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Provincial and municipal taxation in Saskatchewan.

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PROVINCIAL & MUNICIPAL TAXATION IN SASKATCHEWAN.

Any discussion of taxation in Saskatchewan must begin with a summary of some of the terms of the British North American Act 1867, for that is the basis of the system. One of the main objects of confederation was the establishment of a uniform customs tariff. This article 91 reserves for the Dominion Government the exclusive right to levy and collect customs and excise duties. As these were the sources of revenue which had been the mainstay of the fiscal systems of the local legislatures it was necessary to provide in other ways for the support of the provinces so created. While the Dominion under the Act relieved the provinces of many of the duties formerly incumbent on them the local legislatures had many important functions left to perform which were certain to increase in cost with the progress and advance of society, e.g., education, administration of justice, provision of municipal institutions, roads, bridges, etc. For these and miscellaneous needs of the provinces a threefold provision was made under articles 92, 102 and 119.

The Dominion Government was to relieve each Province of a portion of its public debt. When Province had no debt or its debt fell short of its allowance the Dominion Government was the pay the Province five per cent per annum on the amount of the allowance. Thus when Saskatchewan was formed in 1905 its allowance was entirely assumed indebtedness on which interest was due. There is a further allowance from the federal treasury to provincial treasury consisting of, (a) an annual grant of eighty cents per capita of population, (b) a specific grant annually towards the support of the provincial government and legislature. In the case of Saskatchewan and the other two prairie provinces there is a further allowance in lieu of ownership of public lands. These allowances are known as the Dominion Subsidy. The B.N.A. Act secures to provincial legislatures exclusive authority in certain branches of taxation, viz., direct taxation within the province for provincial purposes, and shop saloon tavern, auctioneer and other licenses in order to raise a revenue for provincial and municipal purposes.

Out of a total estimated income for the financial year 1918 19 of $8,740,949.00 the Dominion subsidy amounted to $1,710,675.00, approximately 19.5%. A sound principle of public finance is thus violated in the separation of the collecting and spending authorities. There is a tendency to extravagence because the spending authorities collect only

about four fifths of their total revenue.

There are in Saskatchewan two organizations responsible for the imposition and collection of taxes, viz., Provincial and Municipal. We come first to a consideration of the taxes imposed by the Provincial authorities.

PROVINCIAL TAXES.

The Public Revenues Tax. - This tax superseded the Patriotic Revenues Act and thus became to a limited degree a general tax for general purposes. (one million dollars of the tax in 1918 was to be used for patriotic purposes.) This tax is a tax of two mills on the dollar of the total value of all rateable property in all the municipalities and a flat rate of one cent an acre in the local improvement districts. In imposing a flat rate upon all the rateable property the law ignores the differences between the tax bases in the different municipalities. In some (rural) land alone is taxed, in others land and a percentage of improvements, while some include business and income. It is obvious that the municipality that taxes land only is called upon to pay much less than the one which has a broader assessment base. The tax discriminates against the urban municipalities. Also the municipality that values its property more conservatively escapes with a lower tax. In Dr. Haig's Report on the incidence of taxation in the Urban Municipalities we notice the following with reference to this tax. "The Municipalities have not been slow to grasp this fact and the era of competitive undervaluations appears to have already set in."

This tax takes into consideration the faculty to pay only in so far as control of property is a test of wealth. It does not, however, look to financial position of the individual concerned and as such cannot even approximate equality of sacrifice. Since already (when it was imposed) the greater portion were already levied on one class of property (realty) it does not tend to lessen any inequalities but on the contrary tends to aggravate them. It is however certain as to the time, manner and quantity of payment but since it is levied on the same base in the urban municipalities it exhibits a similar tendency to go into arrears and as such its yeild is uncertain. This tax is levied at the time at w which it is most convenient for ratepayers to pay it, inasmuch as it is due on December 31st, and since this is the time of the year it is easiest

for the agriculturists to pay. Since the tax is levied by the Provincial Government it also dictates what it shall allow for the collection thereof. The provincial authorities allow five per centum of yeld to the municipality which collects it. A tax of this nature cannot be evaded in the vast majority of cases.

THE COMPANIES ACT

This Act is not nominally a part of the tax system of the Province but is so in effect if we accept the criterion that an Act which yields a surplus over and above its cost of regulation is in reality a part of the tax system. The Public Accounts for the year 1917-18 give the cost of administration of the Companies Act as $2,536.86 whereas the revenue derived therefrom amounted to $65,565.00. Of this amount $25,353 was received from the incorporation and registration fees. In addition to this initial fee there is an annual license fee exacted from all corporations. Every company not exclusively engaged in the business of banking, insurance, express, railways, telephone, telegraph, trust, loan, land, farming, ranching, employment, shall in addition to the annual license fee pay an Annual fee prescribed by the regulations of the Lieutenant Governor and Council, (section 28).

The Annual License fee is relatively small, being $5 for a company whose authorized capital does not exceed $50,000 and $10 where it does. For Mutual Insurance Companies $10. The Annual fees are :- where capitalization under $25,000.00 --------$10 between twety-five and fifty thousand, $20 between fifty and one hundred thousand, forty dollars between $100,000.00 and $150,000.00 --- $40.00; and from $100,000 to to $250,000 ----- $50.00, and beyond twenty cents for additional thousand dollars with a maximum of $500. These two items in the financial year of 1917-18 amounted to $39,985. This act is to be defended on social grounds because it protects the investor, the public, its own employees, etc. The fees it levies are quite arbitrary and cannot be defended as equitable on either the faculty or equality of sacrifice theories of taxation. That it is a very rought calculation is seen from the fact that in the license fee companies are divided into two classes, those over and under $50,000.00 capitalization. The sums involved are however very small. On the surface the annual fee might seem to approximate to the ideal of ability to pay on the part of the companies, but capitalization

is taken as the criterion. Capitalization may bear a direct relation to money invested and hence earnings, but again it may not be depending on the amount of "watered stock" in the respective companies issues. It bears just as heavily on the unsuccessful as the successful corporation. The companies gain because since they are registered under the Act any prospective investor may be observing the sections of this Act get an idea as to their trustworthiness. The companies will include these fees in their cost of production and thus pass it on to the consumers in form of enhanced prices for their wares. It is an economical mode of raising revenue and is certain and convenient from the point of view of the provincial secretary who administers the act since he has from their registration their capitalization and can thus easily compute theAnnual License and the Annual fee due. The revenue from this Act will increase as the number of companies increase with the progress of society.

THE CORPORATION TAXATION ACT

Under this Act taxes are levied on those corporations which do not come under section 28 of the Companies Act in the main transportation and fiduciary corporations. This act affects banks, insurance, trust, land, loan, telegraph, telephone, and express companies. The rates for banking institutions according to a bill brought down in December 1918 are as follows:- Head Office in province $1,200.00, city branch $300.00, town branch $150.00 and other branches $50.00. Previous to December 1918 there existed a tax of one per centum of the gross premiums of Insurance Companies doing business under the Saskatchewan Insurance Act or licensed and registered under the Companies Act the alterations then made provided for a progressive scale as follows:-

A tax of one per centum on gross premiums up to $50,000.00.
.....1½% where gross premiums between $50,000 and $100,000.00
.....1⅓ " " " " 100,000 " 150,000.00
.....1¼ " " " " 150,000 " 200,000.00
and two per centum for larger amounts. In case an insurance company invests money in the province to the extent of $25,000.00 or over shall in addition pay fifty cents per thousand dollars invested.

