

## MUNICIPAL TAXATION (Continued).

Quarries and Mines are usually assessed when Annual output.

Objections may be made by Municipal Officers to this proposed taxation of occupants, on the grounds of increased difficulties and time required to obtain collection. This objection will particularly arise in the larger cities and urban municipalities. To meet this objection a system of tax collection by Bankers through their branches is here recommended. The relief thus felt in Tax collection departments would considerably more than offset the multiplication in Assessments.

**Education Taxation in Quebec.** This part of the subject seems unfortunately beset with many peculiar difficulties and problems. The following method is here suggestive only:—

Taxes for purposes of Education to form part of the Tax for General Municipal Administration purposes.

The Local Education Authorities of each Municipality to duly ascertain their financial requirements for the forthcoming year (for which the tax is to be imposed). The Local Education Authorities shall submit the Estimate of their financial requirements to the Provincial Education Department. The Provincial Education Department shall examine and certify if satisfactory. The Department's supervision shall be exercised for the following subjects:—

1. To maintain equity between the Panels.
2. To insist upon proper provision being made for all Educational requirements.
3. To suppress illegal, unauthorized and unnecessary expenditures. (Code of regulations hereon would be very desirable).

Whenever the demands contained in the estimate of one panel of a municipality are out of proportion to the demands of another panel of the same municipality, the Education Department shall add to the estimate of the panel effecting economies an amount equal to economies effected (but should at the same time distinctly enumerate these economies).

The amount thus added to be applied to all or any of the following purposes:—

1. Increased remuneration to personnel.
2. Establishment and maintenance of superannuation Fund for personnel.
3. Maintenance or Improvement of any of the Institutions owned or controlled by the Local Education Authority.

The Provincial Education Department to forward to the Club of the Municipality a copy of its certificates authorizing the provision of the funds necessary to meet the approved demands contained in the Estimates of the Local Education Authorities.

The Municipality upon receipt of the certified demands shall include such amounts in the budget of its next tax levy for General Municipal purposes, and shall collect same as part of the General Municipal Tax. The Municipality shall further pay to the Local Education Authorities on dates to be specified on the said certificate or (precept) Instalments of the amount (or the whole in one amount) as thus perceived.

**Local Improvement Taxation.** Local Improvement Assessment wherever in force is generally based on the "Division of the Annual Loan Charges of the total capitalised cost of the Improvements, upon the several properties benefiting, according to frontage.

The Tax is thus a fixed annual charge (or a diminishing Annual charge according to whatever method of repayment of principle that has been adopted) upon the properties assessed.

The tax is further susceptible of commutation and whenever a sheriff's sale of any such property occurs, then the commuted amount of the Local Improvement Taxes thereon must be claimed in addition to whatever taxes then remaining due.

Arbitrary rebates of flankage and of intersecting street frontage are allowed by some municipalities. In actual practice it is often found that some properties are more heavily burdened than others for improvements identically similar. This is explained by the fact that the cost of Improvement Work is continually changing (for the last decade it has been continuously increasing).

**Suggested Average Local Improvement Tax.** While there may be justification for saddling each property with the cost of its particular Improvement especially of properties that offer peculiar difficulties of development. It yet appears more equitable to charge only the averaged annual

cost of each class of Improvement upon all properties provided with such Improvement benefits.

The local Improvement Taxes would thus become annual. Taxes, variable and not susceptible to commutation (and by specific amendment necessary to be made in Municipal Law) not eliminated by sheriff's sale.

Inasmuch as maintenance, repairs and renewals of all Local Improvements are generally a charge upon the General Municipal Fund of a Municipality and are defrayed out of the General Municipal Tax, to which unimproved properties contribute in proportion to their assessment, there is thus sufficient justification to assess all properties enjoying Local Improvement benefits to averaged Local Improvement Taxes, until all the respective Local Improvement Loans of the Municipality have been redeemed or provided for.

That portion of the Local Improvement Taxes of a municipality representing repayments of principal (including Sinking Fund Instalment) should be credited in total in the books of municipality either to the Sinking Fund or to whatever account or Fund that is established for the reduction or extinction of the Loan, even though requirements of the specific Loan Buyers do not require such an extensive provision.

**Business Taxes.** This form of Taxation appears to be a ready means of raising revenue for a municipality particularly so when business is prosperous, it has the following undesirable features:—

1. Restraining Trade.
2. Difficult to establish equitable Assessment Basis.

All benefits of imposition are capable of preservation by the enhanced value of the property on account of the business. This would be more obvious if assessments based on earning power.

**Tenants and Occupants Tax.** This Tax which is provided for in the Municipal Law of Quebec is limited to 8 per cent. of the Annual value of the Assessed dwelling, would necessarily disappear or rather be merged with the General Municipal Tax if the Incidence as here recommended were changed to Occupation.

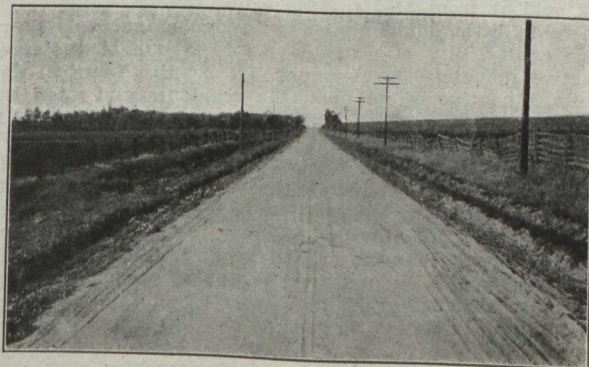
**Public Utility Taxes.** Public Utility Taxes with one exception for water service will only be imposed by a municipality:—

- To liquidate deficits if it is a municipally owned utility.
- To provide guaranteed revenues if it is a company owned utility.

During these critical times in France that have arisen since the commencement of the war it is not at all surprising that many utility undertakings have become Tax Supported. We must never lose sight of the fact however, that (as a general rule) Taxation in support of public utilities is at the least economically unsound. Some latitude may be allowed for those undertakings that are only in course of construction. Tax contributors should in all cases be considered as a loan perhaps be compared to the deferred stocks of a Company.

Conversely to the undesirable feature of Tax support to public utilities, it is equally undesirable that any public Utility should transfer from its profits any contribution to the relief of municipal taxations.

Several Utility Undertakings in Britain have today much cause to regret those generous transfers made years ago to the relief of the Taxation of the municipality, they now find themselves without sufficient resource to meet the increased operating costs and much needed repairs and renewals of physical assets are being deferred indefinitely.



One of Quebec's Good Roads.