

## How Western Farmers Raise Their Taxes

Numerous Classes of Taxes Imposed. Taxation of Improvements Not Allowed Levies Made on Land Values. How the System Works.

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THE farmers of western Canada look at the matter of raising taxes from a different angle than most people in Ontario and the east. In Ontario the Assessment Act requires that taxes shall be levied on improvements as well as on land values for Municipal and School purposes. This system in consequence is generally followed. One reason why this system is preferred in the east is because many believe that people should pay taxes in proportion to their wealth. As there are many farms which have been occupied for years and bear many improvements, it is felt that the men who have these improvements are better able to pay taxes on them than a man of less wealth whose farm may not be improved to a similar extent. Of course, there is a serious fallacy in this argument. Very frequently it happens that farmers who improve their farms have to borrow the money with which to do it. They then have to pay interest on the money thus borrowed and the taxes on the improvements as well. Naturally this does not encourage a man to improve his farm.

The farmers of western Canada have approached the problem of raising their municipal as well as some of their provincial taxes from a different angle than we have in the east. The country is much younger and was settled more rapidly. At first improvements were taxed as well as the land. With the rapid development of the country, however, speculators poured in in thousands and bought up millions of acres of land, which they held out of use, expecting it would increase in value and then they would be able to sell out at a handsome profit. So much land was held out of use in this way that it created serious problems for the settlers who were actually working their land. As a first place, it forced thousands of settlers to drive twenty and thirty miles or more past vacant land in order to reach their own homesteads. Many thus found it impossible to get the advantage of good railroad connections or to enjoy the other conveniences that are to be had when towns and villages are near. The vacant land also grew weeds, which infested the crops of the settlers.

### A Serious Condition.

In time another objectionable feature of this situation became apparent. The west was anxious to secure as many settlers as possible. The land speculators were inclined to hold their land at prices that made it difficult for many of the poorer settlers to obtain homesteads, thus settlement was retarded. For the same reason, and because people were forced to live at considerable distances apart, it was more difficult for them to maintain schools and churches and for villages to spring up with their numerous conveniences. Thus it became evident that high land values were retarding the development of the community and that if anything could be done to facilitate their land being sold on reasonable terms, it would promote settlement and thus make it easier to secure the improvements which the settlers so much desired.

Still another factor helped to bring about a change in sentiment. Because the country was new the settlers found it necessary to commence improving their holdings from the first. They had many other difficulties to overcome, and when they found that their taxes were being increased in proportion to the value of the land, they did not feel very happy about it. Naturally this in time led to a demand that improvements should be exempt from taxes, and that taxes should be levied only on the value of the land. It was realized that this would not in-

crease the taxes that the settlers would have to pay, while it would increase the taxes of the speculators. No one was worried very much about how the speculators would look at the situation, seeing that most of them did not live in the country, and that they were merely "trying to get something for nothing through benefiting by the industry of the real settlers in the community.

### An Important Report.

One of the first steps towards the taxation of land values was taken in British Columbia when in 1911 a Royal Commission on taxation was appointed to look into the whole subject of taxation. This commission later reported in favor of the abolition of the poll tax and all taxes on personal property. Even before this, however, the provincial government of British Columbia had made fit to divide land into two classes for taxation purposes. These classes were—first, lands held for use or occupation, and second, lands held for an increase in value. It also made a difference in imposing its rates of taxation, between the various classes of

land that are not being cultivated or used for pasture by the owners. There are a number of exemptions from the application of this tax, but, nevertheless, it has proved effective and a means of raising considerable revenue. "Our wild lands tax," said Mr. Pierre, the Deputy Minister of Municipal Affairs for Alberta, to me, "is based on the value of the land. The owner of such idle land is required to pay to the revenues of the province an annual tax amounting to \$64. This tax applies only to land held under title. The revenue raised in this way is collected by the provincial government, much of it being used to improve the roads in the province."

Saskatchewan also has a special tax on idle lands, commonly called a surtax. This tax is never levied against a settler or farmer who cultivates his land. "It is a tax," said Mr. J. N. Bayne, the Deputy Minister of Municipal Affairs, who, by the way, is an old Carlton County boy, to me, "of \$146 per acre on those areas which are not being used or are being held for speculative purposes. It might be termed a "Wild Land Tax," for the man who sits down on the land in Saskatchewan, and works it as a farmer, will have no Surtax to pay. It is imposed to discourage the holding of farm lands idle. It is not paid to the provincial government, but is remitted direct to the municipalities. Mr. Bayne admitted that the government feels that it made a mistake when it arranged to let this tax go to the municipalities, as the municipalities when arranging their tax rate, allow for this tax and reduce their general rate, thus reducing the tax on the speculators as well as on the settlers. This, in some cases, leaves the municipalities with no more money than formerly with which to improve their roads. The revenue raised by means of this tax was \$129,000.00. It will be seen that it represents a very considerable tax.

