

Excise Tax Act

exempt from excise tax and I would like him to now say what are those types.

Mr. Fleming (Eglinton): Fire trucks, for example.

Mr. Regier: I rather regret the minister has not seen fit to aid the municipalities by exempting from excise tax all manner of trucks purchased by them. A number of municipalities have complained to me that it is only on their larger vehicles, and I am not quite sure that the minister is quite comprehensive enough when he says only fire trucks are exempted at the present time. My information may be wrong and the minister can no doubt correct me, but I believe certain trucks utilized for road building purposes are also exempt and have been so exempt for quite a while.

Mr. Fleming (Eglinton): That is right under the clause my hon. friend has read. The exempting provision is as follows:

Equipment, at a price in excess of five hundred dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not including automobiles or ordinary motor trucks;

It is quite clear that leaving out ordinary motor trucks and automobiles, the clause provides that equipment that is used directly on road making, road cleaning or fire fighting and which costs more than \$500 is exempt.

Mr. Regier: I am sure the minister will agree that these days the municipalities—especially the older ones—have a considerable need for motor vehicles such as light weight trucks and they find it more convenient and economical in many departments to supply their men with half-ton or one-ton trucks. Yet these vehicles are not exempt from excise tax.

There are also many departments of municipalities, especially in the urban areas, which have to be supplied with automobiles and if the government is really sincere in its desire to aid the municipalities and yet not interfere unduly with the concept that the municipalities are primarily the responsibility of the provincial government, it might at least extend to the municipalities all the aid possible within the confines of its own responsibility. This might be done by removing from the municipal corporations every taxation burden possible.

I know the department of the minister has been giving this problem some consideration and I wonder if he might outline to the house the reasons why the department—especially since he has taken office—has decided not to include automobiles and small trucks purchased by municipalities for municipal use in the exemption.

Mr. Fleming (Eglinton): Mr. Chairman, it will be quite clear to my hon. friend, if he examines the language of the amendment, that the type of amendment introduced pertains to equipment and exempts equipment of a nature associated with municipal use. That is very clear and would not admit of the equipment being devoted to some other use.

That principle does not apply in the case of ordinary automobiles purchased by a municipality, for instance, in the case of a fleet of automobiles for the transportation of members of the city council. Perhaps such a fleet after a year or two would be disposed of or turned in by the municipality and would then be purchased by someone else—possibly private persons—and no tax would have been collected on such vehicles. I am sure my hon. friend will appreciate that difficulties arise with respect to a fair application of the tax as compared with the purchase in the first instance by an ordinary individual who must pay tax. Here we have dealt with this matter in what we believe to be a sound and logical way. We have exempted the kind of equipment which the municipalities have to buy for essentially municipal purposes.

Mr. Regier: It is now being assumed, Mr. Chairman, that the municipality, for its police department and social welfare department or any other department for which automobiles are needed, is able to buy them without having to pay the excise tax, and that when the municipality after several years turns in these cars and buys a new fleet, somebody is going to get the benefit who was never intended to do so.

I must submit to the minister that when the corporation of the city of Toronto turns in 100 police cars to some firm and takes in a trade 100 new automobiles, the valuation placed by the dealer or automotive agency on these used cars would include some credit to the municipality concerned for the fact that the cars would be available for resale. It would not be the second hand purchaser who would get the benefit at all, it would be the municipality turning in the used cars, and I do not think the minister can successfully argue that benefit would accrue to anyone other than the municipal corporation.

The same thing applies to the half ton and one ton truck and to the station wagon, which is coming into greater use by municipal corporations. In most cases our municipalities use such vehicles, in the aggregate, to a far greater extent than the heavy fire trucks or road building items of machinery. This is especially so in the case of the older