

THE TAXATION OF PUBLIC SERVICE CORPORATIONS

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THE ordinary system of local taxation, both as to the needs to be supplied from the taxes collected, and as to the basis upon which the levies are made upon the contributors, is the natural and obvious outcome of a concrete situation dealt with in a practical manner. The situation is one in which the ordinary citizen has his permanent residence in one locality, where also practically all of his property is located or invested. If individuals sell produce abroad or import supplies from without, the exports and imports normally balance each other in concrete goods within a limited time. The public services required by the inhabitants, to furnish which is the occasion for the levying of taxes, are required by all the community, and are directly or indirectly in the interest of the citizens in fair proportion to their wealth. Substantial justice is maintained therefore by treating all property owners alike.

In many rural sections to-day, and for the majority of the citizens in our towns and villages, this principle may still apply. One need not touch upon all the intermediate stages in the development of property rights, in the forming of corporations, the creation of share capital and of mortgage bonds, with the facilities for their exchange, and the consequent wide diffusion and frequent shifting of ownership. But it is quite obvious that in dealing with such public service corporations as railways, steam or electric, telegraph, telephone and express companies, we have to deal with forms of property and phases of ownership which have little of the old relationship to locality, as regards the possession of property, and even less relation to the need for public service, which furnishes, on the one hand,