

# OPPOSITION TO BUSINESS TAX.

## Retail Merchants Opposing the New Bill.

## DEPUTATIONS HEARD

## Toronto Wholesalers Would Pay More.

## Fraternal Societies Fear Taxation of Surplus Fund Investments — Ad- journed Till Tuesday.

The special committee of the Legislature on the municipal taxation bill met yesterday at 11 o'clock. There were present deputations from many interested bodies. This was the first sitting, and on calling the committee to order Hon. J. M. Gibson, Chairman, asked, "Where are the kickers, and whom do they represent? Do all come from Hamilton and Toronto?" The Executive of the Ontario Municipal Association was represented by F. Mackelcan, K.C., City Solicitor of Hamilton, and F. R. Hutton of the assessment department, Hamilton; City Solicitor Caswell, Mr. J. S. Fullerton, K.C., and Mr. Foreman of Toronto. The Retail Merchants' Association was represented by W. B. Rogers, Mr. Trowern, Mr. Gibbard and Mr. Dockray. The Canadian Manufacturers' were represented by Messrs. Thorne, Murray and Osborne; the Toronto Board of Trade by President J. F. Ellis and D. E. Thomson, K.C.; Canadian fraternal associations by W. J. McCammon of Belleville and Messrs. Lee and W. F. Montague of Hamilton; H. J. Snelgrove of Cobourg, N. F. Paterson of Toronto, Dr. Malory of Port Hope and Mr. Dowler of Tilsonburg. The Single Tax Association was represented by Mr. W. A. Douglass.

## General Principles Already Adopted.

Mr. Frank Mackelcan, the first speaker, said the revenue of the City of Hamilton would be reduced by \$35,000 if the bill were adopted in its present form. The rate of taxation in Hamilton is 20 mills on the dollar and the assessment is \$27,000,00. The Ontario Municipal Association was of opinion that the two principles of taxation should be the amount of benefit derived by all different classes of property from the expenditure of the municipal taxes, and the ability of the persons living within the municipality to pay taxes.

Mr. Gibson objected to the presentation of general principles of taxation, as they had already been exhaustively argued before the Commission. He thought that the best progress would be made by a discussion and explanation of the injuries feared if the proposed bill were enforced.

Mr. Mackelcan thought that if the House were obliged to accept the findings of the Commission there was not much use in going on with the committee. He thought that all personal property should bear a portion of the cost of all the protection and service by which it benefited. He proposed that all tangible personal property should be taxed, irrespective of any debt upon it, upon a percentage of its value. If, instead of that, the business tax were adopted, the rental or value of the business carried on might

bear no equitable relation to the value of the property needed to carry on the business. He proposed that in cases of stock the taxation should be upon the average value of the stock carried throughout the year. He proposed also that all persons, firms and incorporated companies carrying on any mercantile, manufacturing or other business should be required to pay a business tax, and in addition thereto a tax upon their net income derived from the business, and that they be required to make a return of their net income on oath, such income to pay taxes on the same rate as all real estate. This was proposed to take the place of what he termed the "complicated house tax." He objected also to the exemption of plant and machinery from the school tax.

The Manufacturers' Association approved of the principle of the bill, and were present to listen to the objections to be made.

## Retailers' Views.

Mr. W. B. Rogers, on behalf of the Retail Merchants' Association, said they were not opposed to the principle of the bill, but to its application. They objected to the uniform business tax because there were men now carrying on retail business who would be forced out of business. There were people doing business on about \$200, with a capital stock of about \$1,000. The large wholesale houses would escape an enormous amount of personalty taxes. They proposed a tax of 3 to 5 per cent. on retail merchants and 10 per cent. on wholesale merchants.

Mr. Gibson was inclined to believe that there was an inequality in this regard. The business tax was not fairly distributed between the wholesaler and the retailer.

Mr. Rogers, speaking of department stores, thought that under the new bill they would only pay about one-half the taxation they do. He thought there should be a special clause to deal with them according to their ability to pay. Even at present he thought they did not pay. He proposed that after a firm took up more than six departments of trade they should pay an additional tax of 2 1-2 per cent. on the rental value.

In regard to the house tax, he objected to a small trader living above a store being specially taxed. He should have the same extent of exemption for his apartments over his store as people had for ordinary residences. He objected, however, to the house tax generally, saying that it could not be collected.

Messrs. Gibbard and Trowern spoke along the same line as Mr. Rogers.

## Wholesalers' Taxes Increased.

Mr. Ellis, President of the Board of Trade, said that the statistics of a portion of the wholesale houses of the city had been taken, and upon calculation they found that under the business tax they would pay \$100,000 more than under the personal tax. He pointed out that within the last ten years the realty of Toronto had increased greatly and the personalty had decreased. The personal tax was thereby evaded.

Mr. D. E. Thomson, arguing against the personal tax, pointed out that there were retail businesses in Toronto carrying on a more profitable business than many wholesalers. If it were hoped to exempt small businesses equitably it would have to be done by exempting businesses with small stocks. He favored the assessment of the apartments in which a merchant lived over his store, according to the same principle as that used in taxing residences.

Mr. Gibson thought that the bill would not work out the hardship to small traders feared by Mr. Trowern.

Mr. Rogers and Mr. Trowern were asked to present their views in writing to the committee.

## Fraternal Societies.

Mr. W. J. McCammon of Belleville, representing the fraternal societies, asked that the income of the associations on investment of surplus funds be exempt. He claimed it particularly

because the income was employed in affording relief to the societies' beneficiaries. The fraternal societies feared that they would be taxed on their income, in addition to the business tax upon their head offices.

Several of those present were of opinion that the income of these associations would not be reached. The associations were anxious to have this made certain by having a clause to exempt them inserted in the bill.

The committee adjourned until Tuesday morning.

## SHANNON TIMBER LIMIT.

## EVIDENCE BY MR. WHITE AND HON. MR. DAVIS.

## Had No Knowledge Whatever That Others Than Patrick Shannon Were Purchasing the Rutherford Limit.

Mr. Aubrey White, Assistant Commissioner of Crown Lands, was examined at length before the Public Accounts Committee of the Legislature yesterday in regard to the sale to Patrick Shannon, in May, 1902, of a timber limit in Rutherford Township. Most of the evidence given by Mr. White in answer to Col. Matheson and others dealt with the regulations and methods of the department in selling or licensing timber limits, and measuring the amount of timber taken off. To other questions Mr. White stated emphatically he did not know that the real purchaser of the limit, which was sold for \$250, was Captain Sullivan, and that it was afterwards sold by him for \$9,500. He had read such reports in the newspapers, but had absolutely no personal knowledge of them. Crown lands agents as well as prior applicants for the limit had reported that the pine on it was scrubby, poor and practically of no value, and that it had been burnt over. It was not an unusual thing for limits sold at public auction or otherwise to be resold for perhaps double the price, but that did not mean that agents had made incorrect reports as to the quantity of timber upon them. Hardly any two men would agree on an estimate as to the quantity. Sometimes those who bought from the original buyers lost their money because the bargain was bad. Hon. Mr. Davis, who was present, but was not formally called, said that so far as he was concerned he had no direct or indirect knowledge, in any way, shape or form, that there was anybody in the application but Patrick Shannon. He said he would telegraph to the agent under whose jurisdiction the limit was for a return, so far as it was ready, of the timber cut during the season. This was in answer to several members, who said they had heard that more timber had been taken off the Shannon limit than was reported by the agents to be on it, and the surrounding sections inclusive. Orders were passed for the attendance of several witnesses and the committee adjourned until to-day.