

# EFFECTIVE CITIZEN CO-OPERATION

WHAT IS EVERYBODY'S BUSINESS SHOULD  
BE EACH BODY'S BUSINESS

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BUREAU OF MUNICIPAL RESEARCH  
813-820 Traders Bank Building, Toronto  
Telephone: Main 3620

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## The Assessment Question

and

## "Public Opinion"

## in Toronto

In Bulletins Nos. 66, 67 and 68, the Bureau dealt with various phases of the Assessment problem:

The widespread dissatisfaction with the present laws and the methods of enforcing them;

Four test questions as to the desirability of various modes of taxation;

The income tax.

White Papers Nos. 20, 21 and 22 also dealt with this question, from the Provincial standpoint:

The law and a tabulation showing how it is interpreted in 20 Ontario municipalities;

Tabulation showing variations in per capita net assessment and in distribution of total assessment between land, buildings, income and business, in 20 Ontario municipalities;

Assessment facts for 20 Ontario municipalities covering number of appeals and the salaries paid assessment officials and employees.

In the course of collecting data for this assessment study, the Bureau issued a questionnaire to its mailing list. One hundred of the questionnaires returned by citizens of Toronto have now been analyzed and the results are submitted herewith.

These opinions are not issued because they are conclusive, or, because the Bureau subscribes to them, but because they show what average citizens are thinking of present methods of assessment and taxation. What people are thinking, rightly or wrongly, i.e., public opinion, must be taken into account in any consideration of assessment reform.

## Assessment Questionnaire and Analysis of 100 Replies Received from Toronto Citizens.

QUESTION	Yes	No	Miscellaneous
1. Are all incomes assessed which should be?	4	64	32
2. Are incomes other than salaries assessed as completely as incomes from salary?	1	69	30
3. Does the present lapse of time between assessment and tax levy result in great losses from income and business taxes?	56	14	30
4. Is the business tax an equitable one?	4	69	27
5. Does it tend to stimulate industry and commerce?	2	67	31
6. Is unimproved property assessed as heavily, in proportion, as improved property?	17	55	28
7. Are large properties assessed as high, in proportion, as small properties?	7	59	34
8. Could more effective methods be employed in securing equalization of assessment?	76	1	23
9. Would greater publicity of assessments help in the detection of inequalities?	82	8	10
10. Would district conferences with ratepayers help to secure better assessment values?	62		30
11. In expropriating property should the city be compelled to pay prices more than 20% in excess of the assessed valuation which has been in force without protest from the taxpayer?	26	56	18
12. If the city is compelled to pay such prices, should it not have the right to collect taxes on the property on an increased assessment, going back several years, or, failing this, to take, say, 50% of the difference between assessed valuation and sale price?	55	21	24
13. When properties exempted from taxation are sold, should not a certain percentage of the sale price go to the municipality?	58	17	25
14. Should real estate owners be required to give their own valuations to the Assessment Department and, if so, should the city have the right, in case of apparent undervaluation, to take over any such properties at an advance of 20% on said valuation?	44	36	20

Doubtful, did not reply to this question, etc.

### QUESTION 1:

## Are All Incomes Assessed Which Should be?

- 4 citizens replied in the affirmative (2 of these answers applying only to personal knowledge and not to their general belief);
- 64 replied in the negative;
- 7 were doubtful;
- 3 replied that taxation of incomes was not justifiable;
- 22 did not reply to this question.

### CITIZEN COMMENT AND SUGGESTION.

"Why not adopt the Dominion Government plan and require those paying dividends, etc., to make a return to the city assessment office of names of recipients as is done re salaries?"

"No incomes under \$2,000 should be taxed."

"A full list of income taxpayers should be published in pamphlet form, arranged alphabetically, with the amount of income stated. If city decides incomes are public matters, appropriating a portion of them in taxes, then secrecy from the public as to their amount and source is indefensible."

"There should be no exemptions on account of being in Government service."

### QUERY.

"Why not use income tax information as secured by the Dominion Government for civic tax purposes?"

### QUESTION 2.

## Are Incomes Other than Salaries Assessed as Completely as Salaries?

- 1 replied in the affirmative;
- 69 replied in the negative;
- 7 were doubtful;
- 5 would not tax incomes;
- 18 did not reply to this question.

