

Under conditions as they exist at present, an increase in the taxation of improvements in the municipalities of Saskatchewan would be a desirable temporary addition to the revenue system. It would add to the dependability of the tax base, for the taxes on buildings are more certain of collection than the taxes on land.¹ It would result in a substantial increase in revenue without additional administrative expense. Its burden would fall, for the most part, where it could well be borne. It is, in short, a source of revenue which in this time of financial stress the municipalities cannot afford to ignore.

The recommendation of the committee of the Union of Saskatchewan Municipalities that improvements be assessed at a uniform percentage of their value in all urban municipalities should be adopted but with the proviso that in special cases the Local Government Board² shall have power to make exceptions where it is desirable for fiscal reasons to tax improvements at a higher percentage than the general one. For the year 1917 improvements should be taxed at 60 per cent. of their value. If the result of the year's financing makes it desirable to increase this figure the following year, a considerable margin remains. Provision should be made for an easy return to a lower assessment of buildings when the financial situation will permit it. This should be accomplished by securing the approval of an administrative body³ under conditions which will insure that reductions which are financially unwarranted are not made and that competitive undervaluation between municipalities does not develop to the injury of the financial soundness of the local situations.

The Business Tax.—The business tax formerly played a far more important part in municipal finance than is now the case. Under properly prepared schedules it should be made to assist very materially toward the solution of the present problem. The testimony is universal that the business men are prosperous and are in a good position to accept additional taxation. This can best be accomplished, in the opinion of the writer, by a combination business and income tax. The business tax should be apportioned on the floor space basis and the income tax used to supplement it by correcting the injustice due to the fact that the business tax does not discriminate between the prosperous and the unsuccessful.⁴

To remove the business tax from local pressure and to gain the advantages of uniformity, the business tax schedules should be controlled by a central authority.⁵ It is not desirable to have one uniform schedule for all of the municipalities. They should be classified into more or less homogeneous groups, the cities, for example, being distributed into two or three classes. The schedules should be drawn up in tentative form by representatives of the municipalities in each group, preferably by the assessors, and submitted to the central authority for approval. The schedules should be prepared on the basis of an expected revenue considerably higher than is now being realised even in the cities where the business tax now yields the highest returns. It should aim to distribute the burden equitably as between different groups of business men.

¹ Cf. *supra*, pp. 25, 27.

² Or the Provincial Tax Commission, if created.

³ Preferably by a Provincial Tax Commission.

⁴ Except, of course, as the prosperous man uses more floor space.

⁵ Preferably by the Provincial Tax Commission, if created.