

1996 BILL 47

Fourth Session, 23rd Legislature, 45 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 47

REINVESTMENT ~~ACT~~

THE PROVINCIAL TREASURER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 47

1996

REINVESTMENT ACT

(Assented to _____, 1996)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

Alberta Income Tax Act

Amends RSA
1980 cA-31

1(1) The Alberta Income Tax Act is amended by this section.

(2) Section 1(7) is amended by adding the following after clause (a):

(a.1) and reference is made in that provision to section 122.6 or 122.61 of the federal Act,

(i) a reference to section 122.6 is deemed to be a reference to section 13.2 of this Act, and

(ii) a reference to section 122.61 is deemed to be a reference to section 13.3 of this Act;

(3) Section 4(2) is repealed and the following is substituted:

(2) The tax payable under section 3.01 by an individual resident in Alberta on the last day of a taxation year shall be reduced for the 1996 and subsequent taxation years by an amount equal to the lesser of

(a) the tax otherwise payable for the taxation year, and

(b) the amount, if any, by which \$430 exceeds $\frac{1}{2}$ of the tax otherwise payable for the taxation year.

Explanatory Notes

Alberta Income Tax Act

1(1) Amends chapter A-31 of the Revised Statutes of Alberta 1980.

(2) Section 1(7)(a) presently reads:

(7) When a provision of the federal Act or a regulation made under the federal Act has, by this Act, been made applicable for the purposes of this Act,

(a) and reference is made in that provision to another provision of the federal Act and that other provision does not apply for the purposes of this Act because a provision of this Act applies in lieu of it, then the reference to the other provision is deemed to be a reference to the provision of this Act that applies in lieu of it;

(3) Section 4(2) presently reads:

(2) The tax payable by an individual under section 3(1), (2), (2.1) or (2.2) or section 3.01 shall be reduced

(a) for the 1975 and 1976 taxation years, by an amount equal to the lesser of

(i) the tax payable under section 3(1), (2), (2.1) or (2.2) for the taxation year, and

(ii) \$80 minus 2% of the individual's taxable income for that year,

(b) for the 1977 taxation year, by an amount equal to the lesser of

- (i) *the tax payable under section 3(1), (2), (2.1) or (2.2) for the taxation year, and*
 - (ii) *the amount, if any, by which the aggregate of*
 - (A) *\$116, and*
 - (B) *the lesser of*
 - (I) *\$300, and*
 - (II) *the product of \$50 and the number of children under 18 years of age resident in Canada and claimed by the taxpayer as dependants with respect to that taxation year*
- exceeds ½ of the tax payable under section 3(1), (2), (2.1) or (2.2) for the taxation year;*
- (c) *for the 1978 taxation year, by an amount equal to the lesser of*
 - (i) *the tax otherwise payable for the taxation year, and*
 - (ii) *the amount, if any, by which the aggregate of*
 - (A) *\$231, and*
 - (B) *the lesser of*
 - (I) *\$300, and*
 - (II) *the product of \$50 and the number of children under 18 years of age resident in Canada and claimed by the taxpayer as dependants with respect to that taxation year*
- exceeds the tax otherwise payable for the taxation year;*
- (d) *for the 1979, 1980, 1981, 1982 and 1983 taxation years, by an amount equal to the lesser of*
 - (i) *the tax otherwise payable for the taxation year, and*
 - (ii) *the amount, if any, by which \$300 exceeds ½ of the tax otherwise payable for the taxation year;*
 - (e) *for the 1984, 1985 and 1986 taxation years, by an amount equal to the lesser of*
 - (i) *the tax otherwise payable for the taxation year, and*
 - (ii) *the amount, if any, by which \$340 exceeds ½ of the tax otherwise payable for the taxation year;*

(4) *Section 11 is amended*

(a) *in subsection (3.2)(a)(i) by striking out “is multiplied by 46.5% of his federal basic tax rate for the year,” and substituting the following:*

is multiplied by

(C) for the 1987 to 1995 taxation years, 46.5% of his federal basic tax rate, and

(D) for the 1996 and subsequent taxation years, 45.5% of his federal basic tax rate,

(b) *by repealing subsection (7.1)(b)(i) and substituting the following:*

(i) for the 1987 to 1995 taxation years, 46.5% of his federal basic tax rate and, for the 1996 and subsequent taxation years, 45.5% of his federal basic tax rate, and

(c) *by repealing subsection (11)(b) and substituting the following:*

(b) within 3 years after the end of the taxation year.