Every land company in the province shall pay a tax of forty cents on the thousand dollars of business done under the following headings:-

1. The total amount paid or agreed to be paid for land,
2. " " " received from the sale of land,
3. " " " of revenue received from land other than sale.
4. " " " remaining unpaid at the end of the preceding year on sales of land whenever made, with the proviso that the minimum tax should be no less than the sum which would be due but for the provisions of section twenty-eight of the Companies Act. According to the Corporation Taxation Act (consolidated 1918) every loan company shall pay a tax of fortycents on the thousand dollars with minimum taxes of twenty five, fifty thousand, between fifty and one hundred thousand, or greater than one hundred thousand dollars respectively. The tax payable by a telegraph is not to exceed one per centum of the gross earnings annually with a maximum of two thousand dollars.

The tax due by an express company is one hundred and fifty dollars for an office in an incorporated city, fifty dollars for each town and ten dollars for every other place of business with a population of two hundred or over. The tax levied on a trust company has been raised from a flat rate of forty cents per thousand dollars investment to one and one half per centum on gross revenue derived from the investment of the trusts own funds and one half of one per cent of gross revenue derived from investment of funds entrusted to it. The minimum tax on a trust is one hundred where capitalisation is $100,000.00 or less and one hundred and seventyfive where it exceeds this amount. In case a company carries on more than one of these occupations it has to pay taxes on such two or more as will fit such company.

The revenue derived from the act such as it existed in 1917 was approximately $210,000.00. The rates on insurance companies have recently been changed from a flat rate of one per cent to a highly progressive rate as indicated above. The tax has thus been made to contain a greater element of equity. The tax is, however, levied on gross income not net income, and this falls more heavily on the company that has the lesser degree of effeciency in the execution of its business. By this change it approximates more closely to what one might call equality of sacrifice and also to the faculty to pay of the various companies. More is exacted from the larger and wealthier corporations not because they will feel it less, but because they have more to give. The rate is quite high, rising from ten to twenty mills on the dollar.

The rates on banks as shown above consist of arbitrary amounts the only test of ability to pay being whether the bank is situated in a city, town or other place. The amount of the tax is the same whether there be two or more companies operating in the town and thus lessening the receipts of any one branch. The amount of the tax is the same no matter whether there have been gains or losses during the year or whether the year has been a good one or not. The rates charged express companies are also purely arbitrary and cannot be defended as equitable on either the equality of sacrifice or faculty basis of taxation. In the taxing of banks and express companies equality is sacrificed to administrative simplicity.

In the taxing of trust companies a flat rate is charged on the gross income. The scheme of differentiating between income received from the investment of the trusts own funds and those entrusted to it was made for the first time in January 1919 the rates being respectively fifteen and five mills on the dollar. The expenses of administration of the trust are not taken into account at all and as such the tax is not a charge on net revenue but also a charge on expenditure as well. It will affect the trust that has the most efficient machinery less severely than the inefficient one. It will thus tend to promote efficiency on the part of the trusts. In section (3) sub-section (h) of the Corporation Taxation Act one sees the following proviso;- "Provided further that the money lent by such company on municipal or school bonds or debentures or upon the bonds or debentures of any local or public authority in Saskatchewan in Saskatchewan. "This shows that the tax is intended to be an indirect tax, ie, though it is levied on the trust it is the expectation and desire of the government that it shall be passed on to the consumer in the form of higher interest and discount rates, etc. The same provision applies to the investments of insurance companies. It is an endeavor to make the bonds and debentures of public bodies tax free and thus make them a little more attractive to the trust and insurance companies than loans to the various business units.

The tax emloted from land companies is forty cents to every thousand dollars on business done throughout the preceding year. This tax is due and must be paid whether there is a net gain or loss on the years operation. There is the proviso that the minimum tax equals

the sum that would be due but for the provisions of Section 23 of the Companies Act. This tax does not conform to any standard of equity as it cannot be defended on either the equality of sacrifice theory or the faculty theory of taxation it does however treat all companies alike.

In general the taxes imposed by this Act will tend to be shifted to the consumer of the services rendered but whether it is actually shifted or not in the case of the lending companies will depend on the relative position of borrower and lender at the time and also the state of the money market. If money is "tight" the tax will be shifted in its entirety to the borrower, not only will the amount of the tax be placed on him but also the capitalized cost of the tax to the Company. All the taxes imposed by this Act are certain as they are due on the first of July of every year and because a company can easily find out or estimate what its tax will be when it knows the rate. The rates are certain from year to year and longer except in so far as the legislature sees fit to increase them. The tax is very economical from the point of view of the Provincial Secretary as out of a total yield in 1917-18 of $210,000.00 it only took $3,183.00 to raise it. A provision has been passed by the Provincial Government on Jan. 13, 1919 to the effect that Insurance Companies must keep books in the Province showing the amount of business transacted. This provision will involve vexation to the companies which have not been doing so and while this is not strictly speaking expense it certainly is equivalent to the expense at which a Company would be willing to redeem itself from it. These taxes will rise in amount as the amount of the business in the Province increases but taken as a whole they do not give a steady and calculable return but will reflect the financial situation in the country at the time, i.e., if times are good the yield will be higher if bad lower than at normal.

THE RAILWAY TAXATION ACT

The situation as regards the taxation of railways in Saskatchewan is peculiar. The Canadian Pacific Railway is by virtue of its charter granted in 1881 expressly exempt from all taxation, dominion, provincial, or local throughout territory then under the tax jurisdiction of the Dominion Govt. When province of Saskatchewan was formed in 1905 the property and capital stock of the C.P.R. was again expressly

exempt from taxation. This can only apply to the companies lines built under the charter of 1881 and not to those subsequently built. The Railway Taxation Act 1909 section three reads as follows:- "Shall annually pay to the crown in this province such part or portion of its gross earnings derived from the said line or lines of railway or such portions thereof as are within Saskatchewan not to exceed the following:-

(a) In respect of that part of the railway or branch of railway in operation for seven years or more three per cent of the gross earnings derived from the operation of the same.

(b) In respect of that part or branch of railway which has been in operation more than five years and less than seven years one and one half per cent of gross earnings."

As will be noticed there is no tax till a road has been in operation for five years. Companies whose bonds, debentures or securities are guaranteed by the provincial government are exempt from taxation. This narrowed the tax so that it would only affect portions of the C.P.R. and portions of the late Canadian Northern. Since the Canadian Northern has been taken over by the Dominion Government it will be exempted from the provisions of this Act, thereby leaving only the C.P.R. (portions) which in 1917-18 paid $85,000.00 to the public treasury.

This tax will not become due till the company is at least able to pay it. Since the railway corporations have great political power they will pass on the tax to the public in the form of higher rates. Not only will the tax be shifted but also the capitalized value of the tax, (plus interest). Inasmuch as it cannot apply to all railroads it violates the principle of formal justice and is on this account unequal as between different roads. The tax is a tax not on net revenue but on gross revenue, whereas a large portion of a railways earnings must be paid for running expenses.

