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3rd SESSION, 67th GENERAL ASSEMBLY
Province of Prince Edward Island
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(Bill No. 50)

An Act to Amend the Municipal Government Act

Hon. Kent Dollar
Minister of Housing and Communities

GOVERNMENT BILL

Andrea MacRae
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AMENDMENTS

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TITLE: **An Act to Amend the Municipal Government Act**

#	SECTION	AMENDMENT	DATE

NOTED:

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COMMITTEE CLERK

CERTIFIED CORRECT:

_____
CHAIR, IN COMMITTEE

AN ACT TO AMEND THE MUNICIPAL GOVERNMENT ACT

BILL NO. 50 **2026**

BE IT ENACTED by the Lieutenant Governor and the Legislative Assembly of the Province of Prince Edward Island as follows:

1. Subsection 12(1) of the *Municipal Government Act* R.S.P.E.I. 1988, Cap. M-12.1, is amended

(a) in clause (a), by the deletion of the words "set out in clause 13(1)(a)**" and the substitution of the words "**set out in the regulations respecting a city**"; and**

(b) in clause (b), by the deletion of the words "set out in clause 13(1)(b)**" and the substitution of the words "**set out in the regulations respecting a town**".**

2. (1) Subsection 13(1) of the Act is repealed and the following substituted:

13. Criteria for establishment of municipality

(1) The criteria for the establishment of a new municipality are set out in the regulations.

(2) Subsection 13(2) of the Act is amended by the deletion of the words "specified in subsection (1)**" and the substitution of the words "**specified in the regulations**".**

(3) Subsection 13(3) of the Act is amended by the deletion of the words "Where a proposal under subsection 15(2.1) relates to the dissolution of**" and the substitution of the words "**Where a proposal has been made under subsection 15.1(1) to dissolve**".**

3. Subsection 14(2) of the Act is amended by the addition of the words ", other than a rural municipality,**" after the words "**A municipality**".**

4. Section 15 of the Act is amended

(a) by the repeal of subsection (2.1);

(b) in subsection (3), by the deletion of the words "specified in subsection 13(1)**" and the substitution of the words "**specified in the regulations**";**

(c) in subsection (4), by the deletion of the words ", (2) or (2.1)**" and the substitution of the words "**or (2)**"; and**

(d) in subsection (5),

(i) by the repeal of subclause (a)(iii),

(ii) in clause (c), by the deletion of the words ", dissolution**", and**

(iii) by the repeal of clause (e).

5. The Act is amended by the addition of the following after section 15:

15.1 Dissolution of a municipality

(1) A proposal to dissolve a municipality may be initiated by

(a) the Minister, on the Minister's own initiative or as a result of an inspection under section 216, an inquiry under section 217, an official examination under section 219 or the statement of financial condition of the municipality provided by the official trustee to the Minister under subsection 221(8); or

(b) the council of the municipality.

Contents of proposal

(2) The proposal shall include, at a minimum,

(a) a statement that the proposal is to dissolve the specified municipality;

(b) the reasons for the proposal;

(c) the name of each adjoining municipality, unincorporated area or fire district, and any other municipality, unincorporated area or fire district that, in the opinion of the person or persons initiating the proposal, may be affected by the dissolution of the municipality; and

(d) a plan for the winding up of the municipality, including but not limited to

(i) the sale or transfer of assets, including the transfer, free of cost, of property of the municipality to a body incorporated to provide services in the area served by the municipality to be dissolved,

(ii) arrears of taxes,

(iii) funding agreements entered into by the municipality,

(iv) the payment of the debts and obligations of the municipality, and

(v) arrangements for continuing fire protection for the area of the municipality after dissolution.

Minister's approval

(3) A proposal by a council of a municipality under clause (1)(b)

(a) shall be submitted to the Minister for review and approval to be filed with the Commission under subsection (5);

(b) shall not be accepted by the Commission under subsection (5) unless it has been approved by the Minister; and

(c) may not be changed or amended by the council after it has been approved by the Minister.

