

CANADA

Land Values Taxation in Canada

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In the Provinces of Manitoba, Saskatchewan and Alberta the public lands are held by the Federal Government, owing to the fact that this territory was acquired by arrangement with the Hudson's Bay Co. The land was retained by the Federal Government, but the Provinces are given a special grant in lieu of the lands.

Manitoba

In Manitoba there is a tax of five mills (0.5 per cent.) on the value of idle land for provincial purposes. This tax was first imposed two years ago and is mainly for the purpose of discouraging land speculation. It covers agricultural land only. This is the only provincial tax on land.

Municipal revenues are obtained mainly by the taxation of land values. In the rural municipalities for the past twenty years or more, all revenue for local purposes has been secured by a Single Tax on Land Values. This includes both municipal and school requirements. The schools are operated under the charge of local boards, but these boards do not levy taxes. They simply hand their estimate for the year to the municipal council, which is the only local taxing body.

In the towns and cities of the province there is usually a tax on improvements and in some cases a business tax and licence taxes. The land, however, is the chief source of revenue. The tax on improvements is usually much lower than on land.

In Winnipeg, for instance, land is assessed at its full value and improvements at two-thirds value. There is a business tax based on rental value of the premises occupied and various licences. The latter are in some cases for purposes of regulation rather than for revenue.

A few municipalities rate entirely on land values, as in the case of Fort Garry, a suburban district, partly urban and partly rural.

The new water supply of Winnipeg, costing approximately \$16,000,000, has just been completed. The capital investment in this work has been made a charge on unimproved land values.

Saskatchewan

In Saskatchewan there is a tax on vacant agricultural lands of 10 mills (1.0 per cent.). There are also several special provincial levies against land values, such as for the support of the university, etc. The situation as regards municipalities is practically the same as in Manitoba. In some of the towns and cities the taxation of improvements is only a small fraction of the value as compared with land. As in Manitoba, land values only are taxed in rural municipalities.

The adoption of the vacant land tax in Manitoba and the changing of the same tax in Saskatchewan from a flat rate per acre to a per cent. on value are recent changes going into effect last year.

Alberta

Alberta has gone rather farther than the other provinces named in confining taxation to land values. There is first a provincial tax of 10 mills on the value of vacant land. Next an increment tax of 5 per cent. of the increase in value, on transfer of land.

Third, the timber areas tax.

In rural municipalities all local tax is on land values.

Cities operating under special charter have usually the business and licence taxes, but there has been a general tendency to largely exempt improvements, by reducing the tax to a percentage of the value. There are general property taxes in some cases. Edmonton is now trying an experiment in income tax.

The towns operating under the General Provincial Act are restricted to practically the land value tax. In 1912 the General Act was amended to exempt improvements and general property from taxation in such municipalities. This law, suddenly enforced as it was, led to considerable difficulty in view of the fact that the rate was limited to 20 mills on the dollar, which was insufficient to provide revenues in some cases. To overcome this difficulty, special concessions have been made in a few cases.

British Columbia

British Columbia, unlike the three last Provinces, which are largely in the prairie belt, is a vast region of mountains, valleys and timber. The Province was not included in the Hudson's Bay agreement. It was erected into a colony by Imperial charter,

and later entered the Canadian Confederation, retaining control of its natural resources. The revenue for the Province comes largely from these resources in royalties and licences, etc., and land sales.

In the organised portion of the Province the taxation of lands and improvements has been handed over to the municipalities.

In the unorganised portions there is a tax on land, improvements, personal property and incomes, all administered by the Province. The Province retains the income and personal property tax in the organised districts. Land and improvements are taxed at five mills. Unimproved lands and timber, mineral, and coal lands not in use are taxed higher rates than lands of the various classes which are under development. These rates vary according to the class of land and accessibility of the district. For instance, coal lands are taxed at 1 per cent. when developed and 2 per cent. otherwise.

A Royal Commission appointed some years ago to investigate taxation in the province, reported strongly in favour of the abolition of the taxation of improvements and personal property. Owing to the unsettled condition due to frequent political changes and the war, these recommendations have not been put into effect, though it was at first announced officially that they would be.