THE THEATRES AND CINEOMATAGRAPH ACT.

This act provides for fees to be paid as follows:- $250.00 when theatre, moving picture building, opera house, etc., is in a city of ten thousand population or over and $150.00 in a small city and two dollars for every concert or dance hall or assembly room. In a town a theatre fee is fifty dollars and in a village twenty dollars and concert or dance hall, assembly room, etc., one dollar. Every film

exchange in the province has to pay a fee annually of $200.00. For an itinerant exhibitor there shall be an annual fee of fifty dollars. There are also various fees for censoring, operators, etc.

On the whole these fees will correspond to ability to pay on the part of the theatres, as those in the larger places have a more regular and larger attendance than those in the smaller towns. These fees are prices for special privileges but as they yield a revenue over and above their cost of regulation they are properly regarded as a part of the provincial system. In 1917-18 the cost of administration of this Act was $6,627.50, whereas the revenue derived therefrom was $21,463.50, leaving a net revenue of not quite $15,000.00.

The aim of this act is not primarily taxation but to raise the morals and intellectual level of the people and to prevent fires and other dangers to the theatre-going public by means of minute regulations governing the operation of cinecmatographs. These license fees are not exclusive as will be seen when municipal taxation is considered.

There also comes under the Provincial Secretary's Department the administration of various other acts. The act to provide for the taxation of persons holding or operating timber areas except where timber is cut for settlers' use the rate being one cent an acre with a minimum of twenty-five dollars. An act Respecting Auctioneers provides for the licensing of all auctioneers. The provincial licenses for auctioneers are;/ To sell in any part of the province fifty dollars, to sell in any part of province except within the limits of a city municipality, twenty-five dollars, to sell within any part of the province except within the limits of a town or city municipality. It also provides that all sales be conducted by licensed auctioneers. The Hawkers and Pedlers Act provides for the licensing of hawkers and pedlers. For each license the annual fee is one hundred dollars and municipalities are to license no one unless he has first obtained a provincial license. The Marriage License Act provides for a tax of three dollars for every marriage solemnized by license, two dollars of which goes to the Provincial Secretary and the remaining dollar to the issuer. In the year 1917-18 there was a sum of $1,8500.00 raised by a tax on circuses. There has recently been an Act passed to provide for the taxation of those operating mining claims, mines, etc. The revenue raised by these

licenses are quite small. In 1917-18 the yield from the auctioneers' licenses was $6,730.00; Hawkers and Pedlers' licenses $12,575.00; Marriage Licenses $9,162.00.

THE VEHICLES ACT.

The fees for some motor licenses for 1919 are as follows:-

Owner's License if advertised horsepower of car is under twenty-five horsepower $12.00, if over $18.00. Livery licenses on the same basis are $25.00 and fifty dollars respectively. Dealers' Licenses if in Moose Jaw, Regina, Saskatoon, --------$50.00, if in another city $30.00, town $20.00, other places $10.00 and so on with various chauffeurs, motor cycles, motor attachment to bicycles and other fees.

It will thus be seen that the fees charged are purely arbitrary the amount to be paid not hinging on the advertised horsepower of a car, but on whether it is over or under twenty-five. In the expenditure of the $625,457.75 raised under this Act in 1917-18 there was a direct gain to motorists in the spending of $258.756.72 by means of grants to rural municipalities for the construction and maintenance of highways, (roads and bridges.) What these fees will amount to this year there is nothing available to indicate, but when it is remembered that these fees have taken two very considerable increases since that date it seems safe to say that it will be nearly a million dollars.

This scale of fees cannot be defended as equitable since they divide cars into those over and under twenty-five horsepower, exacting fifty per cent more from those over than from those under that rating. The rates for dealers corresponds to a certain extent to ability to pay in that those dealers in cities will be more able to pay a higher tax than those in smaller places. The fees are certain of being paid, evasion is impossible to at least insofar as owners' licenses are concerned. It is an easy method of raising revenue, costing less than five per cent for collection and administration, the greater part of cost being of a social character and consisting of the enforcing of the other provisions of the act. There are two purposes incorporated in the Act, one the regulation of traffic, the other the raising of a revenue. For some years it has been used as an elastic element in the budget. The yield of the Act will increase as society advances as the number of automobiles increases each year.

The license fees imposed by the acts which come under the Provincial Secretary's Department are arbitrary as between different businesses and cannot be defended as equitable on either the equality of sacrifice theory or on the faculty basis of taxation.

THE SUCCESSION DUTY ACT

In the matter of succession duties Saskatchewan exempts any estate the aggregate value of which does not exceed five thousand dollars, where the aggregate value does not exceed twenty-five thousand dollars in passing to direct heirs and where the total value of property passing to any one person does not exceed three hundred dollars. Degrees of relationship are taken into account inasmuch as to direct heirs and duty is one and one half per cent. To collaterals the duty is five per cent, and to other persons six per cent on estates between five and fifty thousand dollars. There is also an increasing graduation in each case, viz., where estate in passing to direct heirs exceeds one million the duty is ten per cent, to collaterals twelve and one half percent, and to others twenty per cent. In the year 1917-18 about $110,00.00 was raised in this way.

These duties are taxes on events or happenings and while they are from the standpoint of any small number of individuals are uncertain, yet in a province the size of Saskatchewan are relatively certain, i.e., year in and year out they will be approximately the same. These duties do to a large extent correspond to faculty to pay as more is taken from the heirs to the larger estates, not because they will feel it less but because they have more to give. Inasmuch as degrees of relationship are considered it approaches to the attainment of the ideal of equality of sacrifice as a stranger or distantmrelative will not feel a heavier tax to the same extent that a direct heir would (since legally speaking they are getting something for nothing). It is levied at a convenient time from the standpoing of the estate as all wills have to come before the courts for execution.

There are also some fines and forfeitures claimed by the Provincial Government. The Attorney General's Department levy and collect various court fees, land titles fees, commission and other fees. These fees are for the most part prices for services rendered in making conveyancing, contracts, etc., legal by registration and otherwise.

MISCELLANEOUS ACTS AND DEPARTMENTS.

The department of insurance under the Insurance Act collected during the financial year of 1917-18 the sum of $49,916.74 composed of the following items; Company Licenses $33,150.00, fees for unlicensed insurance $297.24, and casually $51.00. The cost of administration of this Act and the Fires Prevention Act (which comes in the same department) was for the same time approximately $14,400.00, leaving a net revenue of about thirty -five thousand dollars. These acts have not been framed for revenue but for the purpose of protecting the public against fraudulent insurance and to instruct the people as to the best methods of preventing fires. The Public Works Department had in 1917-18 a gross revenue of $523,140.96 derived from licenses under the Steam Boilers Act ($35,030.00) revenue from goals ($29,934.08) refunds for care of insane persons ($94,989.25) and stock refunds amounting to $333,547.14. There is an addition casual revenue from farm livestock, maps and material, etc. This department is a department of expenditure and administration. It spent in 1917-18 some $182,000.00 on public works (buildings, etc.,) and $424,000.00 on public improvements.

