

INCOME TAX.

The exemption of income derived from business and callings is provided for. Experience has shown that a uniform assessment of income is impossible, and in the interests of equality of taxation it should be entirely exempt.

SPECIAL FRANCHISE TAX.

The special franchise value, as distinguished from the land value of a railway, telegraph or telephone company, whose business is Provincial in its nature, should pay a Provincial rather than a municipal tax.

DISTRESS FOR TAXES.

Some changes are recommended to simplify the present law in reference to distress for taxes. Every person interested in the land, at the time of its assessment, as owner or tenant and every future owner is made liable to pay the taxes on the land. The owner's goods are made liable for distress to enforce payment, and also the goods of the tenant who is assessed for the land, but

only to enforce payment of the tax for the years in which he is assessed. The goods of a tenant are not to be liable to be distrained unless his name is on the collector's roll, and all tenants are relieved of liability for arrears of taxes that accrued before their tenancy. It is also provided that any neglect, omission or error of officers and agents of the municipality, shall not affect the right of the municipality to collect the taxes.

ARREARS OF TAXES.

An important recommendation provides that all of the municipalities are to handle their own arrears of taxes, but tax sales are to be conducted by the sheriff of the county or district in which the municipality is situated, such counties or districts to be divided into tax-sale divisions, the sales for municipalities situated in each division to be held at the same place.

The new Assessment Bill includes a great many changes in the present law, which will recommend it to municipal officers, who may have to enforce it.

Assessment of Special Franchises

The report of the Ontario Assessment Commission includes in the definition of land:

"All machinery, fixtures, buildings, structures and other things existing, erected, or placed upon, in, over, under, or affixed to, land or any highway, road, street, lane or public place or water; but not the rolling stock of any railway or street railway."

This class of property is to be assessed as the

"Real estate of the person owning, operating or using the same at the actual value thereof."

The present Assessment Act, as amended in 1902 to do away with the celebrated scrap iron valuations, provides for the assessment of similar property, except when used exclusively in running trains or for any other purpose of a steam railway, as land

"At actual cash value as the same would be appraised upon a sale to another company possessing similar powers, rights, franchises, etc."

This definition of actual cash value includes the value of what the Commission recommend for assessment as the *special franchise*, which means

"Every right, authority or permission to construct, maintain or operate within Ontario in, under, above, on, or through any highway, road, street, lane, public place or public water, any such structures or other things, for the purposes of bridges, railways, tramways, or for the purpose of conducting steam, heat, water, gas, oil, electricity, or any property, substance or product capable of transportation, transmission or conveyance, for the supply of water, light, heat, power, transportation, telegraphic, telephonic or other service."

Either the present law or that recommended by the Commission is necessary to provide for the uniform assessment of this class of property with ordinary land.

VALUE OF LAND.

In determining the value of ordinary land an assessor must consider: 1. The actual value of vacant land similarly situated. 2. The actual value of buildings, which is the amount by which the value of the land is thereby increased.

The value of land is and must always remain an expression of opinion only. For taxation purposes the placing of a uniform value on land similarly situated is all that is required.

It is easier to determine the value of a building which is limited, and may vary from the lowest or scrap value of materials used in its construction to the highest value or cost of reproduction.

VALUE OF LAND AND BUILDINGS.

The lowest value of land and buildings combined is the scrap value of the buildings. The highest value

includes the land value and cost of reproducing the buildings.

When the actual value is greater than the cost of the land added to cost of buildings, the increase is in the land value only. This increase, which may be caused by a great many circumstances, is equivalent to the special franchise value of a company using the highways and other land exempt from assessment.

SPECIAL FRANCHISES.

In determining the value of the special franchise of a corporation, the following classification of their property is necessary:

1.—*Poles, Wires, and Other Property on the Streets, etc.*—The value for taxation is limited, as has been suggested in referring to buildings on ordinary land. The lowest would be scrap value of materials and the highest value cost of reproduction. This would be affected by state of repair and profitable use to which the property is or could be applied.

2.—*Land and Buildings.*—To be valued for taxation same as other land.

3.—*Personal Property.*—Actual value (exempt from taxation.)

4.—*Special Franchise.*—The actual value may be determined by ascertaining: 1. Par, or if lower average, market value of bonds for five years. 2. Average market value of stock for five years. Under ordinary conditions the value of stock and bonds combined will be the actual value of the company. From this deduct the value determined: 1. For plant on streets, etc. 2. For ordinary land and buildings. 3. For personal property. The balance will be actual value of special franchise. Before finally determining value for the purposes of local taxation the proportion of assessed value of ordinary land to actual value should be considered.

The reports of the Bureau of Industries show that in townships this varies, the proportions of actual value assessed being:

In the County of York.....	66%
“ “ Wentworth.....	70%
“ “ Halton.....	57%
“ “ Lincoln.....	40%
In the Province.....	57%

In cities and towns the assessed value is nearer the actual value.