

**Liability to Pay Householders and Occupants Tax.**

Expediency will demand that this Tax should in all cases be chargeable to both occupant and proprietor jointly, and that it becomes a first charge on all properties assessable thereto.

Prompt settlement of taxes should as far as possible be insisted upon and interest accruing on all arrears should be guaranteed by the written consent of the proprietor before allowing such arrears to accumulate. If it is proposed to abandon interest charges, then settlement within the period of the tax should also be insisted upon.

**Services Chargeable Against Tax on Annual Valuations.**

- 1—Public Safety (Police and Fire Protection).
- 2—Highways Maintenance—including general, sidewalks and other improvements not charged direct.
- 3—Public Health (cleaning, garbage removal and destruction, sewer maintenance, inspection, maintenance of medical officer and staff, etc.)
- 4—Public Parks and Recreation Grounds.
- 5—Public Assistance, Poor Relief, etc.
- 6—Share of Administration and Control by executive officers.
- 7—Loan Charges (Interest and repayment or Sinking Fund Instalment in respect of general assets of above services, excluding all Local Improvements).

**Local Improvement Taxes.**

These taxes will be levied upon all proprietors of land receiving benefits from the said Local Improvements, viz.:

- Acquisition of land necessary to open streets.
- Sewers construction.
- Sidewalk construction.
- Macadamizing and other road making operations.
- Other improvements necessary to develop a particular street or district of the municipality.

It is here presumed that money will have been borrowed for all or any of the foregoing purposes. This is the customary procedure. Should, however, the ever increasing rates of interest demanded become prohibitive, the municipalities will then for development purposes probably have to acquire surpluses from their Annual Revenues (similar to a private firm or company developing only out of undistributed profits). The principle will, however, remain the same, and the benefitting proprietors in well administered municipalities will be obliged to assume the loan charges, interest and repayment of principal or refunding of sinking fund instalment, etc., or their equivalent, being refunding of advances from General Revenues.

We are here only concerned with the raising of funds necessary to meet such Loan Charges.

**Equitable Assessment for Local Improvement Purposes.**

Many methods prevail such as:

1.—Distribution of annual loan charges of any one improvement upon all private properties with frontage, or flankage abutting on street where improvement has been constructed. In certain cases abatements are allowed upon flankage of customary depth. Street intersections and benefits which can reasonably be designated a general improvement of the municipality; are treated as such and a corresponding share of the loan charges assumed by the General Funds of the City.

An alternative method is to charge all properties fronting, abutting or benefitting by the particular improvement—the municipality making an arbitrary apportionment of the charges. Notification then to be given to all parties interested who will be required to register their complaints (if any) within a specified delay. The Council of the Municipality to consider and decide in open meeting upon all complaints thus registered. Appeal from same to lie with competent Court exercising jurisdiction over Municipalities.

**METHODS OF COLLECTING LOCAL IMPROVEMENT ASSESSMENTS.****1—Instalment Method:**

By dividing the amount of capital outlay, established by the foregoing procedure as chargeable against each assessable property into as many years, it is proposed the tax shall continue (generally fixed by By-law).

To each yearly instalment thus established, the annual amount of interest accrued on the balance of Capital Outlay outstanding is added. It will thus be seen that the tax is heavier in the earlier years, gradually decreasing by the reduction of interest charge.

The amount outstanding at any time is readily ascertainable.

This is undoubtedly the best method when the financing of the improvements has been made from administration funds or from temporary loans.

**2—Sinking Fund Method:**

By charging the same rate of interest on the share of capital outlay chargeable as the municipality itself pays on its loan indebtedness, and adding thereto the pro rata share of the Annual Sinking Fund Instalment.

The tax will thus be a fixed annual charge for the same number of years as the Sinking Fund itself has been established.

This method is usual where Sinking Fund Loans have been incurred.

To ascertain total amount of tax outstanding, refer to Sinking Fund Table, and first ascertain accumulation of Sinking Fund shares of Tax paid to date, together with the earning power thereof (compound interest earned). Deduction from total amount of capital outlay chargeable leaves commuted value of tax.

**3—Annuity Method:**

By charging a fixed annual amount of capital and interest combined during the years fixed by the controlling By-law as the period of the tax.

The amount thus charged will correspond to a terminable annuity with an earning power at the rate per cent determined by the By-law. In actual practice the amount of repayment of capital will be small at the commencement and will increase annually in the same proportion as the interest charge will decrease.

This method will be very suitable with those municipalities who have themselves financed their Local Improvements out of Annuity or Serial Bonds.

The imposition of Local Improvement Taxes upon benefitting properties according to Loan Charges incurred in respect of each particular Local Improvement, causes great divergencies in the amount of such taxes imposed. Unless the Accounting System is well controlled, great confusion and losses may occur in the administration.

Again the imposition of taxes for a term of years corresponding with the Loan periods, constitutes a first privilege or charge upon all the properties involved. This privilege requires special protection in the case of Sheriff's Sales, viz., by claiming the unpaid balance of the share of the loan apportioned upon the property to be thus sold.

A very equitable and expedient alternative to this practice is:—

**To ascertain yearly the total Loan Charges in respect of each class of Local Improvement constructed, and to apportion same according to frontage (or benefit received) among all properties deriving benefits thereby.**

This method is to be recommended for the following reasons:—

- 1—Simplifies the accounting and thus reduces the cost of administration.
- 2—It is generally the most equitable and will tend to decrease complaints of all sorts.
- 3—Being an Annual Tax, it will not require special attention in the case of sales by the Sheriff, etc.

**Special and Miscellaneous Taxes.**

The imposition of these taxes will vary considerably, according to the particular requirements of the municipality. Special services, which are for the benefit of all classes of property, including property exempt from General Taxes, might reasonably be assessed to a Special Tax for such sundry services as:—PUBLIC LIGHTING, POLICE and FIRE PROTECTION. The basis of these taxes could reasonably be any one of the following:—(1) Percentage of Assessed Value; (2) Percentage of Rental Value; (3) Frontage.

Business taxes are sometimes imposed in Quebec, generally upon the rental value of the premises occupied.

Unless these taxes are imposed for Special Services rendered, they appear to be a restraint upon trade and commerce. The increased values in the Rolls of the Municipality of these properties in virtue of the business transacted, should be sufficient to insure a fair tax contribution therefrom.

**Increment Taxes.**

This tax would seem justifiable when the tax imposed upon the annual value is levied only upon occupied property, unoccupied property being exempted therefrom.

By the Increment Tax is meant a percentage of the profits (unearned increment) made by the sale of a property.

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