The Taxation Problem In British Columbia

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The greatest problem before the municipalities of British Columbia to-day, is the necessity for revenues which will meet their expenditures.

In considering this problem, it would be well for those seeking a solution if they would first approach the question with an open mind, and not with the prejudice of the individual who supports one theory or another and endeavors to prove his theory by citing the present position of any one municipality.

It can be readily admitted that during the boom period of ten years ago, expenditures were made which were ahead of the times and some of which, though desirable, were beyond our means in our then state of development. Many of these expenditures, however, were made during a time of cheap money and reasonable construction cost, and taking into consideration our present state of development and future prospects, have turned out to be good investments. Graft, as it is known elsewhere, has been practically absent from our municipal government and certainly was not a large factor in bringing about the present state of affairs. Single tax and improvement tax have also had little bearing on the subject, the single tax being a distinct success under certain conditions and the improvement tax being as successful and necessary under different conditions. Theorists have sought to prove the single tax system a failure by citing the financial condition of Vancouver, but have failed lamentably in endeavoring to prove any connection between the two.

One reason for our financial difficulties undoubtedly was the fact that we were carving out our towns from heavily timbered land and endeavoring to pay the high initial cost in a short period of time. In the smaller municipalities, new roads which cost in clearing alone, about $500.00 per acre, are being paid for out of revenue though this initial cost is really a capital charge for a work which will be of value as long as the municipality exists. To offset this, some municipalities improved these original roads with money raised on bonds whose term is much longer than the life of the improvement. Other municipalities realizing this as a mistake went to the opposite extreme, and issued bonds with so short a term that when the improvement bonds were paid off there was still many years of value in the work and the short term of payment coinciding with a period of depression had practically ruined the property owners.

Another factor contributing toward financial difficulties was the disinclination of councils to enforce the collection of taxes. In the prosperous period, money was easily borrowed and collections were therefore not enforced.

In the hard times following pressure was brought to bear at elections, to compel a policy of leniency and the attempt made to stave off inevitable liquidation was for a time successful. With the return of better times in all lines except property, there was less resistance to the collection of taxes and eventually a sane fixed policy of collection was made compulsory.

No one of these contributing causes of our present financial difficulties was in itself responsible and it can be shown that even all these together could not have been the cause of our troubles.

An increased levy on the land or even the improvements sufficient to meet our needs, would be disastrous to the landowners, especially when we know that except in a few cases, the present high rentals do not show a fair interest return on a conservative valuation of the land and improvements.

The business tax, trade licenses and similar makeshifts are only petty hindrances to business and the revenue they produce does not justify their existence.

Leaving for the moment our sources of revenue, let us return to our sources of expenditure. In the first place it is no doubt quite fair to charge directly to the land, expenditures for roads, sidewalks, water mains, sewers and the general running expenses of a municipality.

But when the state decided that for the good of the state it was desirable to provide a first class system of compulsory education, can it be shown that this is a fair charge against the land.

Taking it for granted that it is not desirable to charge the cost of education directly to the parent, surely it is equally true that it should not be charged to the landowner who already is providing everything else necessary for the running of the municipality. The government recognizes this and provides a grant but the grant is insufficient.

Education, which the state makes compulsory for reasons of state, should be a state charge and the cost equitably distributed through the income tax which is generally admitted to be the fairest tax. The government will say that it could not properly care for the educational needs of the Province from one central office, but if it will admit that the cost of education should be a charge on the Province as a whole, a system of administration could be evolved which certainly could not be less satisfactory than the present one which is so constituted that neither school board nor municipal council can avoid friction between those bodies.

While it is difficult to provide a general cure for the troubles of the various municipalities, I believe that if the government were to assume the cost of education and hospital treatment, that most municipalities would find immediate relief and future financing made easy.

The B. C. Government in it's "Highways Act" has practically solved the vexed question of roads and if it can now evolve a real Schools and Hospitals Act, the search by the municipalities for increased revenue will be over.

Multiplicity of taxes is irritating and costly and the present tendency towards licensing all trades and professions is harmful and un-British.

Still another makeshift was the right given to municipalities to impose a poll tax, provided said tax was earmarked for schools and hospitals. Presuming that the cost of operating schools and hospitals is kept as low as possible, what object can there be in keeping such a tax separate from other taxes and using it for a specific purpose. If the tax is too small to meet the cost of schools and hospitals, the balance would have to come from ordinary revenue and if too large would tend towards extravagance. Large cities want a share of the amusement tax and motor license tax in order to solve their financial difficulties, but smaller municipalities would not get sufficient from these sources to pay for the cost of collection.

The Dominion Government demands exemption from taxes as a constitutional right and then in special cases where this is an exceptional hardship, agrees to pay certain taxes.

When the B. N. A. Act was drawn, soldier settlement had not been dreamt of yet simply because this Act would cover the case, the Federal Government insists on exemption from taxes on lands which have reverted to the government through failure of the soldier settler. Just imagine a busi-