

DEPARTMENT OF EXTERNAL AFFAIRS

Ottawa, October 23, 1943.

Dear Mr. Clark:

I am referring to the notes exchanged on August 6 and 9 on the subject of provincial and municipal taxation in connection with United States defence projects in Canada. In paragraph 6 of the note of August 6 the Canadian Government undertook to request the provinces in which United States defence projects are being executed not to impose licence fees on non-military drivers of trucks belonging to the United States Army and not to levy head or poll taxes upon non-military personnel normally resident in the United States which is engaged on United States military projects in Canada.

In accordance with this undertaking, requests have been addressed to the governments of the four western provinces and of the Province of Quebec. While the replies which have been received are not in every case conclusive, I think you will find that in substance the provinces are prepared to meet the wishes of the United States Government.

The Government of Manitoba advises that under the Highway Traffic Act all resident chauffeurs are required to take out chauffeurs' licenses at an annual fee of \$2.00. Non-residents, who hold chauffeurs' licenses in their place of residence, may drive a motor vehicle in this Province other than a motor vehicle used in a business carried on within the Province. The Government of Manitoba is not primarily concerned with the question of revenue, which is negligible, but it does desire to retain control over drivers. The suggestion is made that the Province might issue chauffeurs' licenses to all civilian drivers employed on United States projects upon application therefor by some one authorized for the purpose by the United States Government, and that an Order-in-Council might then be passed by the Province remitting the fees for such licenses.

The Government of the Province of Saskatchewan informs us that it does not at present levy any head or poll tax and that while the municipalities have power to do so they have not made use of this form of taxation. It is not the practice of the Government of Saskatchewan to impose license fees on non-military drivers of trucks belonging to the United States Army provided these drivers hold a drivers license from the state in which they resided prior to their employment in Canada.

The Government of the Province of Alberta advises that it has passed an Order-in-Council exempting all American citizens temporarily resident in Alberta and engaged in defence projects, from school, municipal and hospital poll tax. It is proposed to ratify this Order-in-Council by appropriate legislation at the next ensuing session of the Legislature. In the case of a chauffeur who has no chauffeur's license for the current year from any State in America or Province of Canada, a chauffeur's license fee is charged. No license fee is charged on any vehicle or person en route to the Alaska Highway through Alberta. In the case of American citizens who have brought their families to Alberta and are sending their children to Alberta schools, the usual non-resident's fee is charged in respect of each child attending school.