The Revenue in the highways department amounted in 1918-19 according to the estimates to fifty thousand dollars and consisted of a reimbursement for drainage expenditures. This was in the form of payments for services rendered and although incorporated in the tax roll of the municipalities is not strictly speaking a tax. The income of the Department of Education in 1918-19 consisted of $37,500.00, from examination and other fees with a casual revenue of $3,500.00. This is also a department of expenditure as it spent in 1918-19 approximately $1,151,790.00 according to the estimates. Likewise the other departments are primarily departments of expenditure and administration, e.g., Departments of Agriculture, Municipal Affairs, Health Bureau, etc., although in each case there are miscellaneous fees which yield a small revenue.

THE WILD LANDS TAXATION ACT

This Act took the place of the surtax provisions of the Rural Municipality Act. Whereas the surtax was a tax levied by and for the municipalities the Wild Lands Tax Act is levied by the municipalities

but the proceeds go to the provincial treasury less five per cent for cost of collection.

This tax is justified in the main by the belief that it will check the speculative holding of land by absentee owners. According to the Annual Report of the Department of Municipal Affairs 1912-13 with reference to this tax says, "One of the main objects is to levy a special tax on the uncultivated lands or those areas held by speculators and land miners who prevent settlement in our province." Again in the report for 1917018 one sees the following, "The object of the tax is twofold, first to encourage production by providing for the payment of a bonus in the form of a reduction in taxes to those owners or occupants of land who brought their land under cultivation, and second to compel land owners who withhold their land from cultivation and benefit from the increase in value through the labor and industry of those who improve their farms to contribute something from the unearned increment for the benefit of the community at large."

The rate of the surtax was six and one quarter cents per acre whereas the rate under the wild lands act is one per cent of the assessed value. The lands subject to the tax are the following;- All the land of an owner in a municipality under 320 acres when less than one quarter of its areas is under cultivation, and all the land of an owner when it exceeds 320 but is less than 640 acres when there is less than one quarter of its area under cultivation and all the land of an owner over 640 acres and has less than one half its acres under cultivation.

Take a typical case, suppose a person bought land say in 1910 or thereabouts. He has invested money in it and was encouraged to do so both publicly and privately. While he yet holds it he receives no return or income from it but he has annually paid taxes on it. He gives the land time utility. Has he not contributed something to its value ? Had the land remained in the possession of the crown it would have been untaxable and thus caused higher tax rates on the actual settler. The statements one reads in publications (both official and otherwise) ignore all this. At any rate the next result is that land that was held out as a "sure thing" in 1910-11 and before by government officials, official publications, agents, etc., after the investor had bought was subjected to a special tax i.e. penalized for having invested. When he does finally

sell the value of his holding is lessened by the capitalized value of the tax, i.e., the buyer will not feel the tax although he pays it year by year it has already been provided for in the smaller price paid for it.

Moreover, this Act overlooks the fact that land is continually changing hands and this makes it hard to reach the unearned increment in the hand of those to whom it is really unearned. The popular opinion seems to be that speculation is always carried on on a large scale but this is not the case as anyone of wide experience can testify. Speculative holdings may vary in size from a quarter section to many sections. If the idea is toput the land thus held on the market it could be much more effectively done by direct expropriation than by the indirect method of taxation. If the tax is an unearned increment tax and the landholder is an "unearned increment-eating parasite" he is only one of a somewhat larger genus. All classes are debtors to society as any stock-broker's list will show. It has been said with regard to the sepculative holding of land that the value of the investment rises even while the landowner sleeps. If the non-resident gains from the improvements of the neighboring land so also does the resident gain from the expenditure of the taxes paid by the absentee landowner. This should on the principle of formal justice, (i.e. if A is taxed B under similar circumstances should also be taxed), be extended till it logically ends in some form of socialism. Since the tax was imposed on the buyers after large numbers had invested in land it was a breach of tacit contract on the part of the provincial government.

Beyond a doubt, the tax has been imposed to satiate popular clamor and to maintain popularity among the agricultural interests. It is unequal in that it only taxes one class to the exclusion of the rest. It is comparatively easy to collect as it is collected by the rural municipalities. The cost of the administration is further enhanced by the appointment of a Wild Lands Tax Commissioner who is supposed to equalize assessments in the different rural municipalities so that the tax will affect all to the same extent. As has been said, one of the objects of the tax has been to force speculators to sell their land. This assumes tacitly that there are people who want the land and are willing to pay a fair price for it. The opinion has been expressed

in some quarters that there is considerably more land for sale than there are purchasers for it. This would seem to be borne out by a glance at the columns of the newspapers where one sees long lists of farms for sale and very seldom an advertisement of a person who wants to buy a farm. When a person can't sell it is manifestly unfair to subject him to a special tax for not selling.

As will be observed from the foregoing the Provincial Tax System consists of a collection of miscellaneous and unrelated revenues which have been seized upon as opportunity offered. The province has depended upon subsidies, indirect taxes and fees of various sorts. The only provincial taxes that are direct are the Public Revenues Tax and the Wild Lands Tax. The criticism of Dr. Murray Haig in his report on the incidence of taxation in the Urban Municipalities of Saskatchewan seems justified, "It is a remarkable fact that the provincial tax system contains not a single elastic element --- not one tax whose rate can be varied at will to yield a sum necessary to meet the needs of a budget." The only exception to this statement is the Public Revenues Tax but this is for the most part a particular tax for a particular purpose. In 1918-19 about sixty per cent of the yield was for patriotic purposes according to the estimates.

MUNICIPAL TAXATION

Municipal taxes are of two kinds, viz., those imposed by Urban and those imposed by rural municipalities.

IN THE URBAN MUNICIPALITIES

Under this heading come the taxes imposed by the cities, towns, and villages of the province. The chief taxes imposed by the cities are the realty tax composed of frontage taxes, land tax, and improvement tax, the business tax and in the three largest cities an income tax.

THE REAL ESTATE & IMPROVEMENTS TAX.

In 1917 an average of approximately ten per cent of total tax yield was levied on improvements. This tax varies from place to place the maximum assessment being sixty per cent of actual value. For some years (since 1910) the assessment of improvements has been lowered in accord with section three hundred and eighty-seven of the City Act, which provides that the assessment of improvements shall not be lessened in any one year by an amount greater than fifteen per cent of actual

value. All of the cities have taken advantage of this provision and now the assessable value of improvements in the cities are, Moose Jaw forty-five, Regina, North Battleford and Weyburn thirty, Saskatoon twenty-five and Prince Albert and Swift Current fifteen per cent of actual value. This difference creates a type of municipal competition which should be discouraged, because in order to get an industry to located in a city the local authorities will endeavor to levy as small a rate on improvements as possible, even beyond that which should fiscally be undertaken. While Regina is about twice as large as Moose Jaw improvements were assessed at $5,428,000.00 in Regina and $5,656,450 in Moose Jaw in 1917. The nominal rate in Regina is thirty and in Moose Jaw forty-five per cent of the actual value. This would seem to indicat that land is discriminated against to an even greater extent than that contemplated by the City Councils.