(d) *by repealing subsection (11.1) and substituting the following:*

(11.1) If the date of mailing a notice of assessment or reassessment in respect of an individual's taxation year is more than 33 months after the end of that taxation year, the individual may file an application for the royalty tax rebate in the prescribed form within 90 days from the date of mailing of the notice of assessment or reassessment in respect of the individual for that taxation year, but not afterwards.

(f) for the 1987 taxation year, by an amount equal to the lesser of

(i) the tax otherwise payable for the taxation year, and

(ii) the amount, if any, by which \$450 exceeds $\frac{1}{2}$ of the tax otherwise payable for the taxation year;

(g) for the 1988 and subsequent taxation years, by an amount equal to the lesser of

(i) the tax otherwise payable for the taxation year, and

(ii) the amount, if any, by which \$430 exceeds $\frac{1}{2}$ of the tax otherwise payable for the taxation year.

(4) Section 11(3.2)(a)(i), (7.1), (11) and (11.1) presently read:

(3.2) For the 1987 and subsequent taxation years, an individual is entitled, subject to this section and the regulations, to a royalty tax rebate in respect of a taxation year in an amount equal to the lesser of

(a) the aggregate of

(i) the product obtained when the proportion of the sum of his attributed Canadian royalty income for the year and his attributed Canadian royalty income carry forward from the immediately preceding taxation year that

(A) his resource income earned in Alberta for the year as determined in accordance with Part XXVI of the federal regulations

is of

(B) his total resource income for the year

is multiplied by 46.5% of his federal basic tax rate for the year,

(7.1) When there is tax otherwise payable under this Act by an individual in the 1987 or a subsequent taxation year, the attributed Canadian royalty income carried forward to the immediately succeeding taxation year is the quotient obtained when

(a) the amount, if any, by which the amount determined under subsection (3.2)(a)(i) exceeds the amount determined under section 3.02 if the amount under section 3.02 were determined without reference to section 120.1 of the federal Act

is divided by

(b) the product of

(i) 46.5% of his federal basic tax rate, and

(5) *The following is added after section 13.1:*

Family Employment Tax Credit

Interpretation

13.2 In sections 13.3 to 13.8,

- (a) “adjusted earned income”, “adjusted income”, “base taxation year”, “cohabiting spouse”, “earned income”, “eligible individual”, “qualified dependant” and “return of income” have the same meanings as in section 122.6 of the federal Act;
- (b) “overpayment” means an amount that an individual is deemed under section 13.3 to have overpaid.

Family
employment
tax credit

13.3(1) An individual is deemed to have made an overpayment in a month on account of the individual’s liability under this Act for the base taxation year in relation to that month if

- (a) the individual has filed a return of income for the base taxation year, and
- (b) the individual was resident in Alberta at the beginning of the month and on the day before the month.

(2) Subject to subsections (3) to (6), the amount that an individual is deemed to have overpaid in a month is determined by the formula

(ii) the quotient obtained when his resource income earned in Alberta in the taxation year (as determined in accordance with Part XXVI of the federal regulations) is divided by his resource income for that taxation year.

(11) An individual is entitled to a royalty tax rebate in respect of the taxation year only if he files an application for the rebate in the prescribed form

(a) with his return for that taxation year, or

(b) within 90 days from the date of mailing of the notice of assessment or reassessment.

(11.1) If as a result of an assessment or reassessment of his tax payable for the taxation year an individual has not claimed the maximum royalty tax rebate to which he is entitled, he may file a revised application for the rebate in the prescribed form within 90 days from the date of mailing of the notice of assessment or reassessment in respect of the individual for that taxation year, but not afterwards.

(5) Establishes the family employment tax credit.

$$\frac{1}{12} (A-B)$$

where

A is the smallest amount under clauses (a), (b) and (c):

- (a) the product obtained when \$500 is multiplied by the number of qualified dependants in respect of whom the individual was an eligible individual at the beginning of the month;
- (b) 8% of the amount, if any, by which the individual's adjusted earned income for the base taxation year in relation to the month exceeds \$6500;
- (c) \$1000;

B is 4% of the amount, if any, by which the individual's adjusted income for the base taxation year in relation to the month exceeds \$25 000.

(3) Notwithstanding the definition of base taxation year, 1996 is for all purposes the base taxation year in relation to the first 6 months of 1997, and the refund of overpayments that are deemed to arise in the first 6 months of 1997 is to be made in July 1997.

(4) The amount of the overpayment that an individual is deemed to have made in each month of 1997 is to be calculated under subsection (2) as though

- (a) "\$500" in clause (a) of the definition of A read "\$250", and
- (b) "\$1000" in clause (c) of the definition of A read "\$500".

