

# The Landowner and Municipal Taxation

**Letter of Victoria Real Estate Exchange to Recent Candidates at Provincial Election Calling Attention to Taxation Burdens of Landholders in Municipalities and Requesting a Broadening of the Present System.**

The Victoria Real Estate Exchange, one of the most progressive business organization in the Province, has sent to each of the candidates in the recent Provincial election a report on municipal finance, making a strong plea for relief for landowners and the broadening of the principle of municipal taxation to include other forms of taxation in addition to land. The report is admirably drawn up and contains a lot of information and is very suggestive. We believe that it is open to criticism on the basis that it takes too narrow a point of view, that of the landowner only, that it paints too dismal a picture of municipal finance in the Province in contradiction to the statistics as presented in Mr. Baird's report, which we reviewed in our issue of November 6th, and shows a distinct improvement in municipal condition in 1919 over 1918, and which will be more strikingly exhibited when the figures for 1920 are available, but as an expression of well-considered opinion it is valuable. It follows:

Your attention as a citizen of British Columbia, and as a candidate at the coming Provincial election, is respectfully invited to the following facts, deductions, and suggestions regarding the financial position of the 60 municipalities of British Columbia, which contain 86 per cent of the population of this Province. These statements are in no way inspired by party politics. The issue is far too vital to make it a party question. You are invited to consider the position as a citizen, first and last.

Total liabilities of the 60 municipalities of British Columbia at December 31st, 1919, \$104,000,000. (Authority: Report of Inspector of Municipalities for the year ended December 31st, 1919, V. 11.) (See Note 1.)

Total assessed value of taxable property (Note 2) in the above municipalities (R.I.M.V. 7), \$558,000,000.

Percentage of liabilities to assets is over 18 per cent.

Total liabilities of the 34 city municipalities at December 31st, 1919 (R.I.M.V. 11), nearly \$80,000,000.

Total assessed value of taxable property in these 34 municipalities (R.I.M.V. 6), \$382,000,000.

Percentage of liabilities total assets nearly 21 per cent.

It must be clear to everybody that this percentage of liabilities to assets is dangerously high, and the position is made more serious by the fact that this percentage is increasing. Your attention is particularly drawn to Note 2, which makes it evident that the real percentage of danger is even higher than the apparent percentage.

Shortage in sinking funds of 46 municipalities (R.I.M.V. 14) \$5,289,000.

Increase in shortage in 12 months (Note 3), \$83,000.

Shortage in sinking funds of 29 cities (R.I.M.V. 13), \$4,873,000.

Increase in shortage in 12 months, \$160,000.

Net shortage in all municipalities, after allowing for surpluses in 14 municipalities, \$5,105,000.

The total sinking fund required is nearly (R.I.M.V. 14) \$19,000,000.

The percentage of shortage to requirements is therefore nearly 27 per cent. This is obviously a danger to the credit of the municipalities and therefore to the Province.

Total arrears of taxes in 60 municipalities (R.I.M.V. 16) \$12,094,000.

Total arrears of taxes in 34 city municipalities (R.I.M.V. 15), \$9,996,000.

The grand total of municipal receipts in 1919, was (R.I.M.V. 18), \$18,815,000.

This sum includes Government grants for schools, \$898,000; fines, \$221,000; receipts from public utilities, \$2,-

310,000; and sundry receipts, \$547,000; a total of \$3,478,000.

In considering the incidence of taxation in municipalities these items of revenue should be excluded for the following reasons: The source from which the Government pays the school grant cannot be determined: "Fines" are not strictly "taxation"; payments in return for public utilities are made by individuals in return for definite benefits enjoyed and are therefore not general taxes; an examination of the items under "Sundry Receipts" shows that the same is true here.

The real tax receipts of the municipalities are therefore \$15,337,000.

"Land Taxes received" in 1919 by the municipalities amounted to (R.I.M.V. 18) \$14,055,000.

Land therefore paid 91 per cent of the total net tax receipts and nearly 75 per cent of the gross receipts.

The exact figures for previous years are not available, but it seems fair to assume that the proportion of total municipal revenue derived from land taxes has been about 80 per cent, and that this proportion has a tendency to increase.

Tax sales of land have resulted in an alarming percentage of the parcels put up for sale being neither redeemed by their owners nor finding purchasers at the upset price, usually about one-third of the assessed value of the parcel.

No figures are available but well-informed sources estimate that between 80 and 90 per cent of the land put up for sale is neither redeemed nor purchased. Add to this the alarmingly large proportion of the taxable lands of municipalities which have been put up for tax sales and one is forced to the conclusion that land is usually a very doubtful asset, and in many cases is even a grave liability. Yet it is an unquestioned fact that land owners form a large percentage of the population of this Province, in other words, that land is largely owned by the people. It is also well known and easily proved that land owners have been in a very large measure responsible for the development and prosperity of this Province. To weigh them down with a crushing burden of taxation must retard the growth of British Columbia. No Government or citizen can wish this. It is clear that land owners who contributed in 1919 over 90 per cent of the real municipal taxes, are at present bearing a burden of taxation which is not only unjust, when compared with the burden on other sections of the community, but is so heavy as to make it impossible for them to take a prominent share in the development of the Province. Nor is there any sign of the burden diminishing. The rate levied on land in 1919 was sensibly greater than in 1918 and it is known that the rate for 1921 will have to be considerably increased under present conditions if the municipalities are to pay their way.

Referring to the argument that the Province is already taxing all sources of revenue to their limit, special attention is drawn to the fact that the municipalities of British Columbia received nearly ten times as much in land taxes in 1919 as the whole Province received from income tax in the fiscal year ended 31st March, 1919. (See public accounts for year ended 31st March, 1919, C. XLV.) It is true that income tax is also payable to the Dominion Government. The total income tax collected by the Dominion from all

Note 1. This report was presented on August 1st, 1920, and is the latest authority available. It will be referred to as R.I.M. ....)

Note 2. It is generally agreed that the property in question would not as a rule realize its assessed value. This is proved by the large arrears of taxes, by the thousands of parcels which have been surrendered to the cities, and by the many sales of property effected at figures below—and often far below the assessed value.

Note 3. Rural municipalities have been fortunate, as, on the whole, crops have been good and prices high. Consequently a very large proportion of the taxes has been collected and their financial position is therefore stronger than that of the city municipalities.