Included in the land tax and thus a part of it, is what is known as frontage taxes. These are taxes levied against land lying adjacent to the local improvements, e.g., praving, sidewalks, boulevards, sewerage and drainage facilities, and represent the property owners portion of the cost of these utilities. These are special taxes and are paid to the sinking fund to redeem debentures incurred for these utilities. This practice of charging expenditures to a loan to be created by the City is carried to such an extent that even the cost of sewer drain and water connections is spread over a period of over thirty years. In Saskatoon local improvements (including sewers and waterworks) was responsible for 35.6% of the total debt in 1917 and of this amount the property owner's share was 8.08% leaving twenty-seven per cent for the City's share. According to the 1917 Annual Financial Statement the City of Regina the local improvement debentures amounted to $2,658,575.00 and of this the property owner's share was $1,152,374.55. Of the total taxes in 1917 in Regina $188,385, Moose Jaw $71,048, Saskatoon $128,094, Prince Albert $53,289, North Battleford $17,466, Swift Current $8,999, and in Weyburn $12,000 were levied as frontage taxes. From the point of view of percentages of the total levy frontage taxes in Regina, Saskatoon and Prince Albert amounted to between fourteen and fifteen per cent while in Moose Jaw they amounted to only eight and three fifths

per cent in North Battleford nine and three fifths per cent, in Swift Current 3.9% and in Weyburn 7.2% of the total levy. This tax when taken in addition to the land tax sometimes amounts to a tax of five or six per cent of the value of the property on which it is levied.

Owing to the highly dynamic conditions prevalent in the province before the war the policy of concentrating taxation on land values was not felt to be particularly onerous and was for a time possible, but with the collapse of the boom came fiscal difficulties. In 1917 land in the various cities carried the following percentages of the tax burden, in Moose Jaw 76:1%; in Regina 80:1%; in Saskatoon 88:9%; in Prince Albert 92:8%; in Swift Current 96:1% and in Weyburn 87:9%. Real estate speculators found the high assessment rates valuable corroboration of their theories relative to the high value of their lots. The high assessment rates meant low tax rates which made it even more attractive to would-be purchasers, while the policy of the exemption of improvements made lots even more attractive because a purchaser felt that if he did erect a house on it he wouldn't have to pay any more taxes. There was a limit to the tax rate to be imposed on land in the cities of twenty mills but after the war had been raging for some two years this limit was abolished. The average rate in 1912 was approximately 14:6 mills on the dollar while in 1917 the rate was 23.73 mills. This rate is still going up as in 1918 the rate in Regina was thirty mills on the dollar and it has been intimated in the leading dailies of the province that the rate for 1919 in Regina will be about forty mills on the dollar and in Moose Jaw about thirty-five mills.

The aspect of the situation which has caused and is causing alarm is the difficuly experienced in collecting taxes, very substantial percentages of each year's levy going into arrears. A large amount of these arrears are uncollectible, i.e. the cities will have to assume title to the lands on which the taxes are not paid. However, the fundamental object of taxation is to acquire money, not land, and the need for it is in some cases quite urgent. In some places it has been said that it was a good policy from the individual's point of view to allow the municipality to finance one to the extent of ones taxes than to get the money for ones taxes elsewhere. When taxes have been in arrears

six months the property may be sold at public auction, the sale usually taking place in the fall of the year. The lands thus sold may be redeemed any anytime within two years from the sale by original owner. In no case at tax sales have private purchasers appeared in sufficient numbers to absorb even fifty per cent of the amount of property offered. The cities for the most part have accumulated arrears which substantially exceed the current year's levy in 1918. The fiscal situation varies from city to city in accordance with the method used in financing arrears. In Weyburn on Jan. 1st. 1917 arrears had accumulated which exceeded the current year's levy by seventy per cent, but at that time the pressure of tax sale had not been applied nor had the arrears been spent. In Regina on the other hand all its arrears had been spent, i.e. loans had been secured from the banks on the security of the uncollected taxes. Arrears in Saskatoon appear for the most part in deferred payments to the sinking fund. Swift Current in 1917 had a bank debt of $150,000.00 whereas the bank debt in Prince Albert at the same time amounted to $450,000.00. In 1917 out of a total levy of $919,499.00 approximately $315,000.00 was unpaid on the last day of the year in Saskatoon and in Regina in 1918 about twenty-eight per cent of the current year's levy went into arrears. In Moose Jaw in 1918 according to the Moose Jaw Times thirty-five per cent of that year's levy went into arrears. Judging from detailed statistics of arrears the conclusion reached by Dr. Murray Haig is fully justified, viz., "In general the cities that have gone the furthest in the direction of the single tax are seen to have the largest accumulation of unpaid taxes just as they had the largest percentages of current levies going into arrears."

In 1914 the tax base in Regina was seventy-three million, in 1917 only forty-three; in Saskatoon for the same years fifty-seven and thirty-six and in Moose Jaw it had been reduced from fifty-two to twenty-six. The assessments in other cities show similar reductions, Prince Albert's being the greatest the assessment there falling from twenty-nine to thirteen million. The assessments having fallen much more rapidly than levies rates have risen. The former limit in the City act having been repealed there is no legal limit to much higher rates but there is an unsurmountable economic obstacle in that the imposition of much higher rates will only result in a lower return to the

treasurers, or as one writer has ably expressed it "In the mathematics of taxation two and two instead of making four sometimes only make one". In spite of the radical nature of the reductions in the assessments it is doubtful if they have been radical enough. Over assessment is and has been complained of. The landholders claim that it is useless to appeal from assessments as the defendant is also judge and jury. This position is seen to be justified when one reads section 395 of the City Act, "In cities where one or more commissioners have been appointed the council or the commissioners shall constitute a court of revision as the council shall by resolution determine." there is an appeal permitted from this Board to the local Government Board but this body will be from the nature of its functions prejudiced in its decisions because in the first place it passes on the ability of a municipality to assume indebtedness and then when it comes to hear the complaint of the person who thinks he has been over-assessed its opinion will be prejudiced by the financial position of the municipality.

The only appeal from the Local Government Board is an appeal to the supreme court of the Dominion. This is a very clumsy and awkward, as well as a very costly arrangement but has nevertheless been resorted to on a few occasions, thus indicating the strength of the complaint. The wording of section 387 of the City Act appears to deliberately invite general over-assessment when it says, "In case the value at which any specified land is assessed appears to be more or less than its true value the amount of the assessment shall nevertheless not be varied on appeal unless the difference be substantial if the value at which it is assessed bears a fair and just proportion to that at which lands in the immediate vicinity are assessed. " Land is over-assessed in spite of the efforts of property holders to stop it. The owners or real estate are hard pressed under the present system, the wholesale surrender of property can beexplained in no other way. As a typical case take the case of a man of limited resources who has bought a vacant lot as a spec speculation. Taxes if he took them into consideration at all he thought of as merely a small fee for speculating and receiving no return from the land he was forced to draw upon his oncome from other sources to pay the taxes but the prize he was playing for was normally so large

as to render it of slight importance. This speculator is, however, placed in a weak position by the depression since the value of his holding is decreasing the taxes that are levied against it are increasing. Moreover owing to the 'tight' money market he has difficulty in borrowing money to pay his taxes. He abondons his holding allowing it to go into arrears. The direct result of the non-collection of taxes is seen in the bank loans of the various cities. When a lot yields no revenue its value necessarily depends on what it may bring in the future. Many claim that under the present system there is no future at all for real estate. The land tax has been pushed beyond the limits of its fiscal capacity as each year an amount is levied to counterbalance the anticipated non-collection of taxes. When the municipalities do get title to the lands surrendered under tax sale proceedings they cannot realize on them because the offering of large amounts of land on the market at a price which represents the public charges against them means that the municipality itself establishes a price for realty at a small fraction of that which it seeks to maintain in its assessment rolls as a fair value. Sudden and complete disaster would follow any attempt of this kind and an enormous shrinkage in the assessment base and a further demoralization of land values would be the result.