Notice to be provided

(4) The Minister shall provide notice and a copy of a proposal to dissolve a municipality under subsection (1) to the Fire Marshal, the Provincial Tax Commissioner, the Registrar of Deeds for every county in which the municipality is located, the Emergency Measures Organization, the Department of Transportation and Infrastructure and the Department of Land and Environment.

Proposal to be filed

(5) A proposal shall be in writing in the form approved by the Minister and shall be filed with the Commission by the person or persons initiating the proposal.

Proposal may be withdrawn

(6) A proposal to dissolve a municipality may be withdrawn by the person or persons who submitted it at any time before the Commission provides its report to the Minister under section 19, by notice in writing

(a) in the case of a council, to the Minister and the Commission; and

(b) in the case of the Minister, to the Commission.

Prior proposal continues

(7) Where a proposal to dissolve a municipality was commenced under subsection 15(2.1) and was not concluded on the coming into force of this section, it shall continue to be dealt with under this Act as it read immediately before the coming into force of this section.

6. Subclause 19(2)(a)(ii) of the Act is amended by the deletion of the words "subsection 13(1) and any additional criteria in**".**

7. (1) Subsection 21(1) of the Act is amended by the repeal of clauses (e) and (f).

(2) Section 21 of the Act is amended by the addition of the following after subsection (1):

Order respecting dissolution

(1.1) Where the report of the Commission recommends that a municipality be dissolved, the Lieutenant Governor in Council may, by order,

(a) approve the dissolution to proceed and authorize the Minister to appoint a steward to oversee the winding up of the affairs of the municipality; or

(b) deny the dissolution of the municipality.

(3) Section 21 of the Act is amended by the addition of the following after subsection (2):

Final order of dissolution

(2.1) Where the Lieutenant Governor in Council makes an order under clause (1.1)(a),

(a) subsections (3.1), (4), (4.1), (5) and (6) apply to the order for the purpose of the winding up of the affairs of the municipality; and

(b) the Lieutenant Governor in Council may make a further order, on the recommendation of the Minister, and on the acceptance by the Minister of the steward's final report under subsection 23.1(15), that declares the municipality dissolved as of the date specified in the order.

(4) Section 21 of the Act is amended by the addition of the following after subsection (3):

Effect of dissolution order

(3.1) The order of the Lieutenant Governor in Council under clause (1.1)(a) shall be filed with the Registrar of Deeds for every county in which the municipality to be dissolved is located.

(5) Section 21 of the Act is amended by the addition of the following after subsection (4):

Net liability on dissolution

(4.1) A net liability of a dissolved municipality that is assumed by the Government of Prince Edward Island may be funded by an area rate levied on the area of the former municipality pursuant to the *Real Property Tax Act* R.S.P.E.I. 1988, Cap. R-5.

8. The Act is amended by the addition of the following after section 23:

23.1 Appointment of steward

(1) On the making of the order of the Lieutenant Governor in Council under clause 21(1.1)(a), the Minister may appoint a person as steward.

Direction of Minister

(2) The steward is subject to the direction of the Minister in all things concerning the performance of the steward's duties.

Requirement for bond

(3) The Minister may require the steward to be bonded.

Remuneration and expenses

(4) The Minister may determine the remuneration and expenses of the steward and may direct that the remuneration and expenses be paid from the funds of the municipality.

Effect of appointment

(5) On the effective date of the appointment of a steward made under subsection (1),

(a) the municipality enters a period during which the steward shall execute the wind-up plan and any other actions necessary and incidental to the dissolution, as directed by the Minister;

(b) the council of the municipality, the chief administrative officer and all officers and employees of the municipality are dismissed and are no longer qualified to act for or on behalf of the municipality or to exercise the functions, powers and authority vested in them; and

(c) all volunteers, other than, in the discretion of the steward, volunteer firefighters, are dismissed.

Authority of steward

(6) The former chief administrative officer, other officers, employees and volunteers of a municipality shall provide to the steward, at the steward's request, all money, securities, evidences of title, books, assessment rolls, tax invoices, bylaws, papers and documents belonging to or relating to the affairs of the municipality that they have in their possession or under their control.