British Columbia municipalities have been given local option in taxation. Under this provision rural municipalities have generally abandoned the taxation of improvements. In towns and cities the general tendency has been to reduce taxation of improvements. In some cases as low as 10 per cent. of assessed value only is subject to taxation and none over 50 per cent. of value.

Unsatisfactory Features

The situation in most urban municipalities in the four western Provinces is unsatisfactory at the present time. Previous to the war a tremendous speculative fever raged for a dozen years throughout all Western Canada, due to the rapid growth of population and the construction of thousands of miles of railway. Land values were "boomed" until they were on a purely fictitious basis, especially urban and suburban lands. Miles of subdivisions were put on the market surrounding all our principal towns and cities. Thousands of acres of gardening and farming land were forced into idleness through this craze for extending subdivisions. Population in the cities was scattered over territory large enough to accommodate ten times the number. As a result of all this wild orgy of land speculation a tremendous burden of debt was assumed by nearly all our cities and towns in extending local improvements to these subdivisions and in other ways. In many cases the speculative element was represented in the municipal councils extensively, and there was a constant push to further boost values by spending public money on all sorts of extravagant undertakings. This land boom began to collapse the year before the war, so that the war hit us at a very bad time financially. It was easy to collect taxes on land values while the price kept on advancing, but when the collapse came and fictitious values began to shrink, a vast accumulation of unpaid taxes on worthless subdivisions, assessed at fabulous values, began to accumulate. This placed many urban municipalities in a very difficult situation as to finances. It became a question not of how best to secure revenue to meet liabilities, but how to secure it at all. Consequently there has been a great deal of discussion of the local tax questions, and all sorts of proposals have been made as a means of helping out the revenues. On the whole, however, there has not been much change, and most municipalities have been worrying along as best they could until time would right the evil.

Inaccurate Valuation

Local valuation is made by an assessor appointed by the municipal council. There is a demand at present that landowners should be asked to place a value upon their land, and that this be used as a basis for taxation. Land to be available for purchase at the owner's valuation.

Assessment is made annually. In cities a board of valuers is sometimes appointed to assist assessors. The Assessment Act of the various Provinces governs assessment, except in cities operating under charter, in which case the charter will specify.

Valuation varies very much in different municipalities in the same Province, and depends upon the judgment or whim of the assessment department. There is a demand in Manitoba at the present time for a Provincial assessment system, which would take it out of the hands of the local authorities, with a view to securing uniformity of assessment.

The Land Boom in Edmonton and Vancouver

In the cities of Edmonton and Vancouver, where practically all local tax was on land values, the inflation was greater than in most other cities, but this was due to special reasons which had no reference to the mode of taxation. Edmonton was greatly influenced by the selection of that city as the capital of the then new Province of Alberta. The city was greatly overdone in population and expenditures as a result of unreasonable expectations that would come from the selection as the capital city. Vancouver suffered more than most cities on account of its geographical position. As the Pacific terminal of the Canadian Pacific Railway, it has always been a sort of jumping-off place for all sorts of people who were looking for a new location. During the boom period, for instance, thousands of persons, including many farmers who owned land near the cities, sold out at fabulous prices and moved to Vancouver. This added to the inflation of values at Vancouver and also to the acuteness of the succeeding depression.

Speculation Checked in Alberta

In Alberta, after the passage of the Provincial measure making land value taxation the sole basis of revenue in urban municipalities not operated under special charter, there was a big decline in land values in some municipalities which were not affected so severely by speculation, or where local development was not in an abnormal state of growth.

Canadian Demand for Land Values Taxation

Resolutions by the score have been passed by all sorts of bodies denouncing land speculation and the exploitation of the public domain for private gain. The organised farmers of Canada have repeatedly demanded the institution of land value taxation for federal purposes, through their various provincial conventions which meet once a year. The supreme Council for Canada of the farmers' organisations has gone on record in favour of land value taxation. In the recently revised platform of the farmers of Canada, as adopted by the Supreme Council, known as the Council of Agriculture, the first plank on taxation calls for "a direct tax upon unimproved land value, including all natural resources." This plank is supplemented by a demand for the taxation of incomes, profits and inheritances. Owing to the tremendous war and railway debts, it is felt that these other taxes are necessary as temporary measures or during the transition period from a tariff to a land value tax basis. This platform has been endorsed by all the Provincial organisations. The War Veterans' Association, in a memorial presented to the Federal Government, called for the Taxation of Land Values. The Labour organisations have generally endorsed the principle, as have also many religious bodies, municipal conventions, etc.