As it is an average of eighty-six per cent of the total taxes are levied in 1917 against one dass of citizens, viz., land owners. At the same time only an average of 9:85% was levied against the improvements. These taxes are so levied regardless of the fact that all classes benefit from the expenditure thereof and not only landowners as some would seem to believe. An act passed the Legislature at Regina in January 1919 to force cities to assess improvements at sixty per cent of their actual value. Regarding this enactment Mr. Maybery the head of the Local (Moose Jaw) Committee of Taxation said the following, "Whether in the first instance the taxes levied on improvements be ten per cent or one hundred per cent will make little difference in the long run unless they be shifted from real estate entirely". "At present" he goes on to say, "On account of the increasing number of vacant lot holders who are refusing to pay high taxes which their lots won't produce the rate of taxation has been continually going up and the taxes

that are paid have been paid on improved property." There is little difference therefore to the owner of buildings whether he pays increasing rates on a thirty or forty-five per cent assessment or a lower rate on a sixty per cent assessment. However, owing to the opposition of improved property owners and city officials throughout the province of the Legislature has backed down on enforcing the bill.

In the main it is true of the cities of Saskatchewan the fact fact that all taxes must be paid out of the income of persons has been overlooked. Taxes are and have been levied on vacant lots regardless of this fact. Vacant lots and unimproved land seldom if ever yield any return at all and yet taxes are nominally imposed on them. This policy of concentrating taxation on unimproved land values has already led to disastrous results in at least one city in the province, viz., Prince Albert. There improvements have been assessed at only fifteen per cent of their actual value. In the fall of 1918 this City went insolvent and in January 1919 in order to keep the schools running there the Legislature passed an Act empowering the schools of Prince Albert to borrow through their board money necessary for their running expenses, such money not to be liable for any of the debts of the City. It is of course impossible to say whether the relation of the fifteen per cent assessment of improvements to the financial expenditures on sewerage facilities, waterworks, paving, etc., have been undertaken beyond what should have been. On the other hand there can also be no doubt but that the fifteen per cent assessment of improvements has also been a large factor as this was responsible for large arrears of taxes. Coupled with this was also the method used in financing arrears, even in 1917 the bank loan amounted to $450,000.00. As the city could not sell the tax sale certificates falling into its hands for fear of eliminating land entirely as a source of public revenue and as the collection of taxes was about the same the banks shut down and refused to lend any money forcing the city into insolvency.

There has been a change made in the policy of financing arrears of taxes by the municipalities in that the local authorities may with the approval of the Local Government Board issue long term debentures to procure the needed funds. There will only be heavy arrears of taxes in times of financial depression and this is just the time

when there is a "tight money market" and on this account bonds will be almost unsaleable, i.e. when most need this method will fail. However, in an ordinary financial depression it may tide a city over to better times but in a commercial crisis (acute) it will prove in all probability unworkable. This change was made possible by an act passed in January 1919.

The land tax in the cities of Saskatchewan cannot be defended on the "equality of sacrifice theory" of taxation as the greater portion of the taxes are levied on one class of citizens and thus involve very little, in any sacrifice from the other classes. It is also manifestly unjust and unequal as ability or faculty to pay is not taken into consideration at all. If faculty to pay taxes were considered there would not be the wholesale surrender of property that there is now. There has been a movement towards a straight land tax which has been relied on because it is supposed to check the speculative holding of lots and also because it is supposed to act as an increment tax. An increment tax would not cause the hardship the present tax causes because it could only be levied when there was an increment and not when there was a decrement, whereas the present tax is so levied that the capital value of many lots is eaten up in a few years by the tax. While the land tax is certain as to time and manner of payment from the point of view of the individual it is not certain of yield to the treasury. The land tax (including frontage taxes) is not certain as to quantity of payment in the cases of individuals as the rate has been going up annually since the cities were formed and is still increasing. This made the situation uncertain for the landowners as it destroyed their security. Their security received quite a jolt when the provision limiting the rate of twenty mills was repealed, with the result that many ceased to own their land by letting their taxes go into arrears. The land tax is nodoubt levied at the time when it is most convenient for the ratepayer to pay being either annually or semi-annually, being due (in most cases) without penalties on the 31st of December, or where semi-annually on the first of July as well. The land tax forming as it does such a large portion of all taxes in the urban municipalities and being uncertain of collection has failed in the primary purpose of all

taxation -- the attainment of revenue -- since the percentage collected varies from city to city. (in Swift Current in 1916 only twenty-five per cent of taxes were collected in the legal period).

As has been noted improvements have been largely eliminated as a source of revenue. In 1917 only approximately ten per cent on the average was levied on the owners of improvements as such. This tax will where it falls on all, fall where it will be capable of being borne. This tax will roughly approximate ability to pay. Inasmuch as it will hit those who own improved property alike it will be equal tax. It moreover will be certain of being paid.

The tendencies of the land tax in the towns and villages has been substantially the same as in the cities of the province only that the viciousness of the straight land tax has been more pronounced. The rates in towns and villages have edhibited a similar tendency to increase. The arithmetic average of the rates imposed for village purposes in the seventy-four "straight land tax" villages in 1916 was for village purposes 35.25 mills. (i.e. in those villages which by petition have reducted tax on improvements to nothing.

In addition school rates were imposed making an average over all of 63.63 mills. Very high rates existed in Earl Grey 108 mills, Howell 120 mills, and Windthorst 115 mills. These rates were so heavy and so hard to collect that many villages voluntarily broadened their basis of taxation by assessing improvements in 1917. This was made obligatory on the part of village assessors by the elimination of section 199 of the village act. On page thirteen of the annual report of the Department of Municipal Affairs (year 1917-18) one notices the following, "In too many instances the eighty-one Saskatchewan villages that were assessing land values only found themselves exempting from taxation, business men and large incomes who were not contributing their just share to the upkeep of the community". 'Ability to pay' was not regognized in a manner that meant ready revenues for the villages." The hope was also expressed in the report that the change would mean better management in each village concerned as the resident would have a larger portion of the taxes to pay and that thus the ratepayer would tend to be more careful in the council he elects and supports.

THE BUSINESS TAX

Next in importance to the land and improvements tax comes the business tax. In Regina in 1917 about 6.6% of the total tax was comprised of a tax on business, in Prince Albert 1.5% and in Weyburn 4.7%. On the other hand the business tax amounted to in Moose Jaw 1.9%, in Saskatoon .9% and almost nothing in North Battleford and nothing in Swift Current. These latter, however, impose a business license and from this source Moose Jaw in 1917 realized approximately $31,000.00, which amounted to about four per cent of the current levy; Saskatoon raised from the same source in the same year $23,416.30, approximately five per cent of the current levy. In Swift Current a business license only was imposed in 1917.