Duty to comply

(7) The former chief administrative officer, other officer, employee or volunteer shall immediately comply with a request of the steward under subsection (6).

Powers of steward

(8) On appointment, the steward shall

(a) realize upon the liquid assets of the municipality that exist at the time of appointment, including but not limited to arrears of taxes; and

(b) with the approval of the Minister and in the manner directed by the Minister, sell or otherwise dispose of the property of the municipality, and execute in the name of and on behalf of the municipality all deeds, conveyances, transfers, assignments, receipts and other documents, and use, where necessary for that purpose, the corporate seal of the municipality.

Engaging services

(9) The steward may engage the services of any person to assist the steward in executing the wind-up plan.

Books of account

(10) The steward shall keep correct and complete books of account relating to the affairs of the municipality that show the true financial picture of the municipality.

Inspection

(11) The Minister, or a person authorized by the Minister, may inspect the books of account at any time.

Audit

(12) The books of account shall be audited in accordance with section 174, and where the former council of the municipality did not appoint an auditor, the steward may appoint an auditor for that purpose.

Application of money

(13) Money realized by the steward shall be applied in payment of the liabilities of the municipality as far as circumstances permit after paying the costs and expenses incidental to the stewardship or the dissolution, including the remuneration of the steward, in the following order of priority:

(a) payment of salaries and other amounts owing to officers and employees of the municipality up to the time those persons are dismissed under clause (5)(b);

(b) payment of amounts owing to the province by the municipality; and

(c) payment of the other just debts of the municipality rateably and without preference or priority.

Surplus

(14) Any surplus remaining after the payment of the liabilities of the municipality shall be transferred to the province.

Periodic and final reports

(15) The steward shall keep a correct record of all the proceedings taken by the steward relating to the affairs of the municipality and shall provide to the Minister periodic reports of the steward's progress and a final report on the completion of the steward's duties.

Date of dissolution

(16) Where the Minister accepts the final report of the steward, the Minister shall recommend to the Lieutenant Governor in Council that the municipality be dissolved, and the effective date of municipal dissolution shall be the date on which the Lieutenant Governor in Council makes a final order of dissolution under clause 21(2.1)(b).

9. Clause 24(b) of the Act is amended by the deletion of the words "subsection 13(1) and**".**

10. Subsection 27(1) of the Act is amended by the deletion of the words "specified in subsection 13(1)**" and the substitution of the words "**specified in the regulations**".**

11. Subsection 39(6) of the Act is amended by the deletion of the words "after the coming into force of this Act**" and the substitution of the words "**after the enactment of the bylaw that established the wards**".**

12. (1) Subsection 78(1) of the Act is repealed and the following substituted:

78. Size of council

(1) Subject to section 21 or 22, as the case may be, the council of a municipality that is a town, a rural municipality or a resort municipality shall consist of

(a) a mayor and six councillors;

(b) where council has passed a bylaw pursuant to subsection (4) that authorizes four councillors, a mayor and four councillors; or

(c) where council has passed a bylaw pursuant to subsection (4) that authorizes eight councillors, a mayor and eight councillors.

(2) Subsection 78(4) of the Act is amended by the deletion of the words "clause (1)(b) or (3)(b)**" and the substitution of the words "**clause (1)(b) or (c) or clause (3)(b)**".**

13. (1) Subsection 85(2) of the Act is amended by the deletion of the words "Within five years after the coming into force of this section, a council shall**" and substitution of the words "**A council, other than the council of a rural municipality or a resort municipality, shall**".**

(2) Section 85 of the Act is amended by the addition of the following after subsection (3):

Municipal office – rural municipality

(4) A council of a rural municipality or a resort municipality shall

(a) ensure that its municipal office is accessible to all members of the public; and

(b) establish, publish and maintain a schedule of hours during which the municipal office shall be open to serve the public.

