Municipal Bonusing of Industry: The Legislative Framework in Ontario to 1830

Elizabeth Bloomfield

Volume 9, numéro 3, february 1981

URI : <https://id.erudit.org/iderudit/1019300ar>

DOI : <https://doi.org/10.7202/1019300ar>

[Aller au sommaire du numéro](#)

Éditeur(s)

Urban History Review / Revue d'histoire urbaine

ISSN

0703-0428 (imprimé)

1918-5138 (numérique)

[Découvrir la revue](#)

Citer cette note

Bloomfield, E. (1981). Municipal Bonusing of Industry: The Legislative Framework in Ontario to 1830. *Urban History Review / Revue d'histoire urbaine*, 9(3), 59–76. <https://doi.org/10.7202/1019300ar>

Résumé de l'article

Nombreuses furent les municipalités qui, en Ontario, ont tenté, entre les années 1870 et les années 1920, d'influer sur la vitesse et la forme de la croissance urbaine en offrant des stimulants aux fabricants. La présente étude résume la législation ontarienne régissant ce type de stimulants. Elle définit les diverses formes d'aide que pouvaient fournir les conseils municipaux aux entreprises industrielles et les contraintes limitant les pouvoirs modifiés de temps à autre des municipalités. Le cadre législatif du système de primes sur lequel porte l'étude est divisé en quatre périodes : 1867-1892; 1892-1900; 1900-1924; après 1924; des extraits des lois sont présentés en annexe. L'auteur évoque certaines incidences du système de primes dont doit tenir compte l'étude de l'histoire urbaine.

RESEARCH NOTE/NOTE DE RECHERCHE

* * * * *

MUNICIPAL BONUSING OF INDUSTRY:
THE LEGISLATIVE FRAMEWORK IN ONTARIO TO 1930

- - - - -

Elizabeth Bloomfield

Résumé/Abstract

Nombreuses furent les municipalités qui, en Ontario, ont tenté, entre les années 1870 et les années 1920, d'influer sur la vitesse et la forme de la croissance urbaine en offrant des stimulants aux fabricants. La présente étude résume la législation ontarienne régissant ce type de stimulants. Elle définit les diverses formes d'aide que pouvaient fournir les conseils municipaux aux entreprises industrielles et les contraintes limitant les pouvoirs modifiés de temps à autre des municipalités. Le cadre législatif du système de primes sur lequel porte l'étude est divisé en quatre périodes: 1867-1892; 1892-1900; 1900-1924; après 1924; des extraits des lois sont présentés en annexe. L'auteur évoque certaines incidences du système de primes dont doit tenir compte l'étude de l'histoire urbaine.

Many Ontario municipalities between the 1870s and the 1920s tried to influence the pace and form of urban growth by granting inducements to manufacturers. This research note offers a summary of the Ontario legislation relating to such inducements. It defines the forms of assistance municipal councils might grant to industrial enterprises and the restrictions on the powers of municipalities, as these were amended from time to time. The legislative framework of bonusing is considered in four periods: 1867-1892; 1892-1900; 1900-1924; after 1924; and excerpts from the legislation are presented in an appendix. Some implications of bonusing in the study of urban history are suggested.

* * *

Several writers have recently mentioned municipal bonuses to industry as a factor in the economic development of Canada or of a Canadian province or city.¹ The bonusing system, so common between the 1870s and the 1920s, certainly deserves further investigation for various reasons, including its possible significance in the location of industry and in differential rates of urban growth. The politics of bonusing are fascinating, too, whether at the

level of an individual municipality, in the competition between rival towns and cities, or in the pressures exerted on provincial legislatures. The origins of the system may be sought in earlier bonuses to railway companies, while the tradition of municipal assistance to industry may be traced in a variety of forms to the present day.

This note is prompted by the inadequate and misleading

references to the legislative framework of bonusing in the published work, and it offers a more complete summary of the legislation in Ontario as an example. It is based on study of the *Statutes of Ontario*, relating both to general municipal powers and to special acts, and on an analysis of bonusing activity in six Ontario municipalities, and it forms part of a comprehensive investigation of bonusing.

Naylor's chapter on the "bonusing craze" in Canada is so far the most detailed statement on the subject, and the most colourful and entertaining, with its abundant evidence of the frequent scandal and waste. The scandals and failures are perhaps over-emphasized, in relation to the role of more modest bonuses in helping to establish or enlarge what became viable businesses in scores of towns and cities. Naylor was not concerned with why and how substantial majorities of ratepayers continued to vote for aid to manufacturers. His heavy dependence on the business press for his evidence, notably the *Monetary Times*, gives a bias hostile to bonusing and, unfortunately, makes it hard to distinguish vague rumours from the hard facts of what actually happened.² The 1888 amendment is quoted as if it were the first Ontario legislation on bonuses; there is no mention of the repeal in 1892 of municipal powers to give cash grants or loans, and the crucial acts of 1900 receive less mention than a minor amendment of 1902. Naylor's chapter also implies that bonusing was insignificant after 1900; his examples are drawn overwhelmingly from the 1880s and 1890s although his book purports to survey Canadian business until 1914.

