter 39 is amended by striking out “*Municipal Finance Corporation*” in the second line and substituting “*Finance*”.

**21** Chapter 39 is further amended by adding immediately after Section 131 the following Section:

131A (1) Where the Municipality or a municipal enterprise defaults on any payment required to be made to the Minister of Finance and Treasury Board, the Minister of Finance and Treasury Board shall immediately inform the Minister.

(2) The Governor in Council shall, upon the recommendation of the Minister, appoint trustees to manage the affairs of the Municipality or municipal enterprise.

(3) The Minister may recover any amount in default by a levy on the property and occupancy assessment subject to taxation in the Municipality.

(4) The Minister may seize and sell property of a municipal enterprise to recover any amount in default, and for this purpose a loan by the Minister of Finance and Treasury Board to a municipal enterprise is a charge upon the property of the municipal enterprise.

**22** Subsection 305(9) of Chapter 39 is amended by striking out “*Municipal Finance Corporation*” in the second line and substituting “*Finance*”.



**23 Subsection 306(9) of Chapter 39 is amended by striking out “*Municipal Finance Corporation*” in the second line and substituting “*Finance*”.**

## MUNICIPAL GOVERNMENT ACT

**24 Clause 3(s) of Chapter 18 of the Acts of 1998, the *Municipal Government Act*, is amended by striking out “approved by the Nova Scotia Municipal Finance Corporation” in the second and third lines and substituting “acceptable to the Minister of Finance and Treasury Board”.**

**25 Subsection 91(2) of Chapter 18 is amended by striking out “*Municipal Finance Corporation*” in the first and second lines and substituting “*Finance*”.**

**26 Chapter 18 is further amended by adding immediately after Section 91 the following Section:**

91A (1) Notwithstanding any other provision of this Act or any other Act of the Legislature, the Municipality or a municipal enterprise may not issue or sell notes, bonds, debentures or securities except to the Government of Canada, the Province or another municipality, or to any department, agency or fund thereof.

(2) This Section does not apply to a temporary borrowing pending the issue of notes, bonds, debentures or securities or a borrowing by the Municipality or a municipal enterprise made in accordance with this Act and for the purpose of defraying part of its annual current expenditure.

(3) This Section does not apply to a borrowing or part thereof by a municipal housing corporation where the municipal housing corporation obtains a borrowing guarantee from Canada Mortgage and Housing Corporation in respect of that borrowing or that part thereof, respectively.

**27 Clause 99(3)(f) of Chapter 18 is amended by striking out “*Municipal Finance Corporation*” in the third line and substituting “*Finance*”.**

**28 Chapter 18 is further amended by adding immediately after Section 119 the following Section:**

119A (1) Where a municipality or a municipal enterprise defaults on any payment required to be made to the Minister of Finance and Treasury Board, the Minister of Finance and Treasury Board shall immediately inform the Minister.

(2) The Governor in Council shall, upon the recommendation of the Minister, appoint trustees to manage the affairs of the municipality or municipal enterprise.

(3) The Minister may recover any amount in default by a levy on the property and occupancy assessment subject to taxation in a municipality.

(4) The Minister may seize and sell property of a municipal enterprise to recover any amount in default, and for this purpose a loan by the Minister of Finance and Treasury Board to a municipal enterprise is a charge upon the property of the municipal enterprise.

**29** Subsection 294(9) of Chapter 18 is amended by striking out “*Municipal Finance Corporation*” in the second and third lines and substituting “*Finance*”.

**30** Subsection 295(9) of Chapter 18 is amended by striking out “*Municipal Finance Corporation*” in the second and third lines and substituting “*Finance*”.

#### PROPERTY VALUATION SERVICES CORPORATION ACT

**31** Subsection 39(1) of Chapter 19 of the Acts of 2006, the *Property Valuation Services Corporation Act*, is amended by striking out “*Municipal Finance Corporation*” in the second line and substituting “*Finance*”.

#### GENERAL

**32** Where there is a conflict between this Act and any other Act or enactment, this Act prevails.

**33** Chapter 301 of the Revised Statutes, 1989, the *Municipal Finance Corporation Act*, is repealed.

**34** This Act has effect on and after December 1, 2022.

---