

Vacant Land *vs.* Improvements

A PROBLEM IN MUNICIPAL TAXATION.

By HARRY BRAGG, in "The Monetary Times"

The question of taxation is one of the most vital ones that engages the attention of those charged with the administration of municipal affairs whether in the large city or the small rural municipality. In fact, too often, this question is apparently deemed to be the only one worthy of the attention of the members of the Council.

It is, however, quite true that taxation forms the basis upon which the whole municipal machine turns, and it is therefore deserving of the closest study and attention.

Collecting Taxes.

Unfortunately at the present time, a very undesirable attendant on the simple question is pressing upon the attention of a large number of municipal authorities all over the Dominion. And that is the problem of how to collect the taxes after they are properly levied, and have become due.

In ordinary times it was comparatively easy to collect taxes, even from those who were so unfortunate as to be in arrears. That is, it was easy to get the taxes out of the property by the simple process of selling it. In this way, the new purchaser paid up what was due to the municipality, and if any money remained after this had been paid, then and only then, the original owner got something for his property.

Unsaleable Land.

But for a considerable time, in too many cases, the sale of the property, even if it could be sold, did not realize sufficient to pay the overdue taxes. And in quite a few places, no offer was received for the property when put up for sale, and the municipality's only recourse was to become the owner of what was evidently of very little value, although it bore the high-sounding name of "Real Estate".

This unfortunate state of affairs is largely due to the tremendous "boom" in land, generally vacant land, which caused all kinds of speculative purchases based upon a vain belief in the stories told by the glib-tongued real estate salesman. The inevitable slump has arrived, and the speculators who believed that a tremendous profit had been secured, find that they own land which cannot be sold, and is at present unsuitable as the site of houses — even if they had the cash to erect them, and which they cannot persuade any other people to buy from them. In fact, all that a great number of these lots represents is the taxes that fall due on them all too regularly.

Land Accumulated.

So the municipal council levies taxes, sends the bills and waits the legal time before giving notice of the sale. Then comes the sale, and the entire absence of any demand. So the municipality has no other course than to take over the land, and hold it for the better times that may come sooner or later.

In this way, many municipalities have been loaded up with land which is at present of no actual value, that is, it cannot be turned over for money. And this is the cause of the unfortunate position of many places in Canada today.

By the way, it is rather interesting to notice that some of these unfortunate places are in those provinces which have the very valuable safeguard of a Municipal Department. But it is no reflection on these departments to know that they have been

deceived by the booming times that preceded the dull period.

Ability to Pay.

In a very interesting address recently delivered, G. F. Blair, K.C., City Solicitor of Regina, Sask., discussed the question of "Tax Enforcement," and advanced some rather revolutionary ideas.

Beginning by laying down the axiomatic statement that "Successful tax enforcement presupposes a proper tax levy, one quality of which must necessarily be the ability to pay," he goes on to discuss how taxes can be collected.

He points out that it is impossible to enforce the collection of taxes against unproductive land, and considers how the owners can be made to pay the taxes by levying upon their other property, as well as upon the land itself.

He has to admit that the non-resident owner cannot be made to pay, except by selling his lands, and that his proposed relief would only apply to the resident proprietor.

His criticism is directed against the speculative taxpayer, who is content to pay taxes so long as he thinks that he can make a good profit by holding vacant land with a view of selling at a big profit. And his criticism is very just. He is correct in saying that the laws have been framed to the advantage of this class, while the land purchaser who has bought in order to erect a home is much worse off.

Improvements' Tax

But Mr. Blair's deductions are towards making the condition of the desirable citizens much worse. He suggests that "a greater burden of taxation must be laid on buildings and improvements, business, income, etc., in proportion to that on vacant lands than we have done in the past."

That is to say, the municipality must protect the speculative owner by taxing his vacant land at a low rate, while levying an even higher rate than the existing one on the good citizens who build houses, carry on business, and earn an income in the community. Surely this contradicts his previous statement that existing legislation has been too much in favor of the speculative owner!

The best citizen in every community is the man who owns his own home. And the next best is the one who provides a home for another citizen. The speculative vacant lot owner is of very little value to any community, even if he is not a menace. And it is the best—not the worst—citizens who should be protected by legislation.

Home Owner's Position.

Instances are not lacking in which the speculative proprietors have voted to install, or keep in office, members of councils who have been spending money lavishly. These speculators, or land sharks, did not care to what height the tax rate soared, so long as the place boomed, and they could unload their lots. And the men who bought land, and built homes, have had to pay exorbitant taxes, so that the land sharks might have improved property to unload on unsuspecting purchasers.

In view of the wonderful love for the "Single Tax" which is levied on the land alone and not on improvements, which is so very evident in the Cana-