

### *Income Tax Deductions*

our cities is limited by the Constitution, provincial governments are mostly responsible for land use planning, regional economic planning and education.

Unfortunately, the provincial governments have not yet produced adequate policies and programs to relieve the financial burden of our municipalities. These services and other problems have been left mostly to the local municipalities, which are limited in their power to raise money in order to keep abreast of the demand for more services brought about by increased industrialization and growing population. Therefore, we are subjected to increased municipal taxes every year. Cities especially are very pressed to provide more services for their residents and find it most difficult to finance their projects.

In his inaugural address to the city of Toronto in January, 1970, the mayor of Toronto stated as follows:

If there was one message which came through loud and clear during the last municipal election in Toronto, it was the appeal from home owners of this city that they cannot afford to pay higher taxes.

Among other things, he also stated he was most disappointed to see no mention in the governments' white paper on tax reform dealing with the resolution that was considered by the Federation of Mayors and Municipalities which called for a provision to allow municipality taxes to be deducted from individual taxable income. Such a provision is allowed in the United States and it prevents the present injustice forcing a home owner to pay tax on a tax. A person paying property tax is in effect paying a double tax. The hard earned money with which Canadians pay their property taxes has already been taxed to death by the provincial governments of the federal government.

Many tax experts have described the municipal residential taxes as inequitable and regressive, bearing heavily upon those who can least afford them. At the present time, property taxes paid by businessmen are deductible. Property taxes paid by apartment owners are also deductible. Property taxes on single family-owned homes rented to tenants are also deductible for the owners. Furthermore, an apartment building owner can take advantage of the corporate tax law and deduct his operating expenses, mortgage interest costs and municipal taxes, whereas dwellers of owner-occupied homes and tenants in boarding houses and apartment buildings do not get any such relief in computing their federal income tax. Not only are cities plagued with rising costs to meet the demands for more services, increased welfare payments and public works to provide jobs, but the ordinary citizen has been hard pressed with rising taxes at the federal, provincial and especially the municipal level.

Property owners will be faced in 1971 with higher real estate taxes due to the increased cost of education and welfare programs. The heavy load placed on property and business taxpayers, which amounts to approximately 77 per cent of all municipal revenue, produces many unhappy results. Observers point, for example, to the case of older people with limited retirement income who denied themselves in earlier years in order to pay for mortgaged homes. Now they find themselves faced with

[Mr. Haidasz.]

heavier and heavier tax bills. We often hear government spokesmen say that older people would be better off in apartments. However, I maintain that they have not much choice: many have to stay in their own homes and struggle with increasing taxes and maintenance costs. Moreover, a rise in taxes often brings an even larger increase in apartment rents. As costs soar, renters feel an increasing pinch. For every \$5 rise in taxes, they dole out approximately \$7 to \$10 more for rent.

Whether the answer to the municipalities' dilemma is tax sharing, a shift of responsibilities, or both, is still a very hazy question. Many progressive provincial and federal leaders agree that the municipality, and thus hard-pressed property owner, should be in line for a new and fairer deal. I think it is a well known fact that real estate taxes in Canada are probably higher in proportion to income than in other advanced countries. Even the Carter Commission on Taxation described the municipal real estate tax as regressive and bearing heavily upon those who can afford it least.

Reading the resolutions of the convention of mayors and councillors of Canadian municipalities, it is obvious there is growing concern for and great dissatisfaction with the senior levels of government for not giving municipal taxation the attention it deserves. The rumblings of discontent are also growing louder each day in all sectors of Canadian society. I therefore believe it is imperative that the Minister of Finance, along with his provincial counterparts, give this matter serious and, I hope, favourable consideration.

By supporting this motion hon. members will make it possible not only for residents of owner-occupied homes but also for people who live in boarding houses and apartments to claim an exemption in their personal income tax. This will ease the intolerable load of taxation which is now a crushing burden on the taxpayers of Canada. Today, Mr. Speaker, is an opportunity for all members of the House to rally behind this motion so that the government will be forced to reduce federal income taxes. That is why I have brought this motion to the attention of the House, and once again I urge all hon. members to support it wholeheartedly.

● (4:10 p.m.)

**Mr. Mac T. McCutcheon (Lambton-Kent):** Mr. Speaker, I have no hesitation whatever in rising to support the motion of the hon. member for Parkdale (Mr. Haidasz). I compliment him on bringing it forward and I agree with virtually everything he has said. In my humble opinion, this is a most worth-while and humanitarian move.

Even at this late date I welcome the hon. member's conversion. It has taken a little while for him to be converted. Speaking of conversions, Paul on the road to Tarsus—

**Mr. Knowles (Winnipeg North Centre):** Damascus.

**Mr. McCutcheon:** I am sorry; I stand to be corrected.

**Mr. McBride:** The Tories are all on the wrong road.

**An hon. Member:** Naturally. He was blind.