(5) If the total amount that an individual is deemed to have overpaid during the 18-month period from January 1997 to June 1998 would be, except for this subsection, greater than \$0 and less than \$10, the total amount that the individual is deemed to have overpaid during that 18-month period is \$10.

(6) After June 1998, if the total amount that an individual is deemed to have overpaid during a 12-month period from July of one year to June of the next year would be, except for this subsection, greater than \$0 and less than \$10, the total amount that the individual is deemed to have overpaid during that 12-month period is \$10.

Application of federal Act

13.4 Subsections 122.61(3) and 122.62(1), (2), (4), (5), (6), (7) and (8) of the federal Act apply in respect of an overpayment.

Cohabiting spouse

13.5(1) Notwithstanding section 13.3, if an individual has a cohabiting spouse at the end of a base taxation year, the individual is not deemed to have made an overpayment in respect of the base taxation year unless the cohabiting spouse has filed a return of income for the base taxation year.

(2) The Provincial Treasurer may waive the requirement for an individual's cohabiting spouse to file a return of income under subsection (1) if the individual has made an election under subsection 122.62(6) or (7) of the federal Act.

Payment of refund

13.6(1) The Provincial Treasurer may, based on considerations of administrative efficiency, specify that a refund of an overpayment that is deemed to arise in a month be made in that month or before or after that month occurs.

(2) A refund of an overpayment and costs relating to the refund as determined in accordance with a collection agreement are payable from the taxes, interest and penalties collected under this Act.

Protection for refund

13.7 A refund of an overpayment

- (a) subject to clause (b), cannot be charged or given as security,
- (b) cannot be assigned except under a prescribed enactment,
- (c) is exempt from
 - (i) writ proceedings as defined in the *Civil Enforcement Act*, and
 - (ii) distress proceedings authorized under the *Civil Enforcement Act* or any other law that is in force in Alberta,

and

- (d) cannot be retained by way of deduction or set-off except in respect of amounts that have been paid under section 13.3.

Regulations

13.8 The Lieutenant Governor in Council may make regulations

- (a) specifying, with or without modifications, additional provisions of the federal Act that apply in respect of an overpayment;
- (b) establishing rules to determine if an individual was resident in Alberta for the purposes of section 13.3(1)(b);
- (c) prescribing enactments for the purposes of section 13.7(b).

(6) Sections 13.2 to 13.8 as enacted by subsection (5) apply to overpayments deemed to arise during January 1997 and later months.

Balanced Budget and Debt Retirement Act

Amends SA
1995 cB-0.5

2(1) The Balanced Budget and Debt Retirement Act is amended by this section.

(2) Sections 1(d) and 3 are repealed.

(3) Section 4 is repealed and the following is substituted:

Debt
retirement

4(1) The audited Crown debt at March 31, 1996 is \$6 223 000 000.

(2) The Provincial Treasurer must reduce the Crown debt in an orderly fashion beginning in the 1996-97 fiscal year as follows:

- (a) by the end of the 2000-01 fiscal year, it must have been reduced to no more than \$4 050 000 000;

- (6) Family employment tax credit starts in January 1997.

Balanced Budget and Debt Retirement Act

- 2(1)** Amends chapter B-0.5 of the Statutes of Alberta, 1995.

- (2) Sections 1(d) and 3 presently read:

1 In this Act,

(d) "net financial debt" means the amount of Crown debt at the end of the 1996-97 fiscal year determined in accordance with section 3;

3(1) Not more than 90 days after the end of the 1996-97 fiscal year, the Provincial Treasurer must prepare a statement setting out the amount of the Crown debt at the end of the 1996-97 fiscal year.

(2) The Auditor General must audit the statement of the Provincial Treasurer respecting the Crown debt at the end of the 1996-97 fiscal year.

- (3) Section 4 presently reads:

4 The Provincial Treasurer must reduce Crown debt in an orderly fashion beginning in the 1997-98 fiscal year as follows:

(a) by the end of the 2001-02 fiscal year, it must have been reduced by an amount equal to 20% of the net financial debt;

(b) by the end of the 2006-07 fiscal year, it must have been reduced by an amount equal to 40% of the net financial debt;

- (b) by the end of the 2005-06 fiscal year, it must have been reduced to no more than \$1 800 000 000;
- (c) by the end of the 2009-10 fiscal year, it must have been reduced to \$0.

(4) *Section 5(2) is repealed and the following is substituted:*

(2) Subsection (1) does not apply to a fiscal year if the target for Crown debt for the fiscal year as set out in the Schedule is achieved in the previous fiscal year.