The latest revised platform of the Canadian Trades Congress calls for "lessening taxation on industry and increasing it on land values."

The tremendous impetus which has recently been given to the demand from all quarters for relief from tariff taxation is almost certain to result in a Federal land value tax in the not distant future. It is significant that a land value tax is the most prominent substitute advocated for tariff taxation. It might be well to note here that the farmers of Canada have repudiated Imperial Preference and declared by resolution that they want none of it.

PROGRESS IN OTTAWA

We have also received from Mr. W. A. Douglass, of Toronto, a comprehensive report on Taxation in Canada, which confirms the statements by Mr. D. W. Buchanan, related above. Referring to Ontario, Mr. Douglass writes:—

"The Ontario Parliament has passed an Act applying to Ottawa only, which is largely the result of the valiant efforts of Mr. Wilson M. Southam and his brother, proprietors of the Ottawa Citizen. That Act allows that city, subject to a popular vote, to remove 25 per cent. of the value of buildings each year for four years when the taxes will be assessed against the land alone. We feel fairly confident from the experience of the past that these measures will meet the approval of the populace."

The Hudson Bay Co. and the Tax

Referring to Saskatchewan, Mr. Douglass states that the vacant land tax has averaged about \$250,000 during the past four years.

The rate has been increased to 1 per cent. on the value of the land. It was formerly 6½ cents per acre. The Hudson Bay Company, with its millions of extortions, intends to fight the tax.

The Church and Tax Reform

Mr. Douglass further gives us the interesting news that the Assembly of the Presbyterian Church and the Conference of the Methodist Church have passed resolutions, with practical unanimity, urging that the method of taxation be changed, so that every man will be encouraged to do his best with his opportunities, and so as to remove the temptation to use land for speculation.

VANCOUVER, B.C.

The Annual Report of the City of Vancouver for the year ending December 31st, 1918, shows that the amount of taxes levied were \$4,660,420. The levy was at the rate of 24 mills on the assessed land value (\$132,910,135) and 24 mills on one quarter of the improvement value (total value of improvements \$75,716,910).

At the end of 1918 the population was returned at 109,250. The valuation (subject to Court of Revision) was: Real Property (land value), \$132,648,415; Improvements, \$72,833,670; total assessable value, \$205,482,090.

The tax arrears at the end of 1918 amounted to \$5,456,453.

The VANCOUVER DAILY SUN, of May 23rd, says: "Nobody will be particularly satisfied with the decision of the City Council to reduce the tax rate by increasing the levy on improvements." This indicates that reaction is on the way in Vancouver, and we await details.

NEW SOUTH WALES

The STANDARD, May 15th, reports:—

The (Sydney) City Rate for 1919 has been fixed at 4½d. in the £ on the unimproved value. The rate was 4d. in the first year on land values. In the second and third years it was 3½d., which proved too low. There is, however, a new feature creeping into City finances which needs watching. This year a fairly large sum of profits—so-called—of the electric lighting system are to be used in lieu of rates. The owners of City land are to be relieved to that extent. It is a bonus for landlords. All along it has been contended that public services should be run for the benefit of the public. The principle is included in the Municipal Labour platform, yet the party which makes up half the Council has shown itself to be very weak upon this important point. If the lighting system produces a surplus then it should be used either to improve the service, or to lessen the loan capital, or the charges to the consumer should be reduced. The City Council is now supplying a number of suburbs. Are the ratepayers in these suburbs going to quietly assist in making profits for City landowners?

ALABAMA

Fairhope Colony

TO ALL SINGLE TAXERS: GREETING. You are cordially invited to attend the Twenty-fifth Anniversary of the founding of the Fairhope Single Tax Colony, and in connection therewith a General Conference of Single Taxers at Fairhope, Alabama, November 4th, 5th and 6th, 1919.

It is too early to give a detailed programme, but in addition to a free discussion of all phases of the Taxation of Land Values, there will be speakers of national and international reputation, one meeting devoted wholly to colonies or enclaves and many other interesting features.

The complete programme will be mailed to any reader of LAND & LIBERTY who writes stating her or his intention to be present.

E. B. GASTON, Secretary.