Middleton and Walker, in their interesting account of industrial development policy in Hamilton, seem unaware of any framework of general Ontario legislation governing municipal bonusing powers.³ In presenting an analysis of the occupations and business interests of members of the Hamilton City Council from 1890 to 1910, they suggest that the City Council had the sole power to grant bonuses; nowhere is it implied that a majority of the ratepayers had to vote in favour of most forms of aid to manufacturers. Middleton and Walker's essay also illustrates the need for a more general framework of information. It is difficult to assess the significance of bonusing and other deliberate inducements to manufacturers in Hamilton's economic development without more comparative analysis, involving other industrial towns and cities. A tentative comparison with six other Ontario municipalities (presented in Table 1) suggests that Hamilton was fairly typical rather than outstanding (especially in relation to size of population) in its efforts to attract manufacturers.⁴

In his brief statement about bonusing in Ontario, Neill cites the 1892 act only, stating that it required all bonuses to be approved by the Legislative Assembly.⁵ This assertion overlooks the various forms of aid to manufacturers, such as tax exemptions, which could still be passed by municipal councils. While municipalities did petition the legislature for special bonusing acts, the numbers of such acts were smaller in the 1890s than after 1900, when powers of making cash grants were restored to municipal councils.⁶ Neill's claim that "even the relatively weak restraints of earlier legislation were removed" (in

Table 1

MUNICIPAL ASSISTANCE TO MANUFACTURERS, 1890-1909*

Form of Assistance

<i>MUNICIPALITY</i> (1901 POPULATION)	<i>BONUSES</i> (value)	<i>LOANS</i> (value)	<i>EXEMPTIONS</i> (10 years)	<i>FIXED ASSESSMENTS</i> (10 years)
HAMILTON (52,634)	2 (\$150,000)	-	5	35
GUELPH (11,496)	-	2 (\$65,000)	9	18
BERLIN (9,747)	3 (\$40,000)	1 (\$5,000)	42	13
GALT (7,866)	-	2 (\$23,000)	2 (general)	-
WATERLOO (3,537)	-	5 (\$42,000)	12	3
HESPELER (2,457)	2 (\$8,000)	3 (\$50,000)	-	2
PRESTON (2,308)	1 (\$4,500)	5 (\$64,000)	1 general 4 specific	1

SOURCES: Middleton and Walker for Hamilton

(Table 4 and Appendix); municipal by-laws and council minutes for other six municipalities. Other forms of assistance such as "liberal assessments," free or cheap site and free or cheap water are not included here.

*Period adjusted to match the Middleton and Walker data.

1892?) is quite misleading. The legislation continued to demand successively higher proportions of the ratepayers to support specific by-laws.

THE ONTARIO LEGISLATION

Ontario municipalities have been governed in their powers and procedures, including their powers of aiding manufacturing industry, by general municipal acts, amended almost every year and consolidated every ten years or so. Normally municipal councils passed by-laws setting out the details of the enterprise to be assisted, in what ways assistance would be given and any terms and conditions the manufacturer should meet in return for the aid. It was also possible for municipal councils to petition the legislature to pass special acts confirming and validating bonus by-laws, which perhaps failed to conform to current legislation, or which the municipality or the manufacturer wished to make more binding. Some 270 of such special bonusing acts were passed between 1869 and 1930 (Appendix B). The details set out in these special acts provide an illuminating (and accessible) sample of bonuses actually granted by municipalities over the 60-year period.

The term "bonusing," though commonly used to mean the granting by a municipality of any form of aid to manufacturing industry or to railway promoters, did not have this meaning legally till 1900. In the nineteenth century, a "bonus" legally denoted a cash grant, whether as outright gift or as loan, and was governed by legislation separate from that affecting exemptions from municipal taxation, grants of land for factory sites, of free or cheap water, light or power, or any other

aid which did not create a specific long-term debt. In 1900, the meaning of "bonus" was clearly widened to include any assistance to industry which cost the municipality anything, whether directly or only indirectly, such as forgone taxation. From 1924, the only bonus a municipal council might grant was a fixed assessment lasting ten years at most.

The legislative framework of bonusing may be considered in four main periods. In the first, 1868-1892, what began as permissive, empowering legislation was amended towards more stringent conditions. Between 1892 and 1900, municipal councils might not make cash grants or loans, though they showed ingenuity in finding other ways of helping manufacturers. During the period 1900-1924 bonusing powers were restored, subject to the assent of a majority of the taxpayers on every case (except that the regulations were easier in aiding a few categories of industry). Since 1924, with the limiting of bonuses to fixed assessments, there has been more stability and continuity in the regulations.

1868-1892:

Two separate series of acts governing municipal aid to industry can be traced through this period, those concerned with exemptions from municipal taxation and those regulating cash grants or loans to manufacturers. In 1868, municipal councils were permitted to exempt manufacturers producing certain commodities from municipal taxation for up to five years, a power extended in 1869 to any manufacturer, and from 1873 the period of exemption could be up to ten years, renewable for a further ten years.⁷ A simple majority of

council members in favour of the exemption was sufficient until 1884, when a two-thirds majority of the council became necessary.⁸ It was not required to put a by-law for exempting a manufacturer to a vote of the ratepayers until 1899.

