

Tax Relief and Victoria's Proposed Solution

Arrears of taxes to be spread over fifteen years and to carry interest.—Tax sale on properties in arrears prior to 1914. Fixed aggregate Assessment.—Readjustment of local improvement tax.

Municipal difficulties in British Columbia are fast pressing for solution. It is now some years since realty speculation swept sober civic councils and solid business men into the maelstrom of ill-advised expenditure. With the revival of industry and the dawn of prosperity municipal councils can undertake with same confidence to legislate on municipal financial evils looking to permanent solutions rather than resort to makeshift arrangements as have been resorted to during the past four years.

In the case of Victoria, the situation is complicated by the serious condition obtaining with regard to the local improvement debentures, which render an equitable solution a hardship either to the general taxpayer or on specific holder of the improved property affected. Notwithstanding the difficulties time is not improving the situation and delinquency of taxes accumulate. Not long ago the Victoria Board of Trade appointed a committee to make an investigation, and to report back to the full board its findings with recommendations. This the committee has done. We are indebted to the Victoria Colonist for the following account of report.

The special committee was composed of Messrs. J. J. Shallcross, chairman; C. T. Cross, Robert S. Day, John Cochrane, J. L. Beckwith, F. B. Pemberton, Ald. R. J. Porter and A. R. Wolfenden.

These gentlemen have devoted themselves for several weeks to the civic problems and hand down the following report:

"In accordance with your instructions, your committee has given earnest consideration to the tax situation in Victoria. In approaching this vital question your committee has felt obliged to consider the position not only of the delinquent taxpayers, but the effect of continued delinquency upon the financial obligations of the city. It has seemed advisable to deal with the problem as a whole and not to limit the recommendations of your committee to any one phase:

The following seems to be the dominating factors:

(1) Less than two-thirds of the taxes, both general and local improvement, for 1916 and 1917, were paid at the end of these years respectively, as the following table shows:

Proportion of Taxes Paid—General.	
1912.....97 per cent	1915.....69 per cent
1913.....96 per cent	1916.....61 per cent
1914.....82 per cent	1917.....62 per cent

Local Improvement

1915	56.20 per cent
1916	47.80 per cent
1917	38.74 per cent

(2) Present arrears of taxes amount to \$3,351,883.

(3) There is a tendency among those who can pay taxes not to do so, because others in arrears are not forced to pay.

(4) A very considerable portion of the city is now not paying taxes.

(5) The value of all property in the city is being affected by the mass of property which in the future may be offered at tax sales.

(6) It is in the interest of all property owners that some solution should be found of the present difficulties. No such solution is possible unless the causes which have led to the non-payment of taxes are included in a comprehensive scheme.

Among these causes your committee has given special attention to the following:

(A) Over-assessment of some properties so that the general taxes more than absorb the equity.

(B) Local improvements charges which more than absorb the equity in areas.

(C) Accumulation of arrears which the owners are not in a position to pay in any one year.

(D) Position of those who have paid taxes if those in arrears are relieved.

(E) Disputes in respect to some Local Improvement by-laws.

(7) The Municipal Act provides that no assessment can be increased without giving the taxpayer the right of appeal to a court, and under present conditions such appeals might lead to undesirable reductions in assessments.

(8) Reduced aggregate assessments do not lessen the taxes which will have to be obtained from the land, as the same proportion of the city's revenue has to be obtained from these taxes under any circumstances.

(9) It is in the general interest that an equity should be restored if possible to properties which are now overwhelmed by general and local improvement taxes.

Your committee makes the following recommendations, which they believe will remove the principal causes of the non-payment of taxes:

1. Arrears of taxation to the end of 1917:

(1) That arrears of taxation, both general and local improvement, subject to any relief which may be granted as hereinafter provided, should be made payable in fifteen yearly instalments covering the net amount of the taxes when originally due, with interest at the rate of 7 per cent computed annually.

(2) That all taxpayers paying the first instalment before the 30th of June, 1918, should be entitled to the benefit of this extension, which should not imply any further personal covenant than at present exists in respect to taxes.

(4) That there should be a tax sale this year of all properties in respect to which the taxes for 1914 or earlier have not been paid, unless the arrears of taxes have been extended or paid as provided above.

2. Assessment:

(1) That powers should be obtained to fix the aggregate assessment of all land within the city at a figure which shall be approximately that of the aggregate assessment for 1918.

(2) That an independent commission be appointed to readjust the relative assessment of all lands within the city so that the aggregate assessment so made shall be within 5 per cent of the pivot assessment above mentioned.

(3) That the readjustments so made shall remain in force for three years.

(4) That there should be no appeal from the decisions of the commission, providing, however, that any taxpayer who considers that an error has been made may appeal to the commission itself within a stated period.

3. Excessive Local Improvement Charges:

Roads, sidewalks, etc. — That a charge per front foot should be made against all properties, with assessments for roads, sidewalks, etc., representing the fair charge which such properties should pay for benefit received from the improvement. That where the present levy exceeds the standard charge any excess should be absorbed by the general revenue.

4. Expropriations, etc.:

That a commission should be appointed to decide what relief, if any, should be granted in respect to cost of expropriations, taking into consideration the desirability