(5) *Section 7(3) is amended*

(a) *in clause (b) by striking out “revenue and the difference between the forecast amount and the lower of the amounts referred to in section 8(a)(i) and (ii), and” and substituting “revenue,”;*

(b) *in clause (c) by striking out “and the difference between the forecast amount and the lower of the amounts referred to in section 8(b)(i) and (ii)” and substituting “, and”;*

(c) *by adding the following after clause (c):*

(d) the difference between

(i) the total of the forecast amounts referred to in clauses (b) and (c), and

(ii) the lower of the amounts referred to in section 8(a) and (b).

(6) *Section 8 is repealed and the following is substituted:*

Estimates of
revenue

8 In calculating the estimated revenue for budget purposes for a particular fiscal year, the Provincial Treasurer must include as the total amount of non-renewable resource revenue and revenue from corporate income tax payable under Part 5 of the *Alberta Corporate Tax Act* for that year not more than the lower of

- (c) *by the end of the 2011-12 fiscal year, it must have been reduced by an amount equal to 60% of the net financial debt;*
- (d) *by the end of the 2016-17 fiscal year, it must have been reduced by an amount equal to 80% of the net financial debt;*
- (e) *by the end of the 2021-22 fiscal year, it must have been reduced by an amount equal to 100% of the net financial debt.*

(4) Section 5(2) presently reads:

(2) Subsection (1) does not apply to a particular fiscal year before the 2022-23 fiscal year if by the end of the immediately preceding fiscal year the Provincial Treasurer has reduced Crown debt by an amount equal to the product of

- (a) 4%,*
- (b) the number of fiscal years after the 1996-97 fiscal year up to and including the particular fiscal year, and*
- (c) the net financial debt.*

(5) Section 7(3) presently reads:

(3) The Provincial Treasurer must table in the Legislative Assembly with the budget estimates for a fiscal year,

- (a) the major economic assumptions the Provincial Treasurer made in preparing the estimates,*
- (b) the forecast amount of non-renewable resource revenue and the difference between the forecast amount and the lower of the amounts referred to in section 8(a)(i) and (ii), and*
- (c) the forecast amount of revenue from corporate income tax payable under the Alberta Corporate Tax Act and the difference between the forecast amount and the lower of the amounts referred to in section 8(b)(i) and (ii).*

(6) Section 8 presently reads:

8 In calculating the estimated revenue for budget purposes for a particular fiscal year, the Provincial Treasurer must include

- (a) as the amount of non-renewable resource revenue for that year, not more than the lower of*

- (a) 90% of the total of the forecast amounts referred to in section 7(3)(b) and (c), and
- (b) the average annual total amount of non-renewable resource revenue and revenue from corporate income tax during the 5 most recent fiscal years immediately before that year for which those amounts of revenue have been reported in the Public Accounts.

(7) Section 13 is repealed and the following is substituted:

Application

13(1) This Act, except sections 7, 8 and 12, applies to the 1996-97 and subsequent fiscal years.

(2) Sections 7 and 8 apply to the 1997-98 and subsequent fiscal years.

(8) The following is added after section 13:

SCHEDULE

<u>Fiscal Year</u>	<u>Target for Crown Debt at End of Fiscal Year</u>
1996-97	\$5 850 000 000
1997-98	\$5 400 000 000
1998-99	\$4 950 000 000
1999-2000	\$4 500 000 000
2000-01	\$4 050 000 000
2001-02	\$3 600 000 000
2002-03	\$3 150 000 000
2003-04	\$2 700 000 000
2004-05	\$2 250 000 000
2005-06	\$1 800 000 000
2006-07	\$1 350 000 000
2007-08	\$ 900 000 000
2008-09	\$ 450 000 000
2009-10	\$ 0

- (i) *90% of the forecast amount of non-renewable resource revenue for the year, and*
- (ii) *the average annual amount of non-renewable resource revenue during the 5 most recent fiscal years immediately before that year for which amounts of non-renewable resource revenue have been reported in the Public Accounts,*

and

- (b) *as the amount of revenue from corporate income tax payable under Part 5 of the Alberta Corporate Tax Act for that year, not more than the lower of*
 - (i) *90% of the forecast amount of revenue from corporate income tax for the year, and*
 - (ii) *the average annual amount of revenue from corporate income tax during the 5 most recent fiscal years immediately before that year for which amounts of revenue from corporate income tax have been reported in the Public Accounts.*

(7) Section 13 presently reads:

13 This Act, except section 12, applies to the 1997-98 and subsequent fiscal years.

(8) Adds Schedule for the purposes of section 5 of the Act.