The earlier powers of municipal councils to bonus railway companies were extended to manufacturing establishments in 1870-71.⁹ Because cash grants or loans meant the municipality had to borrow money to be repaid over a period of time (usually at least ten years), it was necessary to obtain the assent to each bonus by-law of the ratepayers entitled to vote on money by-laws - as for any by-law creating debt which could not be repaid in the current year.¹⁰ The exact terms and conditions on which bonuses could be granted were left up to each municipal council to determine; that is, whether the bonus should be an outright grant or loan and, if a loan, bearing interest or not. Municipal councils were permitted to take security, usually as a first mortgage upon the factory property, to ensure compliance with any terms and conditions they wished to impose on manufacturers.

Votes on bonus by-laws could be confusing in a time of absentee property-owners and irregular electoral practices. The Ontario legislature tried to control some abuses from 1879, by prohibiting ratepayers from voting on any by-law to bonus a company or enterprise in which they held a financial interest.¹¹ In 1882, the requirement of a bare majority of those voting in favour of a bonus by-law was tightened to the assent of two-fifths of all ratepayers entitled to vote as well as a majority of those actually voting.¹² In 1888, the necessary

proportion was raised to two-thirds of entitled ratepayers, though this and other restrictions did not apply to municipal councils in northern Ontario.¹³ Further curbs on bonusing powers were enacted in an effort to reduce wasteful competition - both among rival Ontario municipalities and, within individual towns, between the bonused enterprise and similar industries established without benefit of bonus. A limit was set to the scale of bonusing permissible by any municipality; the actual cost of all bonuses to manufacturing (including principal and interest on debentures) might not exceed 10 per cent of total annual taxation.¹⁴ In 1892, cash bonuses or loans by municipalities to manufacturers were generally prohibited.¹⁵

1892-1900:

For eight years, general Ontario legislation forbade municipal councils to grant cash bonuses or loans to manufacturers. There were, however, some special exceptions. Municipalities in northern Ontario could bonus iron-smelting, with the assent to the by-laws of only one-third of the ratepayers, powers which were extended to "any city" in Ontario in 1898.¹⁶

Municipal councils were permitted to pass by-laws which had been initiated before the enactment of the 1892 repeal of bonusing powers, and various councils also petitioned the legislature to pass special acts permitting specific bonuses in order to circumvent the general legislation. Between 1893 and 1900, forty-one municipalities in southern Ontario succeeded, some of them more than once, in having special acts passed to permit them to grant cash bonuses or loans to

manufacturers.¹⁷

It did remain permissible to assist manufacturers with tax exemptions, total or partial, without taking a vote of the electors. From 1892, however, manufacturers could not be exempted from school taxes,¹⁸ and municipalities which adopted the frontage tax system to finance local improvements would not usually exempt manufacturers from these either. In 1899, the law was amended so that exemption by-laws could be passed only with the assent of two-thirds of the entitled electors.¹⁹

Restrictions on cash bonuses during the 1890s also encouraged municipalities to devise forms of aid to industry which were not covered by legislation. One method was buying sites for factories, the cost of which could be found from current income, and presenting them free or cheaply to industrialists. Another was negotiating with the railway companies for "switches" or sidings to connect factories more conveniently with rail transport.

1900-1924:

In 1900, municipal powers of giving cash grants or loans were restored, but at the same time "bonus" was defined comprehensively to include all conceivable forms of assistance to industry. All known forms of aid were specified, and the act had a further clause to forestall municipal officers already looking for the loopholes. It included as a bonus

generally the doing,
undertaking or suffering on
the part of the municipal
corporation of any act, matter
or thing which involves or may
hereafter involve the

expenditure of money by a
municipal corporation.²⁰

All forms of assistance were made subject to the assent of two-thirds of the entitled ratepayers, unless those voting against the bonus by-law constituted only one-fifth of those entitled to vote, in which case a three-fifths majority for the by-law would be enough.²¹ The restrictions enacted in 1888 on the bonusing of businesses from elsewhere in Ontario and on aid to businesses which would compete with those already established in a municipality were confirmed.²²

In 1912, the required degree of support for a bonus by-law was altered to three-quarters of the members of the municipal council and two-thirds of the ratepayers actually voting.²³ Generally, the regulations governing bonuses to general manufacturing industry remained fairly stable between 1900 and 1922, when the power to make cash grants or loans was finally repealed.

As in 1892, the 1900 legislation recognized some exceptional cases. Exemptions permitted by municipal councils before the passage of the 1899 act which required a vote by the ratepayers were allowed to last their terms, and annual amendments even permitted short-term exemptions to last at least to the end of 1905, providing a two-thirds majority of council members voted their assent.²⁴ A 1904 amendment of the assessment act also allowed the value of all fixed machinery used by the manufacturing industry to be exempt from municipal taxation.²⁵

Some types of industry could be assisted more easily than others. The special privileges

given to municipal councils in northern Ontario from 1892, and to "any city" in 1898, to aid iron-smelting were extended to any Ontario municipal council in 1900. With the assent of one-third of entitled ratepayers and a bare majority of those actually voting, iron, steel or other smelting works could be exempted from municipal tax for 20 years.²⁶ Other forms of industry - sugar beet refineries, grain elevators and tobacco driers - were added later to this favoured group.

