

In the case of an inter-provincial company, such as the Bell Telephone or a Telegraph Company, the special franchise value would have to be divided. The number of miles of wire or phones in each Province has been suggested as the basis of division.

*Provincial Revenue.*—If the subject of additional Provincial revenue is to be considered in connection with that of municipal taxation, the special franchise values

thus ascertained should be taxed for the benefit of the Province at an equivalent to the average municipal rate. This would separate the sources of municipal and Provincial revenue, which is most desirable.

A Provincial Board is the only authority competent to assess special franchise corporations if equality of taxation is desired.

## Taxation of Railways

A general agitation for the more equitable assessment of railways has developed throughout the Province. Two Bills dealing with the question are now under consideration.

The first one, introduced by Mr. Pettypiece, representative for East Lambton in the Legislature, provides for the appointment of a Provincial Board of Assessors, one of whose duties will be to assess for the purposes of taxation all the property owned, leased or operated by every steam railway company and corporation. The term "property" is defined to include all realty and personalty, roadbed, stations, rolling stock, bridges, poles, wires, instruments, etc. The board is given full power to determine the average rate of taxation in the municipalities through which the railway passes and to collect taxes, a portion of which is to be paid to the Provincial Treasurer, the balance to be divided between the municipalities in proportion to population.

The other Bill is that reported by the Commission, which provides for the assessment by a Provincial Board of the land of railways, which is defined to include fixtures, buildings, structures, etc., on the land. The special franchise value of a railway is not included. The objections offered on behalf of the railway companies appear to be based on the supposition that an unfair valuation would be determined by the Provincial Board, and that all values were to be taxed for local purposes.

Railway land, including right of way, should be valued as other land similarly situated in the municipality.

It has been suggested that the cost of earth-work improvement on right of way does not increase the ordinary land value, and that it should only be considered in connection with the special franchise.

The superstructure of a railway, including buildings, rails, bridges, etc., should be valued the same as buildings on ordinary land, and the poles, wires, etc., of other special franchise corporations. The value in all cases to be proportionate to other assessed values.

Railways have for many years had the benefit of a special valuation of land and buildings, superstructure being exempt for purposes of municipal taxation. They were largely bonused by municipalities and subsidized by Governments; they have added materially to the growth and wealth of the Province; their values are established in the financial world, where the money for their first construction and operation was advanced on the security of bonds and stock. There is now no necessity for continuing railway property in a special position as regards municipal taxation. The Commission's recommendation is that this should be gradually increased for ten years so as not to affect the value of the stock or bonds and through them the credit of the Dominion or Province. If, after a first assessment, the values determined, show that it is not necessary to spread the increase over so many years, the question can be reconsidered; if, on the other hand, the Government decides to levy on the special franchise values for Provincial purposes it may be necessary to extend the term of gradual increase.

## Valuation of Railways

The last report of the Michigan State Tax Commission gives particulars of the present value of 7,000 miles of main line railway, with 3,800 miles of branches, spurs and sidings and second track. The average value per main line mile in Michigan of the railway property proposed for assessment by the Ontario Commission, would be \$15,000, and without grading and ballast \$11,000:

Right of way, station grounds and real estate..	\$ 4000 00
Bridges, trestles and culverts.....	900 00
Ties.....	800 00
Rails.....	3100 00
Track fastenings.....	400 00
Frogs, switches and crossings.....	150 00
Fencing.....	230 00
Crossings, cattle guards, etc.....	60 00
Interlocking and signal apparatus.....	60 00
Telegraph lines, etc.....	20 00
Station buildings and fixtures.....	450 00
Shops, roundhouses and turntables.....	200 00
Water and fuel stations.....	100 00
Elevators.....	150 00
Warehouses.....	20 00
Miscellaneous structures.....	120 00
	\$ 10760 00
Grading.....	\$3100 00
Ballast.....	550 00
	\$ 3650 00
	\$ 14410 00

### PRESENT ASSESSMENT.

The total railway mileage of Ontario is 7,000. The Grand Trunk Railway in Ontario operates 2,700 miles. The particulars of assessment and taxation are as follows:

	Assessment	Taxation
12 cities .....	\$3,832,446 00	\$ 75,154 00
66 towns.....	998,093 00	22,787 00
80 villages.....	533,298 00	9,104 00
239 townships.....	1,161,666 00	13,314 00
Total.....	\$6,525,503 00	\$ 120,359 00
Average per mile, 8 acres...	2,400 00	44 00

### FRANCHISE VALUES.

The special franchise value of the Chicago and Northwestern Railway in Michigan was ascertained to be about 1/7 of the present value of the whole property. The total value of Grand Trunk property complete, including rolling stock on the Michigan basis of present value would be \$54,000,000. The special franchise value 1/7, or 8,000,000, @ 16 mills, average rate municipal taxation \$128,000, or \$47 per mile, an allowance of 40% for proportionate assessment of land not taxed would reduce this to \$28 per mile, or nearly six times the present provincial tax.