

Municipal Legislation in Alberta

Bond Holders May Suffer Some Loss, But Taxpaying Power is Sufficient to Meet Obligations in Most Cases—Province Will Continue to Exercise Control Through Board of Public Utility Commissioners

By ANGUS LYELL

AT the recent session of the Alberta legislature a good deal of time was given to the consideration of municipal problems; to matters pertaining to assessment, the levying of taxes, the disposal of property offered but not sold at tax sales; to the financial condition of certain towns and cities and the advisability, or otherwise, of provincial aid in meeting debenture indebtedness; to the degree of control the legislature should exercise over municipalities; to the extent to which rural districts can make advances to aid needy settlers in obtaining seed grain, and so on.

There are in the province six cities—Calgary, Edmonton, Lethbridge, Medicine Hat, Red Deer and Wetaskiwin, fifty-one towns, one hundred and eight villages and one hundred and sixty-eight municipal districts. Some of these are in a bad way financially, and the civic fathers are at their wits' end as to how to raise the necessary revenue. Athabasca and Macleod have defaulted in the payment of debenture interest and are likely to go into receivership during the year; and while the latter may finally meet its obligations, the freely expressed opinion is that the former is hopelessly insolvent. Wetaskiwin has been permitted—for one year only—to impose a tax on incomes, and Medicine Hat, after a good deal of manoeuvring, has obtained leave to levy a tax of ten per cent. on rentals. But the legislature decided not to bolster up the credit of any municipality by lending financial assistance.

Development Was Not Sound

The cause of the trouble in nearly every case is over-expansion, due to speculation in land in the "boom" days, and general incompetence on the part of those administering the affairs of the towns and cities. Had there been sane development in Calgary, for example, the city would have had, according to a statement made recently by one of its commissioners, about forty miles of street car tracks instead of seventy-five, with sewer and water mains and sidewalks, and grading in proportion, which would have meant a debenture indebtedness of about fifteen instead of twenty-three million dollars and a tax rate considerably less than forty-five mills. Had there been efficient management, the late mayor of one city would surely not have been permitted to make a trip to New York for the purpose of delivering debentures which had been sold, taking with him, if I remember correctly, the city treasurer to carry the bonds!

The basis of the valuation of property is an important factor in municipal government. If the assessment is not fair and uniform, according to the worth of the property, then not only may injustice be done to certain citizens, but the municipality as a whole may suffer financial loss. To ensure equalization of assessments, the legislature has enacted that in the present year, and every fifth year thereafter, there shall be a valuation of the lands in each municipal district. These valuations, made by local assessors, are subject to variation, if deemed unfair, by the Assessment Equalization Board of the Department of Municipal Affairs.

Hitherto the minister of municipalities has had power to dismiss and appoint councillors, should circumstances warrant these steps. Such authority has now been withdrawn; but if in any municipality the number of aldermen is less than that required to form a quorum, the minister can arrange for an election to fill the vacancies. This is a step in the right direction.

Control Through Public Utility Board

But while the minister of municipalities has been shorn of power to dismiss or appoint councillors, the legislature has tightened, rather than loosened, its grip on municipalities. It has vested the Board of Public Utility Commissioners with power to investigate the financial condition of any municipality and to plan ways and means of relieving financial pressure.

The Public Utility Commissioners, however, will not interfere in the affairs of any town or city unless requested to do so either by the minister of municipalities, the citizens of the municipality itself, or by debenture-holders representing at least one-fourth of the total of the bonded indebtedness. The commissioners will then consult with the electors and creditors or their representatives, and their recommendations will not become binding unless approved by holders of at least three-fifths of the bonded indebtedness and confirmed by the Lieutenant-Governor-in-Council.

Where a municipality is unable to meet its financial obligations, the Lieutenant-Governor-in-Council has power to discharge the civic fathers and to appoint an administrator in their place. Such administrator would have full authority to levy taxes and to carry on the affairs of the town or city, doing anything which the elected representatives of the people had power to do.

Tax Paying Power is Measure

The revenue producing possibilities of a village, town or city constitute the determining factor in procuring capital for civic improvements or other purposes. Water mains, sewerage systems, or bridges may be valuable assets, but are not readily convertible into cash in case of liquidation. Debenture-holders look mainly to the tax-paying power of a municipality, and revenue is usually obtained by a levy on land, on buildings and improvements, on personal property and upon persons carrying on any trade, business or profession. While each village, town or city prepares its own budget, the assessments made must be in conformity with, and within the provisions of, the laws of the legislature and the terms of its own charter.

The big problem is the collection of taxes on vacant lots. This is really a serious problem in all of the cities and in many of the towns. Tax sales have now to be held annually, not later than the fifteenth day of December. But these are proving to be more or less a failure, and are creating new problems in municipal administration. Take the case of the city of Calgary. Last year it was unable to dispose of lands on which there were arrears of taxes of nearly one and a half million dollars. So far less than five per cent. of this has been paid. Title to the land will, of course, vest in the city if the taxes are not paid by the date specified. But what can the city do with vacant lots in "wild cat" subdivisions? Then taxes for the current year have been levied on unredeemed properties, which taxes are obviously uncollectible (unless paid by the city itself) but have been taken into consideration in planning the expenditures. This clearly is an error, perhaps even a serious mistake in municipal administration.

To assist settlers in obtaining seed and feed, municipal districts are permitted annually to make advances per quarter section of not more than \$300, provided the total charge against any quarter section does not exceed \$850. Repayment is guaranteed by the legislature. Where a lien cannot be obtained on the land, by consent of the owner, the bor-