Municipalities still had recourse to petitioning for special acts of the Ontario legislature to confirm bonuses which might not meet all the requirements of the current municipal act. In the form of words used by the legal draftsmen, the legislature found it "expedient" to grant virtually all such petitions. Over 100 such special acts were passed in the decade 1901-1910, and seventy more between 1911 and 1920.²⁷

Some municipal councils simply ignored the 1900 legislation, and continued to authorize exemptions or, more often, fixed assessments, without consulting the ratepayers. Detailed study of some municipal records shows that the letter of the law might be observed but its spirit broken, by the council's resolving that the assessors make a "liberal," "reasonable," or "fair" assessment of manufacturing establishments. Municipal property, usually public parkland, might be divided into factory sites without costing anything, and so escape the requirements of the 1900 Acts.

It is also arguable that the 1900 Acts may have had an

inflationary effect on the scale of bonusing. Municipal councils, considering assistance to manufacturers, reasoned that they might as well grant a cash bonus or loan as a mere exemption, since all forms of aid had to be put to the ratepayers for their assent.

1924- :

By an act of 1922, municipal bonusing powers were repealed with regard to money grants and loans. The Bonus Limitation Act of 1924 reduced bonusing powers to fixed assessments for up to ten years only, and the special privileges for iron and steel, beet sugar and tobacco processing were ended. Fixed assessment by-laws still required the assent of three-quarters of council members and two-thirds of the qualified electors, and the prohibitions on aid to businesses located in other Ontario municipalities remained in effect.²⁸ Aid by fixed assessment proved a lasting form of municipal assistance to manufacturers, remaining the only permitted "bonus" for decades after the 1924 Act.²⁹

From 1929, municipal councils were allowed one other form of assistance to manufacturing, though this was explicitly "deemed not to be a bonus." With the assent of the electors, councils might acquire or expropriate land and sell or lease it for industrial sites at a fair market value. It was also possible to ask the electors to support a general by-law authorizing the council to borrow money up to a stated amount, after which, by a two-thirds vote of council members, by-laws for sale or lease to specific businesses could be passed without

further vote by the ratepayers.³⁰

THE DIMENSIONS AND IMPLICATIONS OF BONUSING

Bonuses confirmed also as special acts by the Ontario legislature are like the tip of the iceberg. The total volume of bonusing, even in Ontario alone, is probably immeasurable. Some idea can be suggested by data for the six Ontario municipalities of Berlin/Kitchener, Galt, Guelph, Hespeler, Preston and Waterloo. Between the late 1860s and 1930, these six places passed 212 bonus by-laws to assist 198 different manufacturing businesses. Only seven (or 3.3 per cent) of all those by-laws were also confirmed as special acts.³¹ If the six municipalities were at all representative of Ontario as a whole, in the extent of bonusing and in their petitions to the legislature for special acts, we could expect over 8000 bonus by-laws in Ontario between Confederation and 1930.

How could study of municipal bonusing contribute to urban history? Interesting themes for further research include bonusing as evidence of the urban ethos of a place, of its sense of identity through rivalry with other places. Why did cities, towns, and villages - some more assiduously than others - persist with bonusing despite setbacks, frauds and scandals? How effective was bonusing for the businesses that benefitted and for the towns that gave aid? Could judicious use of the bonusing system help an ambitious town to rise in the urban hierarchy faster than its rivals? In economic and business history, studies could be made of the consequences of the restrictions, effective from 1888,

on using bonuses to lure manufacturers away from other Ontario municipalities, and on bonusing a business which would compete with one already established in that town without such aid. The first must have been a factor in the Americanization of Ontario industry. The second may have encouraged diversified industrial structures in towns and cities but may have worked against inter-industrial linkages.

More detailed studies are needed of the bonusing system as practised by individual towns and cities on a comparative basis, within the framework of current municipal legislation.

* * *

NOTES

- 1 Notably: Tom Naylor, "The Bonusing Craze and Secondary Industry," in *The History of Canadian Business*, Vol. 2, (Toronto: Lorimer, 1976), pp. 130-160; Robin Neill, "Politics and Economics of Development in Ontario," *Ontario History*, Vol. 70 (December 1978), pp. 281-290; Diana J. Middleton and David F. Walker, "Manufacturers and Industrial Development Policy in Hamilton, 1890-1910," *Urban History Review*, Vol. VIII, No. 3 (February, 1980), pp. 20-46.
- 2 Naylor often states or implies as fact cases which were only tentatively rumoured in the press. For one example, he claims (p. 138) that Guelph subscribed a total of \$60,000 in public funds to a dubious rolling mill business in the 1890s. The *Monetary Times* source proved to be a letter to the editor several years

- later, and this and the Guelph City by-laws show that, while some Guelph citizens subscribed to a stock issue, municipal aid to the business was limited to an exemption from municipal taxes for ten years.
- 3 Middleton and Walker claim an "absence of legislation" for the period 1890-1910. See "Hamilton, 1890-1910," p. 29. In fact, between 1892 and 1900 municipal councils were legally unable to give cash grants or loans to manufacturers, and from 1900 all forms of assistance to industry were subject to the assent of the ratepayers and restricted in various other ways by legislation.
- 4 The dangers of using local data (and booster claims) and omitting the general and comparative aspects of bonusing are illustrated also by Leo Johnson in his *History of Guelph* (1977) where he claims, falsely, that Guelph had "stolen a march on its municipal rivals ... by being first in the area to introduce industrial bonuses, taxation rebates ... to attract industry" (p. 293).
- 5 Neill, "development in Ontario," p. 284.
- 6 See Appendix B.
- 7 31 Vic. ch. 30, sect. 44; 33 Vic. ch. 26, sect. 15; 36 Vic. ch. 48, para. 259. More detail is presented in Appendix A.
- 8 47 Vic. ch. 32, sect. 8.
- 9 34 Vic. ch. 30, sect. 6.
- 10 31 Vic. ch. 30, sect. 46.
- 11 42 Vic. ch. 31, sect. 34.
- 12 45 Vic. ch. 23, sect. 17.
- 13 51 Vic. ch. 28, sect. 16.
- 14 *Ibid.*
- 15 55 Vic. ch. 43, sect. 29.
- 16 55 Vic. ch. 42, sect. 637a; 61