Fuel Tax Act

Amends SA
1987 cF-22.5

3(1) *The Fuel Tax Act is amended by this section.*

(2) *Section 2 is amended*

(a) *by repealing subsection (1)(c);*

(b) *by repealing subsection (1.1) and substituting the following:*

(1.1) Subject to this section, a consumer shall pay a tax to the Provincial Treasurer at a rate of \$0.065 per litre on liquid petroleum gas if

(a) the liquid petroleum gas is purchased for use as a motive fuel, or

(b) the liquid petroleum gas is purchased for use other than as a motive fuel but is dispensed by the seller from the dispensing system that the seller uses to dispense liquid petroleum gas that is purchased for use as a motive fuel.

(c) *in subsection (1.2) by striking out “\$0.05 per litre” and substituting “\$0.025 per litre”;*

(d) *by adding the following after subsection (1.2):*

(1.3) Subject to this section, a consumer shall pay a tax to the Provincial Treasurer at a rate of \$0.06 per litre on all fuel oil consumed within Alberta by a locomotive of which he is the owner.

(3) *Section 2(1.3) is amended by striking out “\$0.06 per litre” and substituting “\$0.03 per litre”.*

(4) *Section 2.1(1) is amended by adding the following after clause (c):*

(c.1) purchase liquid petroleum gas for consumption in Alberta by the purchaser directly from a producer of liquid petroleum gas,

Fuel Tax Act

3(1) Amends chapter F-22.5 of the Statutes of Alberta, 1987.

(2) Section 2 presently reads in part:

2(1) Subject to this section, a consumer shall pay a tax to the Provincial Treasurer at a rate of \$0.09 per litre on

(c) all fuel oil consumed within Alberta by a locomotive of which he is the owner,

(1.1) Subject to this section, a consumer shall pay a tax to the Provincial Treasurer at a rate of \$0.065 per litre on liquid petroleum gas purchased by him for use as motive fuel.

(1.2) Subject to this section, a consumer shall pay a tax to the Provincial Treasurer at a rate of \$0.05 per litre on aviation fuel purchased by him.

(3) Further reduction in respect of fuel oil consumed by locomotive.

(4) Section 2.1(1) presently reads:

2.1(1) No person shall

(a) carry on in Alberta the business of selling for resale fuel oil or liquid petroleum gas,

(b) carry on in Alberta the business of selling marked fuel to consumers,

(c) sell or offer for sale aviation fuel, fuel oil or liquid petroleum gas that is exempt from tax under this Act or the regulations,

(5) In the following provisions “regional health authority,” is added after “school board,”:

section 4(3)(c);
section 5(1)(a)(iii) and (iv).

(6) Subsection (2)(b) and (4) come into force on January 1, 1997.

(7) Subsection (2)(a), (c) and (d) come into force on January 1, 1998.

(8) Subsection (3) comes into force on January 1, 1999.

(d) import into Alberta fuel oil or aviation fuel for sale to consumers, or

(e) purchase fuel oil in Alberta for consumption by a locomotive of which he is the owner,

unless the person is registered under this section.

(5) Sections 4(3)(c) and 5(1)(a)(iii) and (iv) presently read:

(3) The Provincial Treasurer may, in accordance with the regulations, grant a rebate of the tax paid on the following:

(c) fuel oil or liquid petroleum gas used by an applicant that is a city, town, village, summer village, municipal district, specialized municipality, Metis settlement, school board, college established under the Colleges Act or university established under the Universities Act in a motor vehicle used by the applicant and operated on a licence of occupation road, a private road on private or Crown land, a highway under construction that is not open to or accessible to the public or any area that is not a highway as defined in the Highway Traffic Act;

5(1) No person shall be in possession of marked fuel unless

(a) he has been issued a certificate under subsection (2), and

(iii) the person is a city, town, village, summer village, municipal district, specialized municipality, Metis settlement, school board, college established under the Colleges Act or university established under the Universities Act and is in possession of the marked fuel for use in an engine of which it is an owner or operator other than an engine that drives a motor vehicle, boat or aircraft, and then only if the fuel is in the fuel system of the engine or is being transported or kept in storage by the person for use in such an engine,

(iv) the person is a city, town, village, summer village, municipal district, specialized municipality, Metis settlement, school board, college established under the Colleges Act or university established under the Universities Act and is in possession of the marked fuel for use in a motor vehicle that is not required to be licensed or registered under any federal or provincial enactment in respect of its operation, and then only if the fuel is in the fuel system of the motor vehicle or is being transported or kept in storage for use in such a motor vehicle,

(6) Coming into force.

(7) Coming into force.

(8) Coming into force.