

AN INTERESTING CORRESPONDENCE WHICH HAD RESULTS.

HOW TRAIL CAME TO ADOPT THE SINGLE TAX.

The following letter, written by Wm. E. B. Monypenny, City Clerk of Trail, British Columbia, to John Perrie, Tax Commissioner of the Province of Alberta, is of interest. Mr. Monypenny wrote as follows:

John Perrie, Esq.,

Tax Commissioner, Edmonton, Alta.

Dear Sir:—Mr. N. Moulton, Editor of the *Western Municipal*, has mentioned you to me as being an ardent exponent of the Single Tax System of Municipal Government. This measure is likely to be put to the people at an early date in this city, and I shall be very much obliged for any information you may be able to give me on this subject. For instance, if the improvements on property are not taxed under the Single Tax System, how is the revenue of the city kept at the same figure as under the old system. Any pointers you can give me on this subject will be thankfully received.

M. E. B. MONYPENNY,

City Clerk.

To this inquiry Mr. Perrie replied in detail as follows. At the following municipal election Trail exempted improvements from taxation and ranged itself among the rapidly growing Single Tax towns and cities of Canada.

Wm. E. B. Monypenny, Esq.,

City Clerk, Trail, B. C.

Dear Sir:—In reply to your letter of the 24th instant, I may say that I believe that the system of taxation whereby taxes are levied on land values exclusive of the improvements thereon, is the fairest system of taxation.

In reply to your query as to how to maintain the revenue of a City on its present basis if the system of taxation in that City should be changed from a tax on real and personal property to a tax on land values only, I might say that in order to do this it would be necessary to raise the assessed value of the land or the rate of taxation or perhaps both. As a rule, in a City where both real and personal property is assessed, the real property is not assessed at its full value; therefore there would be room for an increase in such assessed value. It would be advisable for the deficiency caused by the withdrawal of the assessment on improvements to be made up as much as possible by increasing the assessed value of the land rather than by increasing the rate of assessment, as this would give the City a rather better standing. With reference to increasing the assessed value of the land, I may say that the assessed value of the land in any City should, I think, be the full value of the land assessed. (Note, this reduces the taxes to holders of improved lands and raises the others).

In connection with this system of assessment I would like to draw your attention to the following points:

One of the drawbacks to many Cities is vacant property simply held by speculators who are frequently non-residents of the City, for the purpose of making gain through increase in value. There both real and personal property is assessed, vacant property as a rule only brings in a very small amount of the taxes; the greater part of the revenue of the City being derived from the taxes paid on improved property. Through the energy and at the expense of the people who hold improved property, the vacant lots increase in value. The speculator sells and reaps a large profit which he did practically nothing to bring about; such profit having been brought about almost entirely by the expenditure made by the owners of improved property, and while the speculator may have held this property for several years, he will only have paid a nominal tax each year, and will by no means have contributed his fair share towards the expenses of the City, these expenses having been largely borne by holders of improved property. Under the land assessment system, the speculator or owner of vacant property would pay as much in the shape of taxes as his neighbor who is spending his money in improving his property and thus increasing the value of surrounding property as well as adding to the business of the City, and it is only fair that the holder of vacant property should do so as even then, if he is not resident in the City, he is still indebted in a certain sense to the residents of the City who have furthered the growth of the City not only by building residences and business blocks but also by carrying on the government of the City.

The land assessment system has, therefore, the tendency to do away with vacant property, especially in the central parts of the City, as on account of the taxes on unoccupied property being as high as those on improved property, the owner of the unoccupied property must make use of it to furnish revenue to meet his taxes, or else sell to some person who will make use of it. Following this out you will note that the tendency is not to exorbitant rents but towards fairer rents, rents which are likely to be nearer a fair interest on the investment than the rents that obtain under other circumstances. There is also an inducement to build in the fact that a land owner may build on his property and yet not increase his taxes, or in other words, not be penalized for making improvements on his property. It will be noted that the system of land taxation tends towards the increase of all industries and also tends to increase the beauty of the City. We have instances more particularly in the older parts of Canada, especially in the country districts where land owners put up with very poor buildings simply because of the fact that if they build good buildings on their property, their taxes will be much higher.

In connection with this matter I might point out that in this Province, the Village Act makes provision for Villages obtaining permission to change their method of assessment of real and personal property to that of land assessment only. Many Villages, especially in late years, have petitioned and obtained authority to levy the assessment according to land values only, and

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in no case has any Village that obtained authority to make this change in their system of taxation ever asked for authority to change the system back to the old method of assessment on real and personal property.

In the City of Edmonton this system of taxation has been in force for quite a number of years and has given splendid satisfaction. I may say that the only way in which the City of Edmonton diverges from the land assessment system is the assessment of incomes and business tax, but those two taxes do not bring in more than ten per cent. of the total revenue of the City. Practically ninety per cent. of the revenue being derived from the taxation of lands without regard to the improvements thereon. I have no doubt that in a short time the income and business tax which is in force in this City at present will be done away with, and the total revenue derived from taxes will be derived from the taxation of land only.

These are a few of the points that come up in connection with this matter, and a great deal more could be said on these and also on other phases of this question. If you think I can give you any further information on these or any other points, I will be glad to do so and will be pleased to hear from you. Do not hesitate to send along any questions that you may think of, and I will try and answer them.

JNO. PERRIE.

THE TAXATION OF LAND VALUES IN MASSACHUSETTS.

By JONAS M. MILES.

(The following article is so admirable in its treatment that we give it place. It is from the standpoint of the Single Taxer, Limited, so called. It forms the body of an address delivered last Spring before the Twentieth Century Club Luncheon, and is the well digested results of an examination of the tax conditions of several important cities of Massachusetts. It must be remembered, however, that if the experience of Vancouver is to be repeated, these cities must do as Vancouver is likely to do—that is, continue to take an ever increasing proportion of advancing land values that may arise from the exemption of improvements. The aim of the Single Tax is to secure for all the people those socially created values that are due to commercial industry, public advantages and improvements in governmental methods—of which last, exemption of improvements is one. It is not proposed to leave the price of this advantage to land-owners; and we might as well be frank about it.—EDITOR SINGLE TAX REVIEW.)

What the advocate of the Single Tax is asking for seems to me to be a reasonable and simple little thing. It is only that society shall assert the right of a producer to the thing it has made: only that what it creates, the community shall claim for its own: only that the State shall let be your earnings and mine, collect more of its rent, and pay its bills with its own money.

The machinery of taxation exists. All that is needed to put the Single Tax in operation is to do away with other taxation than that of land values. This is definite and defensible, and our present system is neither.