

## LAND VALUE TAXATION PROPOSED IN JAMAICA

A GOVERNMENT COMMISSION appointed by Sir John Huggins, the Governor of Jamaica, issued its Report in July last and recommended in favour of Land Value Taxation. In our previous issue we summarised its proposals, which are that the present system of valuing and taxing real estate be abolished, and that in place of it there be substituted the valuation and the taxation of the value of land apart from improvements, the revenue derived therefrom going wholly to the Parochial Boards.

Kingston's chief paper, *The Daily Gleaner*, welcomes the proposals, and in its leading article, 31st July, says:—

"The Commission has recommended land taxation on the unimproved value, which indeed was a foregone conclusion. We agree with the result as we agree with the reasons. This method of taxation will encourage development rather than penalise and discourage it. . . . It cannot be said at all that our system of taxation has worked equitably and satisfactorily, however much we may appreciate the sterling work of the departments and persons attempting to administer it. . . . The present tax policy has encouraged the holding of large tracts of idle land upon which very little tax is paid, in contrast with the small cultivator's overworked plot which pays a proportionately much heavier tax. Certainly the new system cannot repeat that injustice, nor create any other as evil; because, under the new system, an acre of alluvial soil planted in mixed crops by a peasant will not pay a penny more, or less, in taxes than an acre of similar soil next door on a big estate, whether that acre is actually cultivated or not; because the citrus, bananas, cocoa, cane and cowshed that the peasant has on his acre are improvements within the meaning of the proposed definition. . . . All land of a particular potentiality and type in a particular economic area will bear the same valuation per acre, whether improved by cultivations or houses, or whether held in ruin. This means that improvements are encouraged because they are not penalised by additional taxation."

### Historical

Prior to 1903 there were four taxes imposed on the land and real property. First a Quit Rent, a nominal tax on acreage imposed to maintain the ownership of the land by the Crown, and failure to pay this led to forfeiture of the land; secondly a House Tax, part of which was appropriated for education, and part accrued to parochial revenue; thirdly a Crop Tax, a tax on cultivated lands; and fourthly a graduated Holdings Tax. These taxes have been amended and merged by a number of Acts, so that now there is a uniform tax of 8d. in the £10 (capital) value for general revenue throughout the Island, and the Parochial Boards levy one "Parish Rate" on the capital value of land and improvements which in 1943 varied from 1s. 10d. in the £10 value in Port Royal to 5s. 3d. in the £10 value

in the "corporate area" of Kingston and Saint Andrew. The Quit Rent, at 1d. per acre, for maintaining the ownership of the land by the Crown was administratively included in the new Property Tax of 8d. in the £ of £10 value. In some cases Quit Rents have been redeemed, and Quit Rents are among the taxes it is now proposed to replace by land value taxation.

### Revenue and Assessments

The aggregate tax-revenue in Jamaica, year ending 31st March, 1943, was £4,047,050 for general and for local purposes. To this the parochial rate contributed £365,356, these rates being levied on real estate. To the general revenue the land and property tax contributed £62,936, the rest being made up by customs and excise (£2,080,270), income tax, excess profits tax, death duties, stamp duties, etc.

The capital value of all taxable property (land including buildings and improvements) in Jamaica according to the 1943 rolls was £18,768,933. In the light of the investigations carried out by the collectors of taxes it is a fair assumption that this value is not more than two-thirds of the correct value, so that the capital value of the taxable property in Jamaica is at least £28,153,399. The Commission works on that basis, and taking the "unimproved value" as one-third of the capital value, it estimates the unimproved value of the Island to be £9,384,466. A table is appended showing the land-value rate each of the Parochial Boards would require to levy to obtain the same revenue as is now got from the existing property taxes. This varies from 1s. 0½d. in the £ in Kingston to 5.8d. in the £ in Port Royal—that is to say on the capital land-value. The rate of the present taxes is reckoned at so-and-so much per £10 value.

### Existing Inequities

The Commission criticised the accuracy of the valuations on which the present taxes are levied. It was the subject of comment in many of the memoranda received and by many witnesses who appeared before the Commission. A summation of this evidence indicated that the present system had resulted in inequalities of values and under-estimates of properties throughout the Island. The consensus of opinion was that the valuation on the rolls represented one-third to one-half of the value of the properties and in many cases considerably less. Moreover, this system, which was responsible for under-valuation, was not applied to properties acquired under the Land Settlement schemes, where the values entered in the rolls were the purchase prices paid by the settler, and in some instances prior to 1938 the cost of survey was added. The result is that Land Settlements bear a higher proportion of land taxation than neighbouring properties.