14. (1) Subsection 91(1) of the Act is amended by the deletion of the words "The mayor shall appoint**" and the substitution of the words "**Within 90 days of taking office, the mayor shall appoint**".**

(2) Section 91 of the Act is amended by the addition of the following after subsection (1):

Appointment by council members

(1.1) Where the mayor has not appointed a deputy by the end of the 90-day period specified in subsection (1), the members of the council shall appoint, by resolution, a deputy mayor from among their number.

15. (1) Subsection 107(3.1) of the Act is repealed and the following substituted:

Failure to comply is contravention

(3.1) A failure to comply with the terms of a sanction within the time period specified by the council that imposed it is a contravention of this Act.

(2) Section 107 is amended by the addition of the following after subsection (3.2):

Procedural review

(3.3) A member of council who has been sanctioned under the code of conduct bylaw may request a procedural review of the process in accordance with the regulations.

16. The Act is amended by the addition of the following after section 136:

136.1 Documents to be published electronically

(1) Beginning on December 31, 2027, a council of a municipality shall ensure that the following documents are published electronically on a website that is available to the public in a format that can be downloaded:

(a) bylaws, proposed amendments to bylaws and proposed new bylaws;

(b) agendas and minutes of council meetings;

(c) meeting schedules;

(d) office hours and location;

(e) annual audited financial statements;

(f) the annual financial plan for the municipality;

(g) any other documents specified in the regulations.

Clarification – "website"

(2) For the purposes of this section, a "website" does not include a social media platform.

Timelines for posting documents

(3) The council of a municipality shall ensure, to the best of its ability, that the documents required to be posted on the website pursuant to subsection (1) are posted

(a) within the timelines specified in the regulations; or

(b) where no timelines are specified in the regulations, within 90 days of the date on which the document was made, approved, amended or updated, as the case may be.

No fee

(4) The council of a municipality shall ensure that no fee is charged to any person for access to or for downloading a document posted on the website in accordance with subsection (1).

Copies of documents

(5) The council of a municipality shall ensure that copies of documents posted on the website in accordance with subsection (1) are retained in accordance with the records retention bylaw of the municipality.

17. Subsections 149(2) and (3) of the Act are repealed.

18. Subsection 156 of the Act is amended by the addition of the following after subsection (5):

Signing limit pursuant to bylaw

(6) Despite subsection (1), a council of a municipality that is a city or town may by bylaw authorize its chief administrative officer alone to sign contracts or agreements of a higher value than specified in clause 5(a) if

(a) the value of the contract or agreement does not exceed the maximum specified in the regulations for the city or town; and

(b) the chief administrative officer tables a written summary of the nature and value of the contract or agreement at the next meeting of council.

Review of bylaw

(7) The council of a city or town that has made a bylaw under subsection (6) shall review the bylaw every five years.

19. Section 160 of the Act is amended by the addition of the following after subsection (1):

Tax rate based on assessed value

(1.1) For greater certainty, the tax rate or rates to be approved under subsection (1) shall be a rate or rates expressed as a percentage of each $100 of the assessed value of the real property.

20. Subsection 164(3) of the Act is amended by the deletion of the words "current assessed value**" and the substitution of the words "**current taxable assessed value**".**

21. Section 169 of the Act is repealed and the following substituted:

169. Procurement policy

A council shall, in accordance with any applicable agreements respecting trade or procurement, establish a policy that sets out rules and procedures for the purchasing or procurement of goods and services and contracts of construction by the municipality.

22. Subsection 174(1) of the Act is amended by the deletion of the words "on or before June 30**" and the substitution of the words "**no later than October 15**".**

23. Subsection 176(1) of the Act is amended by the deletion of the words "or review engagement**".**

24. Section 221 of the Act is amended by the addition of the following after subsection (8):

Discontinuation

(8.1) Where it appears to the Minister that it would be in the public interest, based on the statement of financial condition of the municipality or for any other reason, that the municipality should be dissolved, the Minister may revoke the appointment of the official trustee and submit a proposal to dissolve the municipality in accordance with clause 15.1(1)(a).

