

SINGLE TAX IN ALBERTA

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THERE is a tendency to regard the Prairie Provinces as somewhat given to erratic methods and policies. To a considerable extent this is true. The voice of the agitator is heard with much frequency, radical policies are proposed with great assurance and confidence, and oftentimes they are adopted. Attention is naturally drawn to those who propose the application of alleged panaceas, sometimes new and sometimes ancient, but always labelled "progressive." What is more important, but less likely to be noticed, is the fact that the "new" is being tested, and that what is unsuitable is being gradually eliminated.

Prior to the formation of the province, the matter of taxation in the towns of Alberta was covered by the Municipal Ordinance, under which taxation was levied on real property, personal property and income. This was supplemented by the poll tax assessed against all who were not covered by the other provisions of the Ordinance. It was a system in which taxation was distributed over all persons; and as every taxpayer had the right to vote, town government was of a democratic character. There was a provision permitting the adoption of a Single Tax system, by which was meant the raising of revenue by a tax on the actual value of land irrespective of improvements. This was optional; the Council of any town might adopt Single Tax as an alternative to the method provided by the Ordinance. Most of the municipalities adhered to the scheme of general taxation.

In 1910 income was exempted. To-day the reformer would regard this as a backward step; but it was the first move in the abolition of the system then in force, and was followed in 1912 by the elimination of the taxes on improvements and personal property, the abolition of the poll tax, and the substitution of the Single Tax method. Taxation was to be on land alone, assessed at its actual cash value as it would be appraised in payment of a just debt by a solvent debtor, exclusive of the value of buildings or improvements or any other increase in value caused by the expenditure of labour or capital thereon. It is proposed here to sketch the difficulties encountered in the application of the new system, the statutory amendments passed from time to time as

these became apparent, and to show how after nine years of experimentation the towns abandoned Single Tax and adopted a scheme similar to that in force in 1909.

The enactment of 1912 was received without complaint or protest, in that cheerful and optimistic spirit with which the West at that time was accustomed to accept whatever came along. A tribute is due to the town fathers who stuck to the new system in the face of overpowering difficulties, and continued it long after its failure had become apparent to an unbiassed observer. For it was not long before defects appeared. They were simple, natural, and one would think obvious results. The fact that they were not anticipated shows how difficult it is to forecast the working of an untried system.

There was an apparent unfairness in the scheme. The wealthy rate-payer who had a fine house, well stocked with furniture, a large income and a big bank balance paid taxes only on the lot on which his house was built. Near him, perhaps, was one in poor circumstances, endeavouring as best he could to get about him the means of existence. He paid to the treasury the same tax as his wealthy neighbour. The reformer fifteen years ago advocated the Single Tax theory with enthusiasm, but the worst charge his successor of to-day can bring against any system of taxation is that it bears unduly on the poor.

It is sometimes argued that this injustice was only apparent, and that the burden of taxation was actually distributed over the people as a whole. This view rests on the theory that taxation ultimately distributes itself fairly over all. It might be enough to observe that if this were so, all systems would have the same result, and that therefore the Single Tax system is not preferable to any other. The assumption is, for instance, that if the landlord pays less taxes the benefit is not alone his, for the tenant shares by reduction in his rent. But it did not so happen. Rented house properties, which under the old system paid higher taxes, continued under the new to be rented to the same tenants at the same rentals. The hotel properties, which, because improvements constituted the larger portion of their values, benefited more than any other under Single Tax, maintained the same rates and furnished the same services at the same prices. Rents remained stationary not only after the adoption of the Single Tax system, but during the gradual undermining of Single Tax and the return in the direction of the original system. No support can be found in the actual facts for the suggestion that under Single Tax there was a shifting and readjustment which distributed the burden over the whole

community, as was obviously done under the scheme previously in effect.

But if distribution of taxation was bad, the distribution of the franchise was even worse. The tenants, who constituted from a quarter to a third of the population, were disfranchised. Clerks and wage earners, who since the abolition of the poll tax contributed nothing to the town revenue, were deprived of the ballot. The restrictions to the franchise were sweeping, and affected all classes, but most of all those in poor circumstances who had been unable to purchase homes of their own.