Another inequity is that under the Property Tax Law, for the 8d. in the

£10 value tax, all properties entered on the valuation roll at a value less than £20 are taxed on a value of £20. Tables provided for the last three years show that over 60 per cent. of the number of holdings that are in default for taxes are of a value of £20 or under. Most of the properties forfeited to the Crown for non-payment of taxes are in the £20 bracket, and as a result of the forfeitures people are driven off the land, while the Government is, on the other hand, expending large sums of money in land settlement schemes to put other people back. Considerations of that kind, and the fact that many of the small holdings are in remote and inaccessible places, numerous calls often having to be made on the owner before the taxes are eventually paid, induced the Commission to recommend that from the new land value tax, the first £10 of land value attaching to all the land any person owned should be exempt. The Commission, however, states very fairly the arguments against that breach of principle, urging the exemption only as an expedient. In a Minority Report, Mr. L. C. Hill ably deals with the objections to such exemption from the point of view both of principle and of expediency. This exemption idea so often crops up and its danger of vitiating the principle is so serious that we can be indebted to Mr. Hill for the statement he has made. Below we give some extracts from it.

### Valuation and Collection

Other features of the Commission's Report are that the land-value valuation should be periodically revised every fifth year (better would have been every third year at most, and pressure was brought and will be brought to make it so); that the person liable to pay taxes should be primarily the owner of the land or his authorised agent, or secondly the occupier; that the present system of issuing summonses for arrears, which culminates in an application for commitment to prison in default of payment, should be abolished; that if any amount in excess of two years' taxes are owing, an action may be brought for recovery and on judgment obtained an order for the sale of the land should be made.

### New Zealand's Example

A notable section of the Report is the lengthy excerpt from the speech by Hon. Walter Nash, Minister of New Zealand to the United States of America, on 23rd January, 1943, to the American Institute of Planners and the Citizens' Housing Council of New York, outlining the advantages of the unimproved value system.\* One of the Commission's recommendations was that with the establishment of a permanent Central Valuation Department

\* This was printed in *Land & Liberty*, May, 1943, and is contained in the United Committee's Leaflet (1d.) No. L.27, "Land Value Rating in New Zealand."

the Government should obtain the services of a Valuation Commissioner who has had experience of the practical administration and application of the unimproved value system. New Zealand, we think, should be able to supply that want.

#### Against Exemption

Mr. L. Clement Hill, C.B.E., who, as our correspondent Mr. Williamson informs us, is an expert on local government in England and has been for two years in Jamaica to advise its Government on reorganising the work of the local authorities, argued strongly in his Minority Report against the Commission's proposed £10 exemption. "The suggestion," he wrote, is "untimely. The next elections will be carried out on the new universal adult suffrage. . . . The majority of the new voters will be drawn from the 'exempted' group; what interest can they have in municipal affairs except to try to get as much as they can for nothing? . . . The proposal is retrogressive since the 'ability to pay' maxim is being discarded by all modern governments and replaced by acceptance of the principle that all who benefit from government should make some contribution towards the cost. . . . It will encourage evasion in a number of ways which will only invite the making of more 'laws.' . . . There are some small properties which are let to tenants and exemption will benefit the landlord only. It will create dissatisfaction amongst those whose properties have been valued just over the liability figure; this will recur increasingly every revaluation period. Once this exemption is made legal it will be extremely difficult to bring the exempted class back into liability to pay, even though the range of values change, which it may do quite suddenly, if even a restricted form of inflation has to be accepted after the war. The people will not believe that values have changed; any increase in the value will give rise to suspicion that it is designed to deprive them of their exemption privilege. . . . Until every conceivable improvement in the machinery of collection has been made, and every effort put forward to educate the people in the advantages of local government, we have no right to assume that such a large body of citizens are either unable or unwilling to pay their taxes. The surest way to develop a sense of citizenship is to encourage each one to pay his share of local government administration, however small that contribution may be. . . . Real cases of hardship can be relieved in several ways, and local authorities should be empowered to give such relief after a thorough investigation into each case."

Mr. F. C. R. Douglas, House of Commons, 27th September, asked the Secretary of State for the Colonies "what recommendations were made by the Land Valuation Commission appointed by the Governor of Jamaica and presided over by the Collector General, the Hon. Simon Bloomfield; and whether

copies of the Report and the evidence are available in this country." Colonel Stanley replied that no copies of the Report had yet reached him. He had asked the Governor for them, and would communicate again with Mr. Douglas when he had the Governor's reply.