25. (1) Clause 261(1)(a) of the Act is amended by the deletion of the words "standards and additional criteria**" and the substitution of the words "**standards, population, property assessment values and other criteria**".**

(2) Subsection 261(1) of the Act is amended

(a) by the addition of the following after clause (g):

(g.1) respecting documents and updates to documents that a municipality is required to post on a website for the purposes of section 136.1, and the timelines and other requirements for posting them;

(b) by the addition of the following after clause (h):

(h.1) respecting the maximum value of a contract or agreement that a council of a city or town may by bylaw under subsection 156(6) authorize its chief administrative officer to sign alone;

(c) by the addition of the following after clause (i):

(i.1) respecting exceptions and other limitations related to the inclusion of specified types of property in a tax rate group pursuant to subsection 160(2);

(d) by the repeal of clause (j).

26. This Act comes into force on January 1, 2027.

EXPLANATORY NOTES

SECTION 1 amends clauses 12(1)(a) and (b) of the *Municipal Government Act* R.S.P.E.I. 1988, Cap. M-12.1, to refer to criteria for the establishment of a municipality being set out in the regulations, for consistency with the changes to be made to section 13 of the Act, below.

SECTION 2 repeals subsection 13(1) of the Act and substitutes a new subsection 13(1) that provides that the criteria for the establishment of a municipality will be specified in the regulations. The section also makes a consequential amendment to subsection 13(2) of the Act, for consistency with the new subsection 13(1). The section also amends subsection 13(3) of the Act to correct a reference to a proposal to dissolve a municipality, which is now dealt with in the new section 15.1 of the Act.

SECTION 3 amends subsection 14(2) of the Act to clarify that it applies to a municipality other than a rural municipality.

SECTION 4 amends section 15 of the Act to delete the provisions and references respecting the dissolution of a municipality from the section. The section also makes a consequential amendment to subsection 15(3) of the Act for consistency with the new subsection 13(1) of the Act.

SECTION 5 adds a new section 15.1 to the Act to deal with matters respecting the dissolution of a municipality, including who may make a proposal for dissolution and the process to be followed.

SECTION 6 amends subclause 19(2)(a)(ii) of the Act for consistency with the new subsection 13(1).

SECTION 7 amends section 21 of the Act to authorize the Lieutenant Governor in Council to make a separate order to allow a dissolution to proceed and to authorize the Minister to appoint a steward to oversee the winding up of the municipality. The section also adds a new subsection 21(2.1) to the Act to clarify the application of the section and to authorize the Lieutenant Governor in Council to make a further and final order at the end of the winding up to declare the municipality dissolved. The order of the Lieutenant Governor in Council is required to be filed with the Registrar of Deeds as specified, and a net liability of the dissolved municipality that is assumed by the Government may be funded by an area rate levied on the area of the former municipality, as specified.

SECTION 8 amend**s** the Act by adding a new section 23.1 that provides for the appointment of a steward by the Minister to oversee the process of dissolution, sets out the scope of the steward's authority, requires the former employees and officers of the municipality to cooperate with the steward, and specifies the priority of payment of money realized by the steward. On acceptance of the steward's final report, the Minister is authorized to recommend to the Lieutenant Governor in Council that the municipality be dissolved by a final order of the Lieutenant Governor in Council under clause 21(2.1)(b) of the Act.

SECTION 9 amends clause 24(b) of the Act for consistency with the new subsection 13(1).

SECTION 10 amends subsection 27(1) of the Act for consistency with the new subsection 13(1).

SECTION 11 amends subsection 39(6) of the Act to clarify that the requirement for a review of municipal wards by an Electoral Boundaries Commission is triggered by the third scheduled election after the making of the bylaw that established the wards for the municipality.

SECTION 12 repeals subsection 78(1) of the Act and substitutes a new subsection 78(1) to expand the ability of a council to vary the number of its members by bylaw. The section also makes a consequential amendment to subsection 78(4) of the Act, for consistency with the new subsection 78(1).