Section 387 sub-section three of the City Act reads as follows,- "The mode of assessing businesses shall be as follows :- (a) The assessor shall fix a rate per square foot of the floor space irrespective of partitions, elevators, stairways, or other obstructions of each building or part thereof used for business purposes and shall as far as he deems practicable classify the various businesses. (b) He may affix a different rate for each class and in so doing may place a wholesale business in a different class from a retail business, otherwise of the same class, etc. (c) The rate shall not exceed eight dollars per square foot except in the case of banks, loan companies, or other financial institutions in which case the rate shall not exceed fifteen dollars per square foot," And in sub-section four "the assessor may also assess a yard in which business is carried on at four dollars per square foot.

As will be gathered from this section each city has its own schedules and its own rates. There is no uniformity amongst the cities and this develops an irregularity between municipalities that is undesirable in its effects, e.g. it has been urged that an accountant should pay the same business tax whether he locates in Moose Jaw or Saskatoon. Local pressure has quite frequently been brought to bear on the local assessor with the result that the assessments have been set at a very low figure. It does not approximate a charge on net revenue but on the contrary taxes the man who fails as heavily as the

one who prospers,(i.e. in so far as they are in the same line of business and use same floor space). As said above there is no uniformity as between cities and this fact seriously affects its yield. It is discriminatory in that an assessor may place financial institutions in one class and all others in another class. It taxes the merchant who does business and in the best business district the same as the one who operates in the remotest suburb. In an effort to evate the tax there has been a tendency to restriet the size of buildings used in some localities according to a report of the Committee of the Union of Saskatchewan Municipalities, (urban). This is an undesirable social effect as it tends to decrease the efficiency of the workers and increase the disutility involved in their work. A tax of this kind discriminates against the retail merchants because they are the ones who from the nature of their business have to use a large floor space to demonstrate their wares. No doubt it was from considerations such as these that led Moose Jaw to commute the business tax to a business license in 1917, (not completely). A business license while necessarily arbitrary in its amount is not as liable to lead to crowding as a business tax on the floor space basis.

The mode of assessing the business tax in towns is almost a duplicate of that used in cities except that in section 371 of the Town Act the maximum rate per square foot is ten dollars. The rate for financial institutions is the same. The assessment in villages was changed by the elimination of section 199 so that the assessment in the now consists of lands, buildings and improvements 60%, personal property and income. The same reliance has been placed on land values as in the cities and towns. In the personal property tax many kinds of personal property such as stocks and bonds escape entirely from the tax, with the result that it falls all the more heavily on those it does reach, especially on the stock in trade of the merchant. The personal property tax is really a survival from medieval times and has for the most part become obsolete even in the villages it only yields a small portion of the total revenue. It is hard to assess with any large degree of accuracy.

THE INCOME TAX.

Prior to 1917 no attempt was made to apply the income tax law

except in the larger centres and where applied it has been found to be difficult to administer and insignificant in respect to yield. In 1917 in Regina only .7%, in Saskatoon .3% and in Moose Jaw .5% of the total taxes were levied on income. In section 387 subsection six of the City Act one reads the following peculiar provision, "No person who is assessed in respect of any business or special franchise shall be assessed in respect to the income derived thereform, etc." This provision operates so as to exempt a person from the income tax where he is assessed on other taxable object. Mr. Murray Haig in his report on taxation in the Urban Municipalities of Saskatchewan thinks this provision should certainly be repealed.

The present income tax (local) reaches only those who are working for a salary as no machinery exists for finding out professional incomes and incomes from stocks and bonds. Hon. Geo. Langley, the Minister of Municipal Affairs said in reference to the income tax, "the professional men go scot free while those who could not so well afford to pay an income tax were obliged to do so." Till January 1919 there was a flat exemption of $1,000.00 of income from taxation. The change made in January raised the exemption to $1,500.00 in the case of married people. Another change was also made in that the income tax rate is limited to thirty mills on the dollar. This latter change was brought about by the gloomy outlook of the tax. Hom. Geo. Langley in committee at Regina said when the last change was being promulgated that the situation was becoming serious in some of the cities. He had been told he said by the member for North Battleford that the tax rate in that city would be about fifty mills on the dollar which applied to the income tax would be a rate of five per cent. The railwaymen of that City had approached the member in a body and told him that if something were not done to afford relief they would move to some other point where the taxes were not so heavy. The minister went on to say that the situation in Moose Jaw was almost as bad and he also cited Commissioner C.J.Yorath of Saskatoon as being in favor of the abolition of the tax, as being discriminatory in its operations.

The industrial conditions of Saskatchewan and the migratory character of a large portion of its population render difficult direct

taxation of income by the municipalities. It is a fruitful source of irritation and both difficult and costly to collect. It is unfair and unequal in that it only reaches one class of citizens viz., salary earners, and this through the fact that the city assessors have access to the various payrolls. It thus hits the railroaders as they are the principal salaried class.

POLL TAXES.

The poll tax still survives in the cities of Saskatchewan but comparatively little revenue is raised from this source. In 1917 Moose Jar raised only $775.00, Saskatoon $2,144.00, Regina $886.00 from this source. The reason that it has survived is undoubtedly that property owners are not averse to making the numerous transients who own no taxable property to pay something towards municipal expenses. The poll tax does not extend to women. Section 216 of the City Act says that "except members of H.M. naval or military forces on full pay or on actual service or of the R.N.W.M.P. force or of the city fire brigade every male person who has been a resident of the city for at least three months during the then current year prior to the 31st day of October and who is not assessed upon the last revised assessment roll shall be liable to a tax of three dollars". This tax is collected in the same manner as other taxes or may be collected on summary conviction. This tax does not even pretend to conform to any criterion of equality and is quite frequently hard to collect.

In addion to these main forms of taxation there is in each urban municipality a heterogenous license system. The revenue derived from these licenses varies from city to city. In 1917 MooseJaw raised $10,264.70, Saskatoon $20,529.73, Regina $14,169.10. In Regina some of the licenses as at January first 1917 are, Troupe or company of actors per day ten dollars, auctioneers fifty dollars, auto livery one hundred dollars,for each auto for hire, twenty-five dollars, book and photo agents one hundred dollars, etc., for pool tables, bowling alleys and circuses, dance halls and varied other fees. In Moose Jaw the license for theatres in 1919 is $250.00,second hand dealers, $150.00, and clairvoyants at $500.00 per annum. This last fee would seem to indicate that in the opinion of the city fathers the modern art of

fortune telling is a non-desirable business as the fee before had only been fifty dollars per annum. As will be noticed a large number of these licenses are "tacked" on on top of a provincial license so that in some cases the licenses are fairly heavy, but for the most part the licenses will be shifted on to the consumer in the form of higher prices for the commodity sold. Licenses are a conveneint method of raising revenue from the standpoint of the tax collector and are specially adapted to businesses of a temporary nature as they cannot be so easily evaded as a business tax, but they are not an ideal part of any tax system. The scale of fees is purely arbitrary as between different businesses and cannot be defended as equitable on either the equality of sacrifice, the faculty to pay or on the benefit basis of taxation. These licenses are however certain of being collected.

