

March 26th.

the proposed legislation. In all cases, the main line of argument was that passing of the bill would mean the end of income tax—the loss of a considerable amount of revenue—the need for the municipalities to assess ratepayers further along other channels to make up that loss—and the “competition” danger that would result if adjoining townships or municipalities were to abolish income tax while the big cities retained it.

Escaping the Tax, He Claimed.

Mr. Wilson contended that competition was exactly what the municipalities had today—only in “an illegal way.” With exceeding emphasis Mr. Wilson defied any one to state, truthfully, that the municipal income tax was being enforced generally throughout Ontario today. People were constantly moving out of the larger centres (to escape the tax) to municipalities in which it was either weakly enforced or “a dead letter altogether.”

Mr. Homuth charged that lawyers and physicians and other professional men did not file proper returns—that it was the fixed salaried men who suffered, inasmuch as the assessor knew his income exactly—that the administration of the law was full of “hypocrisy,” which once and for all time could be eliminated by passing the bill.

“You say these professional men are dishonest?” inquired another member of the committee.

“I say they are,” returned Mr. Homuth. “In some cases they don’t come within 50 per cent. of the returns they should make.”

Mr. Macaulay brought three of the Toronto newspapers, the Mail and Empire, The Globe, and the Telegram, into the argument by quoting editorials from them in support of the principle of his act. Their opinion, he contended, better reflected public opinion on the question than any argument of the assessors and the other paid municipal officials who had spoken before the committee. Mention of the three newspapers gave some of the members opportunity for a little by-play, with William Morrison (Conservative, East Hamilton) crying: “What do we care about the newspapers?” Thomas A. Murphy (Conservative, Toronto Beaches) calling out: “Take them away,” and Edward J. Murphy (Conservative, Toronto St. Patrick’s) claiming, caustically, that “the only thing right in the Mail was the date line,” and “the only thing right in The Globe was the weather.”

The Vote.

The vote, as polled at the direction of the Committee Chairman, was as follows:

For the bill—Clifford Case (Conservative, North York), G. W. Ecclestone (Conservative, Muskoka), W. H. Elliott (Conservative, Rainy River), Arthur Ellis (Conservative, Ottawa South), Karl K. Homuth (Conservative, South Waterloo), A. E. Honeywell (Conservative, Ottawa North), William H. Ireland (Conservative, West Hastings), J. Edgar Jamieson (Conservative, South-west Simcoe), Leopold Macaulay (Conservative, South York), Fred G. McBrien (Conservative, Toronto Brockton), Paul Poisson (Conservative, North Essex), John A. Sangster (Liberal, Glengarry), J. Fred Skinner (Conservative, Leeds), Austin B. Smith (Conservative, South Essex), Hon. Fred T. Smye (Conservative, West Hamilton), and Frank W. Wilson (Conservative, East Windsor).

Against the bill—William A. Baird (Conservative, Toronto High Park), R. A. Baxter (Liberal, Oxford South), T. H. Bell (Conservative, Toronto Bellwoods), David Bonis (Conservative, South Perth), H. A. Clark (Conservative, Brockville), H. S. Colliver (Conservative, Prince Edward), J. A. Craig (Conservative, Lanark North), F. W. Elliott (Liberal, Bruce North), E. C. Graves (Conservative, St. Catharines), Wilfred Heighington (Conservative, Toronto St. David’s), Phil Henry (Conservative, East Kent), W. Earl Hutchinson (Labor, Kenora), T. W. Jutten (Conservative, Centre Hamilton), T. P. Lancaster (Conservative, Peterboro’

County), F. D. Laughton (Conservative, North Middlesex), T. J. Mahony (Conservative, South Wentworth), William Morrison (Conservative, East Hamilton), Thomas Murphy (Conservative, Toronto Beaches), Edward J. Murphy (Conservative, Toronto St. Patrick’s), T. P. Murray (Conservative, South Renfrew), Russell Nesbitt (Conservative, Bracondale), C. E. Raven (Conservative, Elgin West), J. M. Robb (Conservative, Algoma), D. M. Ross (Progressive, North Oxford), H. C. Scholfield (Conservative, Toronto St. George), C. A. Seguin (Conservative, Russell), A. L. Shaver (Conservative, North Wentworth), G. J. Smith (Conservative, Toronto Greenwood), W. W. Staples (Conservative, Victoria South), Mark Vaughan (Conservative, Welland), and S. T. Wright (Conservative, Toronto Dovercourt).

Changing Headquarters.

In sponsoring the bill to the committee, Mr. Macaulay claimed that there were cases, to his knowledge, where companies, to escape income tax, were moving their headquarters into districts where there was no such tax. For the very same reason, industries were locating in Quebec cities, where there was no tax, that otherwise would come to Ontario cities and towns. The legislation, he stressed, was purely optional in nature—a point that was picked up a moment later by Reeve Dean of York Township, and again emphasized. At length, Mr. Dean described his municipality’s peculiar assessment problem, and stated that, by passing Mr. Macaulay’s bill, the committee could furnish York Township some redress for the situation in which his municipality now finds itself.

