

## LOCAL TAXATION IN WESTERN CANADA

The principle of Land Value Taxation (though with only partial relief to buildings while the land is taxed on full value) is in operation within various local government areas in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia. Landed property ("real estate") is assessed for local taxation at its selling value, and the valuation is so made as to ascertain and show in separate columns (a) the value of land and (b) the value of any buildings and improvements thereon. The tax burden is caused to rest relatively more on land values and relatively less on buildings by exempting a percentage of the assessed value of the latter. That is the Canadian practice, whereas in other countries the method adopted for the same purpose is to have two different rates of tax (on the full assessment) reducing the rate on the buildings and increasing the rate on land values. By either plan, of course, buildings can be wholly relieved to make land values the sole source of revenue. The present position in Canada is as follows:

*Manitoba.* There are 186 municipalities, two of them (the cities of Winnipeg and St. Bonifax) operating under special charters and the rest operating under the General Municipal Act. In all these municipalities, the land is taxable on full value while one-third of building value is exempted.

*Saskatchewan.* In Villages (399) and Rural Municipalities (303) the general rule is to exempt 40 per cent of building value. The same is true of the Towns (85) and Cities (8), although they have power to relieve buildings still further. One exception is Regina, the capital, which exempts 70 per cent of building value, taxing buildings at only 30 per cent, which Regina has done since 1914.

*Alberta.* Here there has been retrogression. Until the passing of the new law in January, 1951, Towns (65) and Villages (134) had the option to reduce as they pleased (or altogether abolish—as some did) the taxation of buildings; and Municipal (57) and Improvement Districts (54) could exempt one-third of building value. The new law has compelled all those bodies to tax land and buildings uniformly on 100 per cent of value. As for the Cities (8) they were deprived of their former optional powers by the City Act of

January, 1952, when the rule was set for taxing land on 100 per cent and buildings on 60 per cent of assessed value, with no variation anywhere.

*British Columbia.* According to the 1950 (the latest available) returns the position with regard to the Cities (35) the Districts (27) and the Villages (29) was:

Of the Cities, Vancouver and 18 others exempted buildings 50 per cent; New Westminster and Prince George 85 per cent and Nanaimo 75 per cent. The remaining 14 exempted less than 50 per cent of building value.

Of the Districts, 17 exempted buildings 50 per cent or more while 10 exempted them less than 50 per cent. One (Spalumcheen) exempted buildings entirely and one (West Vancouver) exempted two-thirds of building value.

Of the Villages, 29 exempted buildings 50 per cent or more, one (Kinnaird) gave complete exemption and 9 exempted buildings less than 50 per cent.

The position is not so happy as it appears on first sight. One has to compare it with that of former years when very many of the local authorities—

Vancouver and New Westminster were notable examples—had used their optional powers to sweep away all taxation of buildings. Latterly there has been a move in the opposite direction. The Councils have been swayed by the reactionary forces whose most plausible contention has been the alleged insufficiency of land values to bear the whole cost of municipal government—a contention at once destroyed by a bare look at the vast amount still left in private hands as expressed in the 1950 assessed taxable selling value of land apart from improvements thus, Vancouver: \$135,218,240. Victoria: \$22,141,180. New Westminster: \$9,910,882, and so on; the 35 cities taken together, \$199,768,320; and all the Municipalities in British Columbia, \$274,570,250.

In recent years the whole matter of local taxation in these Western Provinces has been under review by specially appointed Commissions; for Saskatchewan, a three-man body; for Alberta, the Deputy Minister of Municipal Affairs as sole Commissioner; for British Columbia, Mr. H. Carl Goldenberg, as sole Commis-

sioner. One of the recommendations in Saskatchewan was that in all urban units land and buildings be assessed uniformly at 100 per cent and that separation of land and improvement values be discontinued. Fortunately, the Saskatchewan Assessors, an important body, at their Conference in June, 1951, resisted these recommendations as did the Urban Municipal Association in 1952, declaring that "the present method of assessment is the most satisfactory method for the public appraisal of urban properties and should be continued; that assessing improvements in urban municipalities at not more than 60 per cent of their value is justified and should be continued." The recommendations have thus far been rendered innocuous. When it was proposed to Regina that it should raise the taxable value of buildings from 30 per cent to 60 per cent of the assessment, the City Council refused, a study having shown that

vacant land and high-priced land carrying cheap buildings would get a considerable reduction, whereas practically all house owners would pay an increased taxation. In Alberta, the Commissioner unfortunately had his way—as an opponent of Land Value Taxation—in the Act of January, 1951, which took from the towns, villages and districts their optional powers and compelled the taxation of buildings at their full value. But in British Columbia the Commissioner, Mr. Carl Goldenberg, was rebuffed. He had recommended that all local option powers should be rescinded and that all municipalities should tax buildings at 75 per cent of value. The legislature acted otherwise. It debarred the municipalities from taxing buildings at more than 75 per cent of value and left it open to the municipalities to exempt as much building value as they chose.