

The Chronicle

Insurance & Finance.

R. WILSON-SMITH,
Proprietor

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

VOL. LXVI. No. 43

MONTREAL, FRIDAY, OCTOBER 26, 1906

SINGLE COPY, - - 10c
ANNUAL SUBSCRIPTION - \$2.00

City Revenue.

The difference of opinion between the Montreal Board of Trade and the Real Estate Association as to the best means of bringing about an equilibrium between the city's revenue and its expenditure could scarcely be more complete. The only important point upon which they agree (and with regard to which few people outside the City Council will disagree with them), is in the recommendation, that in the interests of economy and efficiency, a commission should be appointed to conduct the administrative business of Montreal. As might naturally have been expected the great line of cleavage, between the two sets of advisers runs along the line of real estate taxation. The Board of Trade recommends that the real estate tax should be increased by a quarter of one per cent., the proceeds to be devoted exclusively to permanent improvements of roads and sidewalks, and that a system should be adopted whereby the cost of roads and sidewalks should be divided equally between the city and the proprietors on each side of the street. The Board also asks for a revision of the assessment roll, on the ground that in many cases assessments are too low. It would seem as though the adoption of both of the Board's chief recommendations should be unnecessary, for as the object of the increased tax is to improve the roads and sidewalks, the same object is gained by the proprietors being called upon to pay half the cost of the improvements, as in Ontario and other places.

The City's Growth.

We are in entire sympathy with the idea of the Montreal Board of Trade that real estate is the best source of civic taxation, of course, to a reasonable and moderate extent. But it must be remembered that the city's revenue from real estate is increasing rapidly without any increase in the rate of taxation. The phenomenal development of the

older parts of the city, the erection of huge, office buildings, warehouses, factories, apartment flats, and other expensive buildings, means a great increase in the taxable value of the properties, without involving any corresponding increase in the mileage of roads, sidewalks, water pipes or sewerage. According to the Building Inspector's report the new buildings erected in 1905 are valued at \$5,590,698. Taking into consideration real estate assessments, water rates and other taxes, this will add nearly \$100,000 a year to the revenue without counting the school tax.

The Real Estate Association.

The Real Estate Association not only disagrees with the Board of Trade upon the main points of these recommendations, but also manages to disagree radically with itself. In a single paragraph it says: "It is not the intrinsic value of a property, but the revenue derived from it, which should serve as the basis of comparison. The ideal system would be to tax according to the revenue produced, fixing a value on vacant lots or unoccupied real estate." If revenue-producing power is to be the basis of comparison, it ought not to be difficult to fix the value of a vacant lot. The Board of Trade on the other hand recommends: "that all vacant lots shall be taxed at their full value." The Real Estate Association protests against any increase in the real estate tax and complains that during the past year, the real estate assessments have been raised in a fabulous manner. Where the Association fails in its argument is in not recommending any practical alternative to an increased tax on real estate, for neither the reduction of expenditure nor the tax on movable property, are likely to be regarded as practical suggestions. From an aldermanic point of view, the association has weakened rather than strengthened its case, by insisting so strongly upon retrenchment.