### Don't Tax Thrift.

"At one time," continued Mr. Bayne, "we raised our rates by levying a flat rate on land regardless of its valuation. This method was abandoned at the end of 1913, and in 1914 for the first time in Saskatchewan history land values only were assessed separately throughout our rural municipalities. We do not believe in penalizing a man's thrift, by making him pay taxes on his personal property, his herds, his barns or his house. In villages, lands are assessed at their actual value and buildings and improvements at 60% of their value. However, a village may eliminate entirely the assessment on buildings and improvements, if a petition to that effect is received by the council, signed by two-thirds of the resident electors. In 1915, 76 villages took advantage of this provision and based their assessments on land values only. Most of our cities are moving in the same direction. Of late there has been a tendency in some sections to favor a return to a tax on improvements, but this has been largely due to the heavy expenditures that were incurred during the boom period and which the municipalities are now struggling to meet. In this connection the government has appointed Prof. Robert Murray Haig to look into the whole situation and report his findings."

### Successful in Alberta.

That the land tax is proving popular in Alberta is certified to by Mr. Pierre whom I have already quoted. On this point he spoke as follows: "The taxation of land values has worked out very successfully in the rural portion of Alberta and any attempt to change this form of taxation so as to require a farmer to pay more

would be strongly resented by practically the entire rural population."

### Extra Taxes.

In Saskatchewan where land owners neglect to destroy noxious weeds or gophers, the rural municipality may destroy them and charge the cost to the land owner in a special tax on the value of his land. There is also a Hall Insurance Tax. In those cases where 25 or more rural municipalities combine to establish an inter-municipal hall insurance scheme. In such cases each claimant upon the fund is entitled to receive up to five cents per acre, for one per cent. damage which the Hall Commission may decide he has sustained by hall. In Alberta also there are similar provisions relating to noxious weeds and hall insurance. Hundreds of thousands of dollars have been paid out in recent years in hall insurance to farmers, many of whom might have been almost ruined but for this form of protection.

### Unearned Increment Tax.

Alberta also has an unearned increment tax. The province takes five per cent. of the increase in the value of the land at the time of a sale on the ground that this value is principally a community claim, due to the growth of population and the expenditure of public money. "If the province by spending money," said Premier Slavin on one occasion, "on a railway or on a school, or on a hospital, thereby increases the value of land in a certain town, we think the public is entitled to at least a part of the increased value." Speculation in land has been pretty quiet in Alberta since this form of taxation was imposed, but as soon as the next boom arrives it may be expected to become a means of raising considerable money. The principle it involves is pretty generally approved.

### Want Principle Extended.

So well satisfied are the farmers of Western Canada with this method of raising their taxes they have again and again passed resolutions in their provincial farmers' associations in favor of the reduction of the tariff taxes which they now have to pay on agricultural machinery, as well as on practically all the other goods they have to buy, and having the Dominion Government, if necessary, raise any revenue it requires to offset its loss in tariff taxes by a direct tax on land values. If we learn from experience that we may judge from the experience of the farmers of western Canada that, as compared with other forms of taxation, a direct tax on land values has much to commend it. Now that the organizers of Ontario have endorsed this system of taxation, the subject soon is likely to become of greater interest in Ontario.

A parson in a little country village sent his man of all work on Sunday morning to the butcher, who he knew was David, to inquire as to the non-delivery of some meat which ought to have arrived the previous evening. When the lad returned his master had gone on to church, so the man to the sacred edifice, too. Just as he arrived the parson was giving out the following text: "What did David say?" Great was his surprise and also the congregation when he replied came from the lad: "He said that he won't let you have the meat until you pay for the last lot."—Buffalo Courier.

One of the most successful prize winners at the recent exhibition of dairy products held by the Eastern Ontario Dairywomen's Association at Perth, was Mr. Gilbert Rancier, of Wales, Ontario, who won five prizes and his cheese maker in the same factory two. His cheese maker won a first and second prize, and his cheese maker a first, second and third, as well as two other prizes.

## Announce Your Sale Dates Early

BIDDERS who are planning to hold an Auction Sale for their district, or of a certain class, should select and announce the date as far in advance as possible. By so doing, bidders will avoid the unfortunate circumstances of a sale being held in the same district on the same date to the detriment of each other.

Select your date, then immediately forward it to FARM AND DAIRY for announcement. In the monthly issue of the paper we announce these free of charge under

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land, according to the use to which they were put. Land held for occupation or agricultural use was taxed at the rate of one-half of 1%; land held as coal land, on which the mines are worked, at one per cent.; if unworked, at two per cent.; land held as "timber land," at two per cent.; land held out for appreciation of value, at four per cent. Crown-granted mineral claims, at 25c per acre.

Each municipality in British Columbia has local option in taxation. It has not proved the disastrous thing we were led to believe that it would in Ontario. A majority of the municipalities have abolished all taxes on improvements, and substituted therefor a tax on land values only. The improvement system is working well and spreading rapidly, and has been adopted by the large cities and many of the towns and villages.

### Taxation in the Prairies.

In both Alberta and Saskatchewan the provincial law prevents rural municipalities from imposing taxes on improvements. All municipal and school taxes are raised by the taxation of land values only. In addition there are numerous other taxes that are imposed on land values, such as a tax on noxious weed tax, a hall insurance tax and a wild lands tax. This last tax represents a direct effort of the people to squeeze out the speculator, it being an extra tax that is imposed only on patented lands in the province