

LAND VALUES TAXATION IN WESTERN CANADA.

The object of this article is to give a short account of the progress which has been made in the practical application of the principle of the taxation of Land Values in Western Canada. The movement, which derived its ideas originally from the teaching of Henry George, started in the Province of British Columbia. An account of the men who initiated the reform will be found in the Single Tax Review for May-June, 1911.

BRITISH COLUMBIA.

The first step on the road to tax reform is to be found in the Municipal Act of 1881, which gave all incorporated municipalities the power to levy, in addition to other taxes, a special tax on unimproved land. Ten years later the Municipal Act, 1891, introduced by J. C. Brown, Mayor of New Westminster and member of the Legislative Assembly, made it permissible for the council of any municipality to pass a by-law exempting from assessment 50 per cent. of the value of improvements. This power was confirmed by the Municipal Act of 1892, introduced by the Hon. Theodore Davie, which Act also enabled the councils to levy a special rate on land value alone for the cost of local public improvements. The Municipal Clauses Act of 1896 made it compulsory on every municipality, including Vancouver and New Westminster in so far as was not inconsistent with their acts of incorporation, to assess improvements at only 50 per cent. of their value, and made it permissible to tax improvements at a still lower rate or to exempt them altogether. We have printed elsewhere (LAND VALUES, p. 440) an account of the Report of the Royal Commission on Taxation appointed by the Government of British Columbia in 1911, which recommended among other things that the Real Property Tax should be levied on the value of the land alone apart from improvements.

Premier McBride is pledged to introduce a Bill based on this Report.

The Municipality of Nanaimo appears to have exempted improvements, whether by accident or design, ever since its incorporation in 1872, although the law at that time did not provide for the exemption. North Vancouver was organised into a rural municipality in 1891, and has never had any taxes upon improvements. South Vancouver, incorporated in 1892, under the Act of that year exempted 50 per cent. of improvements till 1903, when improvements were entirely dropped out of the assessment. Burnaby, since its incorporation in 1892, has entirely exempted improvements. Victoria and New Westminster only began to rate on land value alone in 1911.

Vancouver exempted 50 per cent. of improvements in 1896. Ten years later the exemption was increased to 75 per cent. and in 1910 the exemption was made complete. This statement must not be understood to mean that all the revenue of the city is raised from land values. In the year 1910, for instance, 75 per cent. of the revenue was raised in this way, 3 per cent. from a special frontage tax for local improvements and street sprinkling, 5 per cent. from the Provincial Government Grant for Schools, nearly 5 per cent. from liquor licences, and the rest from miscellaneous sources, including licences, fees, and rental of town property. Of the later group probably less than half the revenue is derived from taxes on industry. The tax rate is 20 mills on the dollar, but as the land is only assessed at 75 per cent. of its actual value this is equivalent to 15 mills on the dollar (i.e., $1\frac{1}{2}$ per cent. on capital value). Evidently, if land value is increasing, say, at the rate of $6\frac{1}{2}$ per cent. per annum, the holder will still get 5 per cent. increase, and the tax will not be a great drag on speculation. It appears that the charter of the city prevents the rate

being more than $13\frac{1}{2}$ mills on the dollar, plus what may be necessary for interest and sinking fund on debentures and for educational purposes.

In addition to the places mentioned, practically every town of any importance exempts improvements from taxation. There is no tendency to revert to the old system.

ALBERTA.

Alberta villages under the provisions of the village Act of 1907 might, on the strength of a resolution passed by the village councils, with a petition signed by two-thirds of the ratepayers, receive powers to rate on land values alone. By an amendment passed in 1911 such assessment was made compulsory. Rural municipalities under the Rural Municipalities Act of 1912 must assess land at its actual cash value exclusive of improvements, must assess land values only within seven years, and all new municipalities must rate land values from the beginning. The towns must under the Town Act rate on land values only, except Macleod, Red Deer, and Cardston, which were incorporated by the former Government of the North West Territories. The two latter are already enforcing the policy, after having for some years partially exempted improvements, and Macleod has applied to come under the Town Act.

The cities carry on business under special charter. Edmonton from its incorporation in 1904 raised the major part of its revenue from land values. With the abolition of the business tax in 1911 all or practically all the revenue is derived from land values. Calgary is increasing its exemption, and will probably have complete exemption this year. Medicine Hat and Lethbridge have also dropped improvements out of the assessment. In a year or two local taxation in Alberta will be entirely on land value.

SASKATCHEWAN.

Since 1897 municipalities in Saskatchewan have assessed improvements at only 60 per cent. of their value; but in rural districts taxation was levied not on value but a flat-rate per acre. In 1911 a Bill was passed enabling any municipality (i.e., city or town) to reduce the assessment on improvements at the rate of 15 per cent. a year, so that in four years improvements might be entirely exempted. Regina, the capital city, immediately took advantage of the Act. In villages, under the Village Act of 1908, improvements were to be taxed at only 60 per cent. of their value, and might be totally exempted on petition of two-thirds of the ratepayers. A considerable number of villages are already under Single Tax.

In addition to Regina, Saskatoon has taken advantage of the 1911 Act, and will have complete exemption in 1914; so also will Prince Albert a year later. Moosejaw does not seem to have made any reduction on the 40 per cent. exemption.

A Bill was introduced last year, and has now become law, to make it obligatory on rural municipalities to raise their revenue by a rate on land values only after January 1st, 1914. They had previously levied their local revenue by means of an area tax on land. It is certain that in a very few years Saskatchewan will be a Single Tax province as far as local taxation is concerned.

MANITOBA.

As early as 1873 a Bill was introduced in the Legislative Assembly imposing a tax of 5 cents an acre on "wild lands" held by absentee owners. Since 1890 all farm and garden improvements in rural districts have been exempt from taxation.

Winnipeg, on the recommendation of a Tax Commission in 1909, reduced the assessment of improvements to two-