

RELIEF TO LAND OWNERS.

Assuming that revenues can be secured from other sources which will make it possible to extend relief to the owners of land, the question must be considered as to how much relief it is necessary or desirable to extend. It should be asserted at the very outset that this is a question which cannot receive a definite, dogmatic answer. From the fiscal point of view it is necessary that the relief be sufficient to make land a dependable part of the tax base. The amount of relief necessary to bring this about will obviously vary some what from city to city. It may also be desirable, in the opinion of the people of the province, to go further than this and extend a larger degree of relief on the grounds of equity.

Policy in Relation to Lands Acquired through Tax Sales.—Essential to the establishment of land as a dependable part of the tax base is the formulation of a sound policy in relation to lands acquired through tax sales. As has been pointed out, attempts by the municipalities to realise quickly upon these lands may precipitate a serious collapse. In the opinion of the investigator the policy adopted should be a flexible one which will always take into account the effect of sales upon realty values. In general, it may be said that where municipalities can realise upon lands thus acquired without compromising realty values, they cannot afford to hold the lands, and that where an attempt to realise on lands will compromise realty values, municipalities cannot afford to sell them. In the case of outlying subdivisions which will not be needed for building lots for decades to come, the case is clear. Every effort, short of that which would result in a ridiculously small return to the public treasury, should be made to realise on the land. In the case of land lying within the developed areas of the municipalities, the only safe policy is not to make sales at prices lower than those which the municipality is prepared to accept as the assessed value of the land. Otherwise the municipality is placed in the anomalous position of defending assessments which are higher than the prices for which it is willing to sell its own land.¹

Compromises for Unpaid Taxes.—In connection with the task of putting the land tax on a firm foundation, compromises for unpaid taxes form a difficult problem. Accepting less than the taxes charged is an exceedingly dangerous practice, because it tends to demoralise prompt payment and to encourage deliberate playing for a compromise. If there is a prospect of finally settling a tax claim on a basis of one-half or one-third of the taxes imposed, it is good business to allow the arrears to accumulate. Agreement to a compromise amounts substantially to an acknowledgment that the original charge was unjust, and if a rebate is made to one taxpayer it should be made to others also.

The policy toward compromises of taxes should be a corollary of the policy in regard to lands acquired by tax sales. If the present owner is the best customer for a piece of land which should be realised on in accordance with the sales policy outlined above, the payment may in some cases be more conveniently made in the form of a tax compromise. In other cases compromises should be made only in most unusual instances and

¹ It is not entirely clear whether the adoption of this policy would involve the amendment of section 24 of The Arrears of Taxes Act.