James A. Hughes of Welland, who introduced the deputation that was “up” from the City Hall conference heretofore mentioned, was emphatically opposed to the bill, as was the city he represented. The bill he viewed as “a great injustice to the citizens in general.”

Mr. Bonnell, the Brantford spokesman, referred to a telegram which had been sent from his city to Chairman Finlayson, expressing opposition to the bill.

“Is your City Council opposed to it?” asked Arthur Ellis, M.P.P., East Ottawa.

Mr. Bonnell—The Council has not yet had a meeting. This action (the telegram) was taken on the responsibility of the Mayor and the Chairman of the Finance Committee.

End of Income Tax.

If the bill was passed, he submitted, it would mean the end of income tax.

“No, it won’t,” came cries from members supporting the measure. “Yes, it will,” the Toronto members thundered in reply.

“It’s the thin edge of the wedge,” said Mr. Bonnell.

“Isn’t the income tax a joke in many of the municipalities now?” asked F. G. McBrien.

“The law is there,” said Mr. Bonnell. “Simply because some people don’t keep the law, it is no reason why others should not pay their tax.”

The bill, he further stated, was opposed to the whole principle of the Assessment Act. For self-preservation, if nothing else, every municipality, soon or later, would have to abolish the income tax.

In reply to questioning by Mr. Homuth, Mr. Bonnell said that there were \$191,000,000 in assessable income. Abolition of the tax would mean a loss annually of \$6,000,000.

Mr. Murphy—Toronto collects \$2,500,000.

It was Mr. Bonnell’s further argument that the Legislature should handle the question, and that abolition of the tax should not be “put up” to the municipalities. It was “vicious” legislation, he said, and should not pass.

“Carrying Out the Law.”

Mr. Bennett of London styled himself as an Assessment Commissioner who believed in “carrying out the law.” Mr. Bennett said that London collected

\$16,950 in income tax and could not afford to lose this revenue.

“Not very serious,” remarked the Chairman.

“Is that all you collect in London?” asked Mr. Wilson (East Windsor). Mr. Bennett consulted his figures, and, aided by some prompting from outside the committee, corrected the figure to some \$160,000.

City Treasurer Foot of Kitchener, in officially opposing the measure for his municipality, said that abolition of the tax would cut off about 3 per cent. of their present revenue. He felt that the collection and payment of income tax in most of the urban municipalities was not worrying them much. Passing of the bill would result, he said, in complete elimination of the tax, and no such step should be taken, he submitted, without the whole question being first studied along scientific lines.

City Solicitor Waddell of Hamilton stressed the danger of “competition” from adjoining districts and municipalities. “Why,” he asked, “should the cities be made to suffer simply because the outside townships cannot equalize their assessments?” The Legislature, he argued, should deal with abolition of the tax, and it should not be put upon the shoulders of the Municipal Councils.

City Solicitor Intervenes.

City Solicitor Colquhoun of Toronto stated that the obvious purpose of the bill was to make York Township “attractive to people.”

Mr. McBrien—That’s not fair.

In Toronto, said Mr. Colquhoun, the income tax was about three mills on the dollar. The money would have to be got somewhere else, if the city did not get it from income. “The committee should give this question great consideration,” he said, “before putting more taxes on a man who now cannot pay his income tax.”

E. C. Graves, M.P.P., St. Catharines, bespoke the opposition of the St. Catharines Council to the bill. His city’s income tax produced, he said, about \$47,000. That money was paid, he said, by people who could afford to pay it. Abolition of the tax would mean an increase on the assessment of two mills on the dollar. If you take money from one place, he argued, it must be got somewhere else. York Township was entitled, he believed, to some assistance in its present difficult situation, but the bill before the committee was, in his belief, “certainly not the right way to go about it.”

Suggestions for Revision.

At this juncture Chairman Finlayson threw out several suggestions regarding the drafting of the bill. Power might be given a Council, he said, to deal with the abolition of the tax, in whole or in part—that is, to have the tax disappear over a period of several years. It also might be advisable, he pointed out, to include a fixed period of abolition, in order to prevent an incoming Council of different attitude from rejecting it before—“say, five years.”

Mr. Nesbitt (Bracondale) suggested a vote of the ratepayers might be taken on the question.

In vigorous terms, Mr. Morrison (East Hamilton) claimed that if the bill “went through” it would be nothing less than “a bonus to other cities.” Speaking as a Labor man, he felt that the man with the small home would have to “pay the shot.”

H. A. Clark (Conservative, Brockville) expressed opposition to the bill on the ground that, if passed, it would mean six mills to the city.

Mr. Murphy (Beaches) injected a new note into the discussion that abolition of the tax would mean the loss to Toronto of all the income collected from big, high-salaried men from the United States who have located in Toronto, and are living in the big hotels and costly apartment suites.

Chairman Finlayson was about to call for a vote on the principle of the bill when Mr. Wilson (East Windsor) rose to speak. His “popping up” was greet-