- Vic. ch. 23, sect. 23.
- 17 Compiled from the annual volumes of *Statutes of Ontario*. See Appendix B.
- 18 55 Vic. ch. 42, sect. 366.
- 19 62 Vic. (62) ch. 26, sect. 25.
- 20 63 Vic. ch. 33, sect. 10.
- 21 63 Vic. ch. 33, sect. 8.
- 22 63 Vic. ch. 33, sect. 9.
- 23 2 Geo. V ch. 40, sect. 4.
- 24 2 Edw. VII ch. 28, sect. 39; 4 Edw. VII ch. 22, sect. 13; S. Edw. VII ch. 22, sect. 29.
- 25 4 Edw. VII ch. 23, sect. 3.
- 26 63 Vic. ch. 33, sect. 49.
- 27 See Appendix B.
- 28 14 Geo. V. ch. 56.
- 29 The essentials of the 1924 Act were confirmed in the *Revised Statutes of Ontario*, 1960, ch. 249, sect. 379 (1), para. 48.
- 30 19 Geo. V, ch. 59, sect. 2. This legislation also remained in effect for decades, being confirmed in the *Revised Statutes of Ontario*, 1960, ch. 249, sect. 379(1), para. 49.
- 31 Compiled and calculated from municipal by-laws and other records. Some businesses were assisted more than once; some by-laws authorized aid to more than one business at once. Forms of assistance not expressed as by-laws are not included in this calculation. See Table 1 for 1890-1909.

* * *

APPENDIX A

ONTARIO LEGISLATION RELATING TO MUNICIPAL BONUSING POWERS

- 1868: 31 Vic. ch. 30: *Municipal Institutions Amendment Act*: sect. 44:
"Every municipality shall have the power of exempting from taxation, for any period not longer than five years,

manufacturers of woollens, cottons, glass, paper and such other commodities of like nature." [amended to "any manufacturing establishment" by 33 Vic. ch. 26, sect. 15, 1869].

any manufacturing establishment, in whole or in part, from taxation for any period not longer than ten years, and to renew...for a further period not exceeding ten years."

1868: 31 Vic. ch. 30: *Municipal Institutions Amendment Act*: sect. 46:

"Ratepayers entitled to vote on any by-law for incurring debt or raising money which shall not be payable within the current year, shall be such ratepayers only as are rated on the assessment rolls for an estate of freehold sufficient to entitle them to vote at any municipal election or a leasehold the duration of which shall be not less than the period of time in which the debt to be contracted...is made payable."

1873: 36 Vic. ch. 48: *Municipal Institutions Act* (consolidated): Part VII, para. 372(5):

"For granting aid by way of a bonus for promotion of manufactures within its limits, by granting such sums and in respect of any branch of industry as the municipality may determine upon and to pay...as deem [ed] expedient and to take security therefor; *provided*...must have assent of electors...to by-law... Municipality may take security for compliance with terms and conditions."

1870-71: 34 Vic. ch. 30: *Municipal Amendment Act*: sect. 6 [adds to Sect. 349 of 29 and 30 Vic. ch. 51, 1866, which dealt with railways only]. Allows for municipal powers:

"For granting bonuses to any railway, and to any persons or company, establishing and maintaining manufacturing establishments within the bounds of such municipality, and for issuing debentures, payable at such time and bearing or not bearing interest, as the municipality may think meet for the purpose of raising money to meet such bonuses."

1880: 43 Vic. ch. 27: *An Act Respecting Municipal Assessments and Exemptions*: sect. 16:

(1) "To render valid a by-law for granting a bonus in aid of a railway or promoting any manufacture, the assent [required] of a majority of all ratepayers entitled to vote...."

1882: 45 Vic. ch. 23: *Municipal Amendment Act*: sect. 17: [repeals 1880, ch. 27, sect. 16]:

"To render valid a bonus by-law...assent...necessary of two-fifths of all entitled ratepayers as well as a majority voting on the by-law." [Confirmed in the Consolidated Municipal Act of 1883].

1873: 36 Vic. ch. 48: *Municipal Institutions Act* (consolidated): Part VI, Division VII, para. 259:

"Every municipal council shall have the power of exempting

1882-3: 46 Vic. ch. 18: *Municipal Institutions Act*

(consolidated): Pt. VII, Div. I, para. 482 (10)

[Powers of municipalities in *Aiding manufacturing establishments*: [Substantially repeats provisions of 1870-1 and 1871] - "subject to such terms, conditions and restrictions as the municipality may deem expedient...in respect of such branch of industry as Municipality may determine upon....," *providing*

(a) "No such by-law shall be passed until the assent of the electors is obtained" [two-fifths of all entitled ratepayers, and a majority of those actually voting];

(b) "No property-owner or lessee interested in, or holding stocks and shares in any Company shall be qualified to vote on a by-law for the purpose of granting a Company in which he is interested" (42 V., c. 31, s. 34);

(c) "Any Municipality granting such aid may take and receive security for compliance with the terms and conditions upon which such aid is given." (36 V., c. 48, s. 372 (5)).