Another phase of the finance of the cities is the method used in paying for public improvements. The per capita debt of Regina in 1917 was $313.00 and in Saskatoon $290.00. In Great Britain the average debt of the larger cities was about $24 and in the United States only forty dollars per capita. The policy followed in the United States and Great Britain is to charge the cost of local improvements (sidewalks, drainage, etc.,) against the adjoining property owners as soon as completed thereby making the cost of this work part of the capital expenditure of the individual property owner instead of the local authority. Such a system would deter an owner from clamoring for improvements until he had improved his own property, whereas under our system the speculative owner of land clamors for improvements as he has no objection to paying for a year or two the small annual charge of a sinking fund and interest if by virtue of the improvement the value of his property is advanced and his chances of selling same thereby improved. The present system also very materially increases the cost to the city, for every hundred thousand dollars debentures issued for twenty years at five per cent an annual sum has to be levied to redeem debentures at maturity making a total cost of $167,160.00. Since cities in the United States have kept their debt so low it might be advisable from the standpoint of economy alone to adopt this system in Saskatchewan. Another clause for size of the cities' debts is the system which has been adopted in sub-

dividing the cities and laying out its streets. Practically all the streets are of the same width although probably not more than one in ten will ever be used as a main arterial road and be subjected to heavy traffic. This entails considerable unnecessary expense in drainage, paving, etc., which might be avoided. This also entails increased transportation charges. Another item which tends to increase the he avy carrying charges of the community is the high rates charged for fire insurance. The companies cannot be blamed as the hazard is great. In Canada the average loss per capital is five times as high as in any other portion of the world with the exception of the United States where it is high but not as high as in Canada.

Owing to the prevalence of Municipal ownership of public utilities the revenue derived therefrom special franchises is almost nothing. Only in Moose Jaw is the street railway privately owned and there its taxes are largely in arrears. Sewers, telephones, electric light and power are for the most part publicly owned.

It has been shown that the greater portion of the taxes have been raised from one very productive tax. The tax system in the Cities and other urban municipalities does not yield a self-acting increase in revenue in proportion to wealth and population increase. This is because such a large dependence is placed on speculative land values, and these in times of tight money markets and commercial crises collapse. Also anything which adversely affects land values will also adversely affect the payment of taxes.

IN THE RURAL MUNICIPALITIES.

Section 220 of the Rural Municipality Act reads as follows:- "All municipal taxes shall be levied equally upon all rateable land in the municipality according to the assessed value of such land." The exceptions being all public lands, lands held in trust for use of Indians, churches, school, cemetery, etc. Section 225 of the act reads thus, "Land shall be assessed at its fair actual value exclusive of any increase in whhh value caused by the erection of buildings thereon or by any other expenditure of labor or capital. In case the value at which any specified land is assessed appears to be more or less than its true value the amount of the assessment shall nevertheless not be varied on appeal if the value

at which it is assessed bears a fair and just proportion to that at which lands in the immediate vicinity are assessed. "Grazing lands may be assessed at a maximum rate of two dollars per acre. Grain elevators are subjected annually to a tax of seventy-five dollars for municipal purposes and an equal amount for school purposes where the elevator is situated in a school district.

It will thus be seen that there is in the rural municipalities what may be termed a "straight land tax" and this is so for the obvious reason that there is little else from which a revenue can be conveniently raised. In farming, improvements are a very poor test of faculty to pay taxes as a man might farm a couple of sections or so and yet have no more improvements than a man who only farmed a half of that amount or less, or again one farmer might pile up a bank account while another might put his money into improvements.

Taxes are levied to cover the expenses of the municipality, school districts, and the Supplementary revenue rate. The tax notice also includes the Public Revenues Tax, the Wild Lands Tax and annual charges for drainage (where ditches have been installed) telephone and hail insurance (where the municipal hail insurance scheme is in force). The Public Revenues Tax has already been discussed under provincial taxes. Drainage, telephone, hail insurance are not strictly speaking taxes but should be considered as special payments for services rendered as they give a direct commercial advantage to those paying them. The Municipal and school rates vary from municipality to municipality, with the financial conditions of each. The Supplementary Revenue Tax is a tax of one cent per acre. Its proceeds go to form the Supplementary Revenue Fund which is used to finance and support and support educational institutions in the province in the ration of eighty per cent to the public schools, ten per cent to high schools and five per cent each to the Provincial University and the Provincial Agricultural College. Prior to 1917 this tax was only levied on land outside rural school districts but in that year it was levied on all lands in the province. This tax is not an equitable tax from any point of view as it is levied on all lands irrespective of their value. For the most part it is certain of collection and is comparatively cheap as regards collection.

The land tax levied as it is nominally on the land does not look to the faculty of a person to pay taxes at all. If a person nominally owns say a half section of land he has the same amount of taxes to pay as his neighbor (assuming same value) even though his holding may be very heavily mortgaged while his neighbors may be free of all encumbrances. The tax is, however, conveniently and economically raised and is due at a time when the average farmer has the returns from his crop, (i.e. Dec. 31st). It is easily assessed from the viewpoint of the assessor as he has only to take into the consideration the value of the land. It is certain of collection as the rates have been and are quite low the municipal rate being about five mills or less and the school rate about the same. In some places the municipal rate is as low as two mills on the dollar with a school rate a little higher. There are also many licenses issued but they are for the most part merely regulatory.

DISTRIBUTION OF THE TAX BURDEN BETWEEN URBAN & RURAL MUNICIPALITIES.

As shown above the burden of the Public Revenues Act rests more heavily on the urban than on the rural regions. In the matter of licenses the Provincial Government imposes license fees upon automobiles, picture shows, auctioneers, etc., returning a portion of the automobile fees to the rural municipalities and none to the cities. This obviously discriminates against the urban regions as they have streets to keep up as well as the rural municipalities have roads. In 1917 approximately one sixth of the automobiles were owned in the cities and towns of the province. In some cases the provincial license is not exclusive in that a local license may not also be imposed but according to local authorities they are made too high for a local license to be imposed.

The urban regions are also discriminated against the finance of high schools and collegiate institutes. In Saskatchewan these are municipally controlled institutions which receive their support mainly from taxes levied by the urban authorities. The students are however drawn from the surrounding country and thus the urban ratepayers are called upon to pay the cost of their tuition. True the Provincial Government bears a small portion of the cost through the supplementary

revenue fund grants, but these grants do not even approximate to the cost of the service performed. In Prince Albert in 1917 about thirty five per cent of the enrollment comes from outside the town, in Saskatoon about thirty-five per cent. The per capita cost of high school instruction is very high, in Moose Jaw on the average in 1917 approximately $110.00, in Prince Albert $136.00 and in North Battleford $2 60,00. In the parts of the United States this condition is rectified by making the rural municipality from which the student comes bear the cost of his tuition. The statement that in Saskatchewan the urban regions are in general more heavily taxed than the rural regions seems well founded.