

THE SENATE

Thursday, May 28, 1942.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DOMINION-PROVINCIAL TAXATION AGREEMENT BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK presented, and moved concurrence in, the report of the Standing Committee on Banking and Commerce on Bill 16, an Act to authorize the Governor in Council to enter into agreements with the governments of the provinces of Canada respecting the vacation by the provinces of the personal income and corporation tax fields for the duration of the war.

He said: Honourable senators, the Banking and Commerce Committee have had this Bill under consideration and beg to report the same with the following amendments:

Page 2, line 41, after the word "pay" insert "during each year of the term of the agreement."

That insertion is proposed in order to clarify the meaning of section 5.

Page 2, line 42, after the word "receipts" insert "during the said years."

Another slight amendment, simply a change in wording, was suggested by the Minister of Finance. I shall move that amendment on the motion for third reading.

The motion was agreed to.

Hon. Mr. KING: Honourable members, during our discussion in committee this morning the honourable senator from Pictou (Hon. Mr. Tanner) intimated that it would be well to have on record a statement showing details of the payments required to be made to the provinces each year as a result of the Dominion-Provincial tax agreements. With the consent of the Senate, I now place this information on Hansard:

The following table shows in detail the payments required to be made to the provinces each year as a result of the Dominion-Provincial tax agreements:

	Option favourable to each province	Grant under proposals
P.E.I.	Debt	\$ 264,769 94
N.S.	Debt	2,585,308 72
N.B.	Debt	3,278,574 15
Que.	Tax	20,586,074 56
Ont.	Tax	28,964,039 54
Man.	Tax	5,054,740 92
Sask.	Debt	4,330,471 29
Alta.	Tax	4,080,860 64
B.C.	Tax	12,048,367 51
		<u>\$81,193,207 27</u>

Fiscal need subsidies		Total grants
For loss of revenue	Additional subsidy	
\$262,174 02	\$ 175,000 00	\$ 701,943 96
325,769 31	.....	2,911,078 03
71,493 30	300,000 00	3,650,067 45
.....	.....	20,586,074 56
.....	.....	28,964,039 54
.....	600,000 00	5,654,740 92
.....	1,500,000 00	5,830,471 29
.....	.....	4,080,860 64
.....	.....	12,048,367 51
<u>\$659,436 63</u>	<u>\$2,575,000 00</u>	<u>\$84,427,643 90</u>

It will be noted that the total payments required to be made to the provinces, excluding any payments on account of the guarantee of gasoline tax revenues, amount to \$84,427,643.90. This compares with a total yield from personal income and corporation taxes temporarily vacated by the provinces and their municipalities of \$77,140 during the fiscal year of the provinces ending nearest to December 31, 1940. (It is possible that had the provinces and the municipalities retained these taxes, their revenues from these sources of taxation might have gone on increasing during the war, particularly revenues from corporation taxes.) The total fiscal need subsidies amount to \$3,234,436.63, which compares with a total of special grants cancelled of \$5,475,000. (P.E.I. \$275,000; N.S. \$1,300,000; N.B. \$900,000; Man. \$750,000; Sask. \$1,500,000; and B.C. \$750,000). In addition to the above the Dominion has guaranteed net receipts from provincial gasoline taxes at 1940 levels as follows:

Prince Edward Island.....	\$ 307,901 72
Nova Scotia.....	2,853,363 82
New Brunswick.....	2,101,072 01
Quebec	11,803,248 13
Ontario	26,608,290 59
Manitoba	2,678,148 64
Saskatchewan	3,397,279 42
Alberta	3,221,975 68
British Columbia	3,763,625 95
	<u>\$56,734,905 96</u>

THIRD READING

Hon. Mr. KING moved the third reading of the Bill.

Hon. Mr. BLACK: I move the following amendment:

To section 5 of the Bill as amended add the following amendment: for the word "during" substitute the words "with respect to".