1882-3: 46 Vic. ch. 18: *Municipal Institutions Act*: Division VI, para. 368: Repeats 1873 power of municipal council to exempt manufacturing establishments for ten years, renewable for a further ten years.

1884: 47 Vic. ch. 32: *Municipal Amendment Act*: sect. 8: Sect. above (1882-3) repealed and replaced with "Every Municipal Council shall, by a *two-thirds majority* vote of members, have the power of exempting a manufacturing, water works or

water company, in whole or in part, for up to ten years, renewable for up to a further ten years."

1888: 51 Vic. ch. 28: *Municipal Amendment Act*: sect. 16:

1. Assent necessary of *two-thirds* of all taxpayers entitled to vote on any by-law granting aid to or promoting a manufacturing establishment, or lending money to a company, person or establishment [in place of *two-fifths* previously].

2. No municipality shall grant a bonus to a manufacturer who proposes to establish an industry of similar nature to one already established in the municipality without such bonus.

3. No bonus shall be granted to secure the removal thereto of an industry already established elsewhere in the Province.

4. No municipality shall grant a bonus in aid of manufacturing industry, "where granting of a bonus would, for its payment, together with payment of similar bonuses already granted, require an annual levy of principal and interest, exceeding 10 per cent of total annual municipal taxation."

5. Amendments not to apply to Muskoka, Parry Sound, Algoma East, Algoma West.

1892: 55 Vic. ch. 42: *consolidated Municipal Act*: sect. 637a: Municipal councils of Algoma, Thunder Bay, Rainy River and Nipissing districts were permitted to aid iron smelting by bonus, on condition that the bonus by-law received the assent of one-third of the ratepayers

entitled to vote. No property-owner with an interest in the company to be bonused could vote on the by-law, and the municipality should take security for the company's compliance with the terms and conditions.

56 Vic. ch. 35, sect. 32 (1893) amended these provisions as follows: payment of the bonus was to be postponed till specified conditions had been fulfilled by the company, and the municipality might acquire land within or adjoining its limits to be given as site for industry.

1892: 55 Vic. ch. 43: *Municipal Amendment Act*: sect. 29 [repeals 51 Vic. c. 28, s. 16].
Municipal bonuses to manufacturing companies no longer permitted. [Consolidated Act allows for cash bonus or taking of stock in aid of a railway or waterworks company, subject to vote by ratepayers with assent of *one-third* of those entitled to vote and a majority of those actually voting].

1892: 55 Vic. ch. 42: *Consolidated Municipal Act*: sect. 366: repeats 1884 provision of Municipal Councils to exempt manufacturing establishment or water works for ten years, renewable for a further ten-years, by a two-thirds majority - but adds "*except as to school taxes.*"

1892: 55 Vic. ch. 44: *An Act respecting Bonuses by Municipal Corporations*:
"The provisions of the Acts passed during the present

session repealing certain of the bonus provisions of the Municipal Act empowering municipalities to aid manufacturers and manufacturing establishments, shall not extend to any case where at the time of the passing of this Act the by-law for granting the bonus had passed its first reading by 1st April 1892 or where the by-law heretofore passed its second reading and been advertised."

1897: 60 Vic. ch. 45: *Municipal Amendment Act*: [Powers of municipalities] Sect. 17:
If over 5000 population, may include in annual budget estimates an amount not exceeding \$500, to be expended in diffusing information regarding the advantages of such city or town as a manufacturing, business, education or residential centre or as a desirable place in which to spend the summer months....." [smaller municipalities might spend up to \$100].
Sect. 24:
Haliburton municipalities were allowed to grant aid to grist mills, taking stock to at most \$5000, not more than half the total cost. The by-law for such aid must be submitted to the ratepayers and passed by a two-thirds majority of the qualified voters...not more than one grist mill every 20 miles [amended to one mill every 15 miles in 1898].

1898: 61 Vic. ch. 23: *Municipal Amendment Act*: s. 23: Powers of bonusing iron smelting works in 1892 (amended 1893) extended to rolling mills and iron works and permitted for

"any city" (so no longer limited to municipal councils in Northern Ontario).

1899: 62 Vic. (2), ch. 26, sect. 25: Powers of municipal councils to exempt manufacturing establishments from local taxes made subject to receiving assent of two-thirds of all entitled ratepayers to the by-law. Municipalities were given a few months' grace to complete negotiations begun under the earlier legislation, providing the companies they were dealing with were not situated in any other Ontario municipality.

1900: 63 Vic. ch. 33: *Municipal Amendment Act*: section 8:

[Municipal Act amended to again permit municipal powers of bonusing]:

"366 (a) (1) - To render valid a by-law of the municipality for granting a bonus in aid of any manufacturing industry, the assent shall be necessary of two-thirds of all the ratepayers who were entitled to vote on the by-law, unless the number of ratepayers voting against such by-law does not exceed one fifth of the total number entitled to vote, when the assent of three-fifths only of all the ratepayers shall be necessary, and in addition to the certificate required by section 364 of this Act the clerk, in case of a majority of the votes being in favour of the by-law, shall further certify whether or not, as far as shown by the voters' list and assessment roll, such majority appears to be two-thirds of all the

ratepayers who are entitled to vote on the by-law, and if such majority appears to be less than two-thirds of such ratepayers the clerk shall further certify whether or not such majority appears to be three-fifths of all such ratepayers and whether or not the number voting against such by-law appears to be more than one-fifth of the ratepayers so entitled to vote."