SECTION 13 amends subsection 85(2) of the Act to remove a deadline that is no longer needed, and to add a new subsection 85(4) to the Act to provide different rules for the council of a rural municipality or a resort municipality respecting the municipal office hours.

SECTION 14 amends subsection 91(1) of the Act to require a mayor to appoint a deputy within 90 days of taking office. The section also adds a new subsection 91(1.1) to the Act that authorizes the members of council to appoint a deputy from among their number if the mayor has not done so within the 90-day time period.

SECTION 15 repeals subsection 107(3.1) of the Act and substitutes a new subsection 107(3.1) that states that the failure of a council member to comply with the terms of a sanction imposed by the council for a breach of the code of conduct is a contravention of the Act.

SECTION 16 amends the Act by adding a new section 136.1 that requires municipalities, beginning on December 31, 2027, to publish the specified documents electronically on a website that is available to the public, in a downloadable format, within the specified timelines and at no charge. The section also clarifies that a social media platform is not a website for the purposes of the section.

SECTION 17 repeals subsections 149(2) and (3) of the Act. These were transitional provisions that are now spent.

SECTION 18 amends section 156 of the Act by adding a new subsection (6) that authorizes the council of a city or town to establish, by bylaw, a higher limit than that stated in clause (5)(a) of the Act for contracts or agreements that may be signed by the chief administrative officer alone, subject to the maximums specified in the regulations. The section also adds a new subsection (7) to the Act that requires a council of a municipality that has made a bylaw under subsection (6) to review it every five years.

SECTION 19 amends section 160 of the Act by adding a new subsection (1.1) to clarify that the tax rate or rates approved under subsection 160(1) of the Act must be expressed as a percentage of each $100 of the assessed value of the real property.

SECTION 20 amends subsection 164(3) of the Act to clarify that the reference to current assessed value means current taxable assessed value.

SECTION 21 repeals section 169 of the Act and substitutes a new section 169 to authorize a council to establish a policy respecting procurement of goods and services and contracts of construction, in accordance with any applicable agreements respecting trade or procurement.

SECTION 22 amends subsection 174(1) of the Act to change the date of June 30 to October 15, for consistency with sections 175 and 177 of the Act.

SECTION 23 amends subsection 176(1) of the Act to delete a reference to a "review engagement", which is no longer applicable.

SECTION 24 amends section 221 of the Act to authorize the Minister to discontinue the process under that section where it appears to the Minister that it would be in the public interest, based on the statement of financial condition prepared by the official trustee or for any other reason, to revoke the appointment of the official trustee and instead submit a proposal to dissolve the municipality in accordance with clause 15.1(1)(a) of the Act.

SECTION 25 amends the regulation-making powers in subsection 261(1) of the Act. In clause (a) of the Act, additional wording is added respecting criteria for the establishment of a municipality, for consistency with the new subsection 13(1) of the Act. A new clause (g.1) is added, respecting the documents a municipality is required to post on its website in accordance with section 136.1 of the Act. A new clause (i.1) is added to the Act, respecting exceptions and limitations related to the inclusion of specified types of property in a tax rate group, pursuant to subsection 160(2) of the Act. A new clause (h.1) is added to the Act, respecting the maximum values of a contract or agreement that the council of a city or town may by bylaw authorize the chief administrative officer to sign alone, pursuant to subsection 156(6) of the Act. Clause (j) of the Act is repealed, since municipalities will manage their procurement and purchasing by policy, pursuant to the new section 169 of the Act.

SECTION 26 provides that the Act comes into force on January 1, 2027.

(Bill No. 50)

An Act to Amend the Municipal Government Act

STAGE:	***DATE:***
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2nd Reading:	
To Committee:	
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3rd Reading and Pass:	
Assent:	

SIGNATURES:

Honourable Dr. Wassim Salamoun, Lieutenant Governor

Honourable Brad Trivers, Speaker

Joseph Jeffrey, Clerk

Hon. Kent Dollar
Minister of Housing and Communities

GOVERNMENT BILL

2026
3rd SESSION, 67th GENERAL ASSEMBLY