Another question about Jamaica was asked on 4th October by Mr. George Mathers, whether the Secretary of State for the Colonies had now received report from the Governor regarding the area of cultivable land found to be out of production at the time of the census, and how much of such land was being used under the compulsory Food Planting Order. Colonel Stanley had to regret that he had not yet received that report, but would communicate as soon as one arrived and had been considered.

#### CALIFORNIAN IRRIGATION DISTRICTS

IN MARCH last we reported that the Circuit Court of Appeals of the U.S. had upheld as valid and constitutional the provisions for land value taxation in the Irrigation District Act of California. It was the test case of Wells Fargo Nevada National Bank versus Imperial Irrigation District, 136 Fed. (2) 539. Appeal was taken to the U.S. Supreme Court, which on 27th March, 1944, confirmed the decision of the Circuit Court. Mr. J. Rupert Mason, of San Francisco, who gives this gratifying news, writes:—

"This settles the constitutionality of the California Statute, 1909, p. 461, which permitted our local units of government, known as Irrigation Districts, to exempt from taxation all buildings, planted orchards, vineyards, etc., and to collect all of their revenues necessary to operate and meet all expenses from an annual tax levied by the District, on the value of all land within the boundaries of the District without limit as to the rate of tax, even if it amounted to the full rent value

"It is significant that every one of the more than 100 such Districts in California has elected by popular vote of the people to function as permitted by this 1909 State law, and to exempt buildings and improvements from district taxation. In not one District has there ever been a suggestion that the people would like to go back to taxing buildings and improvements.

"If the State can exempt buildings and improvements from tax in these Districts, it can extend the same privilege to the voters in every county, city or other district in the State by simple statute and without need for a constitutional amendment as was thought."

Mr. Rupert Mason's reading of the situation as now established by the decision of the Supreme Court is extremely important. One recalls the intense campaigns in California to secure constitutional amendment so as to legalise land value taxation, fought at great disadvantage against the well-entrenched and politically unscrupulous landed interests. The Supreme Court's decision marks a tremendous victory if the agitation can now take the direct

road to the enactment of State laws empowering all local governing authorities to alter their tax methods as the Irrigation Districts have done.

#### AUSTRALIAN MARKETING BOARDS

Examples of the indefatigable work of Mr. A. G. Huie, of Sydney, are his numerous "Letters to the Editor" published in various New South Wales papers, including the *Goulburn Post*, the *Narrandera Argus*, the *Moree Champion*, the *Moss Vale Scrutineer* and others. They deal with a variety of subjects, such as Post-war Planning, the tariff as it affects primary industries, the wages tax, trends toward a servile State, obstacles to housing, and the Federal Government's plans for increased powers of control over trade and industry. Last named was submitted to a referendum of the people of Australia and was, thankfully, defeated. In one of his letters Mr. Huie asked: Are the primary industries to be harassed with a host of Federal boards, countless restrictions and regulations indefinitely? And he gives particulars of some of the existing Boards, of which there are 121, including 62 Pastures Protection Boards and 41 Committees. Consider the losses incurred: The Egg Board cost £12,099 in 1941-42, Rice Marketing Board £3,092, Rural Construction Board £76,752, State Mines Control Board £158,601, Public Service Board £285,000, Maritime Services Board £636,885, Board of Tick Control £174,069 (this is incomplete, its cost being more), Pastures Protection Boards £125,000, State Superannuation Board £13,103. For Australia these are very large figures indeed. Mr. Huie, demanding also to know what has been the cost, for example, of running the Apple and Pear Boards, asks whether the people stand for the extension of the rule of "planners" and bureaucrats? The referendum has replied in the negative.

#### NEW ZEALAND LAND VALUE RATING

We have received copies of *An Open Letter to the N.Z. Municipal Conference*, published as a 20-pp. pamphlet by the N.Z. League for the Taxation of Land Values, 324 Bank Chambers, Lambton Quay, Wellington. This describes the progress made in the adoption of land value rating for local taxation purposes, 223 local governing authorities having applied that system. It is a powerful answer to those who suggest that local rates for the support of hospitals should be abolished, and that this service be a charge on wages, salaries and income; in effect, making a gift of land values to private interests. Price of this informing statement, available from our offices, is 1s. 6d. per copy.

At the Glasgow Parliamentary Debating Association on 9th November, Mr. C. E. Collier was successful in carrying without division a resolution that the next Budget should provide for a national tax on land values and that there be provision also for the local rating of land values in place of the present system of local taxation.