1900: 63 Vic. ch. 33: *Municipal Amendment Act*: section 9:

"By the councils of counties, townships, cities, towns and incorporated villages;

12. For granting aid by way of bonus for the promotion of manufactures within the limits of the municipality to such person or body corporate and in respect of such branch of industry as the municipal council may determine upon; and to pay any sum of money granted by way of gift or loan either in one sum or in annual or other periodical payments with or without interest and subject to such terms, conditions and restrictions as the said municipality may deem expedient.

(a) No such by-law shall be passed until the assent of the electors has been obtained in conformity with the provisions of this Act in respect of by-laws for granting bonuses to manufacturing industries.

(b) No property owner or lessee interested in or holding any stock in any company shall be qualified to vote on a by-law for the purpose of granting a bonus to the company in which he is so interested as aforesaid.

(c) Any municipality granting such bonus may take and

receive security for the compliance with the terms and conditions upon which such aid is given.

(d) No by-law shall be passed granting a bonus to or for a manufacturer under this section who proposes establishing an industry of a similar nature to one already established in such municipality unless the owner or owners of such established industry of industries shall first have given their consent in writing to the granting of such bonus, loan or guarantee.

(e) No by-law shall be passed by a municipality for granting a bonus to secure the removal of an industry already established elsewhere in the Province.

(f) No such by-law shall be passed for granting a bonus by gift or loan or guarantee of money to any manufacturing industry where the granting of such bonus would for its payment, together with the payment of similar bonuses already granted by said municipality require an annual levy for principal and interest exceeding 10 per cent of the total annual municipal taxation thereof but if such bonus is by way of loan or guarantee of money then any amount to be repaid annually by any person or company so aided shall be taken into account and shall for the purposes of this paragraph be deducted from the amount required to be levied annually. Nothing herein contained shall relieve the municipal council from liability for neglecting to levy annually the special rate required to repay any debt contracted by the

municipality."

1900: 63 Vic. ch. 33: *Municipal Amendment Act*: section 10:

[The term "bonus" was for the first time defined to include much more than merely a cash payment to manufacturer to locate in the municipality]:

10. The word "bonus" where it occurs in section 366a or subsection 12 of section 591 of The Municipal Act as amended by this Act shall mean and include:-

(a) A grant of money as a gift or a loan, either unconditionally or conditionally.

(b) The guaranteeing of the repayment of money loaned, and interest.

(c) The gift of lands owned by the municipality or the purchase of lands as a site for building and works or as a means of access or for any other purpose connected with the manufacturing industry to be aided or the leasing of lands either freely or at a nominal rental for any such purpose.

(d) The closing up or opening, widening, paying or improving of any street, alley, lane, square or other public place or the undertaking of any other public work or improvement which involves the expenditure of money by the corporation for the particular use or benefit of a manufacturing industry.

(e) The supplying of water, light or power by the municipal corporation either freely or at rates less than those charged to other persons and corporations in the municipality.

(f) Generally the doing, undertaking or suffering on

the part of a municipal corporation of any act, matter or thing which involves or may thereafter involve the expenditure of money by a municipal corporation.

(g) A total or partial exemption from municipal taxation or the fixing of the assessment of any property for a term of years, but nothing in this Act contained shall be deemed to authorize any exemption for a longer period than ten years and a renewal of such exemption for a further period not exceeding ten years or any exemption, either partial or total, from taxation for school purposes, or any by-law or agreement which directly or indirectly has or may have the effect of such an exemption.

1900: 63 Vic. ch. 33, sect. 49: Consolidated Act amended; so any municipal council has power to exempt *iron, steel or other smelting works* from taxation (except as to school taxes) for not longer than 20 years, subject to the assent of *one-third* of the ratepayers entitled to vote and a majority of those actually voting. [Powers of municipal councils as to aiding iron works etc. summarized in Consolidated Municipal Act, 3 Edw. VII, 1903, c. 19, sect. 700, a, b, c. By 7 Edw. VII, ch. 40, sect. 36: "refining" works were also included].

1902: 2 Edw. VII: ch. 28: *Municipal Amendment Act*: repealed sect. 223, sub. 591, para. 12, cl. e: and replaced with:
"(e) No by-law shall be passed for granting a bonus to any industry already established

elsewhere in the Province, or which has been removed from elsewhere in Province, whether carried on by proprietor or some other person."

1902: 2 Edw. VII: ch. 28: *Municipal Amendment Act*: sect. 39:

"Notwithstanding [1900 Act: ch. 33], every municipal council shall have power to extend to 31 December 1903, but no longer, the operation of any by-law now in force which provides for exempting any manufacturing establishment, or any building for the storage of ice for common purposes of any water works from taxation, except as to school taxes." [New exemptions could also be made extending to 31 December 1903]. NB: by 3 Edw. VII. ch. 18, sect. 159, extended to end of 1904.

