

municipalities as a result of the manner in which provincial revenues are obtained and the manner in which the high schools are financed.

*The Patriotic Tax.*—Until the outbreak of the war there existed in Saskatchewan a complete separation of sources of provincial and municipal revenue. The localities were given real estate, business and incomes as the principal elements for their tax bases, while the province depended upon subsidies, indirect taxes and fees of various sorts. As a result the provincial system has developed into a collection of miscellaneous and unrelated revenues which have been seized upon at various times as opportunity offered. Doubtless the moment is rapidly approaching<sup>1</sup> when the province must seriously consider a reorganisation of its revenue system upon a more intelligent plan, but the time for this appears to be not yet ripe. It is a remarkable fact that the provincial tax system contains not a single elastic element—not one tax whose rate can be varied at will to yield a sum necessary to meet the needs of a budget. A possible exception to this statement is the patriotic tax, but this after all is considered a special tax levied for particular purposes.

The patriotic tax, which was established by an Act passed in 1916<sup>2</sup>, levied a special rate of one mill<sup>3</sup> on the dollar upon "the total value of all the rateable property" in the municipalities (including rural municipalities) and a rate of one cent per acre upon the lands in the outlying "local improvement districts," the proceeds to be used for meeting certain expenditures connected with the war.

Were it not for the fact that there is every prospect that the patriotic tax will be retained for several years as a part of the provincial system, its shortcomings might not deserve attention. Of the seriousness of its defects there can be no question. First of all, in imposing a flat rate upon "all the rateable property" the law ignores the differences between the tax bases used in the various municipalities. In some municipalities land alone is taxed. Other municipalities tax, in addition, improvements, business and income. The village which taxes land only is called upon to pay much less to the patriotic fund than one which has a broader tax base. Complaint is made that in general the urban regions are levied upon more heavily than the rural. Again, of two municipalities the one which values its property more conservatively escapes with a lighter tax. The municipalities have not been slow to grasp this fact and the era of competitive undervaluation appears already to have begun.

In the opinion of the writer the apportionment should be made on a basis more equitable than mere "rateable property" and steps should be taken to equalise the assessments among the municipalities.<sup>4</sup> Unless speedy action is taken in this direction the patriotic tax is likely very soon to develop into a very troublesome part of the revenue system.

*Local Licenses.*—In the course of its development the provincial revenue system has gradually absorbed many licenses and complaint is made that this results in the municipalities paying a larger share of the

<sup>1</sup> There is a growing need for revenues and a growing conviction that some of the revenues now used for local purposes, *e.g.*, the surtax, are better suited for provincial purposes than for local.

<sup>2</sup> Laws of 1916, chapter 6.

<sup>3</sup> Increased to one and one-half mills in 1917.

<sup>4</sup> *Cf. infra*, p. 48.