

In other words, for services very similar to those for which the government of Ontario was now contributing two and a half millions the state of Indiana was taking from the municipalities a sum in excess of that figure.

In concluding this branch of the subject, Mr. Preston said he was not prepared to say the municipalities should receive no share of the additional taxation, but that so long as the railroads paid all they could afford to pay, it seemingly made no difference whether the moneys went to the municipalities direct or to the government, because the municipalities would, in any event, receive the greater part of them.

#### THE PETTYPIECE BILL.

Mr. Preston regretted that the limited time remaining at his disposal made it impossible for him to deal with the Pettypiece Bill to the extent which he had intended and which its importance deserved. The member for East Lambton deserved much credit for the investigation of the question of railroad taxation which he had made and for what had already been accomplished. As for the details of the measure, it was not a question of first importance whether we got the additional taxation from these companies by way of a commission or by a continuation of the existing system, so long as we got it, and for reasons which he (Preston) had set out there was room for argument how this taxation should be distributed. He would content himself with saying that Mr. Pettypiece had received no support whatever from the Conservative members of the Legislature until the dying days of the session, when these gentlemen proposed to undo all that had already been done in framing taxation measures, and which had received their approval, and substitute the Pettypiece Bill *holus-bolus* without pausing to consider what the effect might be. Instead of doing this, the House had adopted the report of the special committee, which took from the Bill the provision for the taxation of such car-owning companies as those of Armour and Swift, which were not now reached, and also recommended the appointment of a permanent railroad commission, to which many questions

affecting the relations of the railways to the public, including that of taxation, might be referred. Meanwhile the committee suggested, and the suggestion had been acted upon that a commission be appointed to collect information on the various phases of railway legislation in force in the United States, "in order that the Legislature may be informed whether any other basis than that which now prevails in the province of Ontario might be more equitable, so far as the railways are concerned, and might not yield a more generous revenue to the province."

For his own part, he (Preston) felt that, with the step forward taken during the session of the Legislature just closed, we could afford a much closer examination of the entire question of railroad taxation than had yet been given before coming to a final decision as to what ought to be done.

#### Need of Further Enquiry.

He was encouraged in this belief by the fact that in the last report of the Interstate Commerce commission of the United States attention is called to the varying methods of assessing railroad property in vogue in the different states, and the need of some authoritative decision as to how such property should be valued. On this point the commissioners say:

"Among the subjects which deserve the attention of congress is the need of a trustworthy valuation of railway property. . . . Closely connected with the question of reasonable railway rates stands the question of reasonable railway valuation. . . . A large number of questions incident to the valuation of railway properties suggest themselves in addition to those which have been mentioned. Sufficient has been said to indicate the importance of an authoritative determination of railway values. It is respectfully recommended that congress take this matter under advisement with a view to such legislation as may be deemed appropriate.

In 1890 it was commonly said that the tendency in railway taxation was toward the substitution of taxes on gross or net earnings, or on dividends or some other feature of special taxation, for taxation based on valuation.