1904: 4 Edw. VII: ch. 22: *Municipal Amendment Act*: sect. 13:

"Where by any by-law passed by the Municipal council under 1897 Act (c. 223, s. 411) prior to repeal of said section, the amount of assessment of any manufacturing establishment or any building for the storage of ice was fixed at a stated amount for a term of years unexpired at the time of passing the 1903 Act, and no proceedings were taken to quash or set aside [original assessment] within two years, such a by-law shall be and is deemed to be valid and binding, and shall continue to be the assessment on which taxes shall be levied during the unexpired portion of the term of years for municipal or

school purposes or both."

- 1904: 4 Edw. VII: ch. 23: *Assessment Act*: sect. 3:
All taxes to be levied equally upon all assessments subject to some exemptions, including public parks, poor houses, all fixed machinery used for manufacturing or farming (but not machinery used for power generation or by railway company).
sect. 9:
Where transfer made of property theretofore exempt to person not thereafter entitled, or when period of exemption expires, shall be immediately liable to taxation.
- 1905: 5 Edw. VII: ch. 22: *Municipal Amendment Act*:
sect. 29: [amending 3 Edw. VII, c. 19, s. 591b].
In the case of a municipality, in which taxes for 1905 will be levied on [the basis of] the 1904 assessment, council may by a two-thirds vote, grant continuation of the exemption for 1905.
- 1910: 10 Edw. VII: ch. 85: *Municipal Amendment Act*:
sect. 7:
Cities permitted to appoint Commissioner of Industries, "whose duty it shall be to bring to the notice of manufacturers and others the advantages of the City as a location for industrial enterprises, summer resorts, residential, educational and other purposes."
- 1912: 2 Geo. V, ch. 40: *Municipal Amendment Act*: sect. 4:
"To render valid a by-law for granting a bonus in aid of manufacturing industry, the

assent of *three-quarters of all members of Council* and two-thirds of the ratepayers who actually vote shall be necessary."

- 1914: *Revised Statutes of Ontario*, vol. II, ch. 192, 395 defines "bonus" in substantially the same way as in 1900 act, and conditions governing grant of a bonus are also expressed in much the same terms.
- 1922: 12-13 Geo. V, ch. 71: *Municipal Amendment Act*: sect. 14: Repealed power of municipalities to give grant of money to a manufacturing industry, either as gift or loan, either conditionally or unconditionally.
- 1922: 12-13 Geo. V: ch. 72: *Consolidated Municipal Act*: sects. 278, 395, 396: Except that cash bonuses and loans might not be granted, legislation on municipal powers of assisting industry much the same as in 1900 (with amendments), with the proportion of votes in favour the same as in 1912 (one-third for iron and steel etc., two-thirds for other manufacturing industry).
- 1924: 14 Geo. V: ch. 56: *The Bonus Limitation Act*: Municipal councils henceforth limited to fixed assessment only in aid of manufacturing (including iron works, rolling mills, works for refining and smelting, grain elevators, beet sugar factories and tobacco driers). Fixed assessments to be granted only for ten years and not to apply to school or local improvement taxes, not renewable and

subject to the assent of three-quarters of the council and two-thirds of the electors qualified to vote on money by-laws. Fixed assessments might not be granted to a business in a branch of industry already represented in the municipality except with the written consent of the existing manufacturer. Nor might fixed assessments be granted to a business established elsewhere in Ontario or recently removed from any other Ontario municipality. The act also stipulated that any land the municipality might have acquired for granting as industrial sites must now be sold or leased at a fair market price. [All the provisions of the 1924 act were confirmed in consolidated municipal act in the *Revised Statutes of Ontario*, 1927, ch. 233, sec. 397].

1929: 19 Geo. V: ch. 59,
Municipal Act: sect. 2:

The council of any city, town, township or village may, with the assent of electors qualified to vote on money by-laws, pass by-laws to acquire or expropriate land and sell or lease it for industrial sites. The council might seek the electors' approval for a general by-law authorizing it to borrow money, up to a stated amount, for the purpose of buying land for industrial sites, after which the council might pass specific by-laws for selling or leasing sites to particular businesses only by a two-thirds majority of council members. Such industrial sites must be sold or leased at a fair market value.

APPENDIX B

SPECIAL ACTS OF THE ONTARIO LEGISLATURE PERMITTING
SPECIFIED MUNICIPAL COUNCILS TO AID MANUFACTURERS

<i>Session</i>	<i>Numbers of Acts</i>			
1869 :	1	1899 :	17	1916 : 3
1870-1 :	1	1900 :	21	1917 : 6
1871-2 :	2	1901 :	6	1918 : 4
1873 :	1	1902 :	9	1919 : 1
1875-6 :	2	1903 :	14	1920 : 6
1877 :	2	1904 :	7	1921 : 1
1878 :	1	1905 :	11	1922 : 1
1880 :	1	1906 :	9	1923 : 10
1883 :	1	1907 :	14	1924 : 9
1885 :	2	1908 :	18	1925 : 1
1890 :	2	1909 :	3	1926 : 1
1893 :	2	1910 :	10	1927 : 2
1894 :	2	1911 :	11	1928 : 1
1895 :	4	1912 :	13	1929 : -
1896 :	2	1913 :	10	1930 : 1
1897 :	5	1914 :	14	
1898 :	2	1915 :	2	TOTAL 1869-1930: 269