The Encroachment by the Provincial Government Upon Municipal Sources of Revenue

(By C. J. YORATH, Commissioner of Edmonton.)

The following memorandum prepared by Commissioner C. J. Yorath for presentation by the City of Edmonton to the Provincial Government of Alberta, is of timely interest not only to Albertan municipalities but to municipal Canada generally. The arguments set forth by Mr. Yorath are sound and fair and should appeal to the Provincial authorities of Alberta. They will undoubtedly appeal to the local authorities of other provinces, who feel the effect of provincial and federal encroachments upon their sources of revenue.

Raising revenue to carry on the cost of government is one of the most perplexing problems with which those responsible for financing our municipal expenditures have to deal. The smouldering discontent of the past few years of the larger municipalities at the manner in which the Provincial Government uses its greater power to encroach upon their sources of revenue and to impose additional financial burdens which should be more equitably distributed over the Province as a whole, has at last burst into flame and there is now a justified demand that the Provincial Government abstain from imposing those taxes, the revenue from which rightly belong to the municipality; to discontinue adding burdens of expenditure upon the urban municipality which are Provincial wide in their benefit and to practise the same economy in expenditures, as the municipalities are compelled to exercise, in order to reduce to a minimum the Provincial taxes which have to be paid by the already overburdened property tax payer of the urban municipality.

Through a false system of taxation in the past; the lack of proper control of the development of our urban communities with its attendant enormous capital expenditures, the greater part of which could have been prevented by experienced government control, the haphazard development of communities which has brought about a very much greater annual cost of operation and maintenance; a problem has been created which can only be solved by the fullest co-operation between the responsible governments and a spirit of fair play and justice.

The urban municipalities realize the necessity for reducing the burden of taxation on vacant land and property otherwise they will soon become the owners of what in the past has constituted their tax base, thereby reducing their revenue so as to make it impossible for them to carry on and in consequence the number of municipalities defaulting in the payment of their debt charges will be increased rather than diminished. That is a situation which seriously threatens the financial stability of the Province and it cannot be allowed to drift until a climax is reached.

Controllable expenditures have in the majority of municipalities been reduced almost to a minimum so that the only method of reducing taxation on property is to broaden the basis of taxation. The restrictions and powers exercised by the Provincial Government upon the authority of municipal governments make this impossible.

The cities of the province have requested power to re-impose the Income Tax, but in the hope that the Provincial Government will impose and collect for the municipalities an income tax in 1923 some of the cities have decided not to press for power to impose a local income tax this year. Unless there is uniformity in raising municipal taxes, particularly insofar as the income tax is concerned, it is obviously impossible for one municipality to impose a tax which would be repugnant to some people and would be detrimental to the best interest of the particular community to the advantage of another. That the income tax is the most equitable tax which can be imposed cannot be disputed by any student of the subject of taxation.

The necessity has therefore arisen for making an immediate appeal to the Provincial Government to discontinue the forms of taxation which were imposed during the war under the cloak of patriotism, i.e., the supplementary revenue tax, the amusement tax, and to discontinue collecting other taxes which encroach upon the municipalities rightful sphere of taxation namely license fees, automobile taxes, etc., and to contribute a larger sum towards the cost of education and hospitals which are Provincial wide in their benefits.

An appeal is also made to the Provincial Government to advocate a joint conference with the Federal, Provincial and Municipal Governments with the view to agreeing if possible upon some definite basis of the field of taxation of each governing body and also with the view to a more equitable distribution of the cost of those services which are Dominion and Provincial wide in their benefits.

The following particulars of revenue obtained by the Provincial Government from the City of Edmonton; the loss in revenue to the city by the exemption from taxation of Provincial Government Property and the amount contributed by the Provincial Government towards the cost of education and hospital attendance are submitted:

REVENUE.

Supplementary Revenue Tax, 2 mills on an assessable value of $45,000.000		$90,000
Automobile license fees		66,046
Amusement Tax (1920)		48,721
Corporations Tax		
Life Insurance Companies	$60,000	
Fire " "	56,800	
Guarantee " "	7,600	124,400
Land Companies	9,000	
Loan "	14,000	
Trust "	5,800	
Telegraph "	3,400	
Express "	750	
Incorporated "	7,700	
Branches of Foreign Companies	2,500	43,150