As a result, the voters' list suffered a severe reduction, necessarily followed by diminished public interest. A large part of the population paid no taxes, and—having no financial interest in the town's welfare, and not being permitted to participate in a public way—lost interest in its affairs. The attendance at town meetings declined, activity in elections ceased, and acclamations became the rule. In the meantime, the financial situation taxed the ingenuity of the Councils. The land could not bear the whole weight of taxation, and sank under the load, finally almost disappearing as a tax-producing entity. Vacant properties in the larger cities have in recent years been taken over by the civic corporations, but this condition appeared almost at once in the towns under Single Tax. The abandonment of the system began the year after its adoption. In 1913 an enactment was passed providing that upon receipt of a petition of two-thirds of the Council of any town, the Minister, if satisfied that the town could not raise sufficient revenue otherwise, might authorize the Council to impose a business tax for not more than three years, based on the rental value of the premises occupied by the taxpayer. The tax was not to exceed 10% of the assessment, and the Minister was given power to extend the period further. Imposition of a business tax is a clear abandonment of the Single Tax system, as the rental value of the premises would depend in most cases on the value of the improvements more than on the value of the land. Consequently it was to this extent an indirect tax on improvements. This enactment was mainly passed, not with any intention of abandoning Single Tax, but with a view to meeting what were considered special and temporary conditions, the amendment being in force for a limited period only.

Evidently pressure was being brought by the towns upon the legislature for more freedom in the matter, for in the following year it was enacted that the Council might for 4 years by bylaw provide for a business tax, the amount not to be more than 10% of the

rental value. This was a slight advance in the way of town autonomy, in so far as the consent of the Minister was not necessary for the passing of the bylaw; but the legislature evidently was not yet prepared to abandon the Single Tax system, and still restricted the period during which the business tax should operate.

By 1916, the failure of the system had become more apparent, and in this year it was provided that on a petition of 10% of the voters at the last previous election, the town might for a period of four years assess buildings and improvements on lands. On receipt of the petition, the Council was required to pass the bylaw within sixty days, or to submit it to the electors at the next regular town election. If the bylaw passed, improvements should be assessed at not more than 60% of their value. The same year saw the imposition of a frontage tax. Two years later, it was provided that, subject to the approval of the Minister, the towns might pass a poll tax bylaw up to \$4.00 per head, and the restriction of the business tax to a period of four years was removed. In 1919 the legislature provided that on a two-thirds vote of the Council a bylaw could be passed assessing personal property. The latter enactment provided for certain exemptions, similar to those in force under the old system. In the same year the restriction of four years on the assessment of buildings was removed.

The amendments of these years marked the definite abandonment of Single Tax. If one may judge by the previous amendments which did not allow complete freedom, and which restricted the period during which the business and improvement taxes could be in force, the Single Tax system was abandoned with reluctance, and under the pressure of a situation which by this time had become intolerable.

It will thus be seen that, in the seven years commencing with 1912, a gradual movement was carried out in the direction of the original system of taxation, and in 1919 the position approximated to the old system except that an income tax was not permitted. The Dominion government had in the meantime imposed an income-tax, and no doubt this was the reason why the towns did not re-enact the provisions of the Ordinance in this respect. Instead of this, however, the business tax is in force, and this no doubt provides revenue to take the place of what was raised from income under the old system.

The foregoing observations apply only to the towns. In the villages Single Tax was adopted at the same time, it has since been abandoned, and the present systems of taxation under the Village and Town Acts are practically identical. In the municipal-

ities, which in Alberta are entirely rural, the Single Tax system is still in effect. Enquiries have indicated that in some cases an alteration of the system would not make any material difference in the distribution of taxes. Most of the rural districts in Alberta are composed of large farms, the average being about 320 acres, with the improvements of relatively small value, so that if the latter were assessed the effect would be negligible. This condition is one which will not continue, for time will bring larger and more expensive buildings, and there is also perhaps a tendency towards smaller farms. But even the municipalities are beginning to find Single Tax unsatisfactory; and at the annual meeting of the Union of Municipalities held at Calgary in November, 1924, a resolution was introduced by Hillcrest Municipal District and unanimously adopted, calling for the abandonment of the system.