### PREVAILING OPINION

seems to be that incomes other than salaries are not assessed as completely as ordinary salaries; but the tendency amongst those replying to this question was to appreciate that there are difficulties in the way of securing the necessary information.

### Typical answers to this question:

"No. Because every one is not required to fill in an income statement for municipal taxes as they are for federal taxes."

"No. It is apparently an easy matter to deceive the authorities."

"No. Men engaged as salesmen, for example, frequently receive large bonuses, which, in many cases, are not reported."

"There are scarcely any taxes on piece-work or spasmodic earnings."

"The salaried employee is taxed. The lawyer and the doctor escape."



### QUESTION 3.

Does the Present Lapse of Time Between Assessment and Tax Levy Result in Great Losses From Income and Business Taxes?

- 
- 56 replied in the affirmative;  
14 replied in the negative;  
7 were doubtful;  
23 did not reply to this question.
- 

### CITIZEN COMMENT AND SUGGESTIONS.

"Not from those who pay. The big loss is in the money never collected."

"The city loses considerable revenue from the foreign or transient population who may only work three or four months for a firm, and then go somewhere else. My proposition would be to assess these people and collect the same year, making (if legislation could be secured) the employer responsible to the city for the deducting on a weekly or monthly basis, of the amount determined by the Assessment Department of each one's particular assessment."

"Considerable sums must be lost through persons leaving the city with a considerable amount of income tax in arrear. Greater precaution should be taken to collect this."

"Both income and business taxes should be collected in year of assessment."

### QUESTION 4.

Is the Business Tax an Equitable One?

- 
- 4 replied in the affirmative;  
69 replied in the negative;  
7 were doubtful;  
20 did not reply to this question.
- 

### CITIZEN STATEMENTS:

"Unfair. Levied on business property instead of amount of annual turnover. Some lines of business are discriminated against. For instance, a man doing business on small and inexpensive premises might have a large turnover and large profits and contribute but a small amount to the general taxation. On the other hand, some businesses require large premises to do only a moderately sized business, but must pay taxes on large premises whether business is brisk or slow. A good example is retail lumber trade."

"One firm may do \$5,000,000 business in 1,000 feet of office space, while another may do \$100,000 business in 2,000 feet of office space, yet latter pays bigger tax."

"Should only be levied where earnings or profit warrant it."

"No person should be allowed to go into business between the two collection periods and get out again without paying proportion of the year's tax."

"The collection in one instalment is grossly unjust and in defiance of every principle of equity."

"No. It should be based on income and not on a percentage of real estate and property valuation."

"The only equitable business tax is that which affects net earnings of a company, and not that which taxes value of space occupied."

QUESTION 5.

Does It (The Business Tax) Tend to Stimulate Industry and Commerce ?

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2 replied in the affirmative;  
67 replied in the negative;  
7 were doubtful;  
24 did not reply to this question.

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COMMENT.

"All taxes on industry strangle it."

"No. It is shifted to the consumer, adding to prices and making it more difficult for our business men to compete with others abroad, increasing the cost of living at home."

"Most unjust to small firms whose businesses require large space."

"It helps to bring an epidemic of bankruptcy every ten years."

QUESTION 6.

Is Unimproved Property Assessed as Heavily, in Proportion, as Improved Property ?

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17 replied in the affirmative;  
55 replied in the negative;  
14 were doubtful;  
14 did not reply to this question.

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COMMENT.

"Yes. It is much easier to get at selling value of land than to fix a value on improvements."

"I think assessing buildings retards progress. Assess ground only; but expropriate ground when owner cannot or will not build when requirements demand it."

"No. Enquiry invariably shows favoritism to the unimproved holder."

"No. There is always a marked tendency to value occupied land more highly than vacant land."

"No, but ought to be higher. It is a detriment to the city."

"My impression is that improved is always about 25 per cent. higher than unimproved."

"Generally more so. It all depends on the assessor, who is generally an underpaid official with but little knowledge of values."

#### QUESTION 7.

### Are Large Properties Assessed as High, in Proportion, as Small Properties?

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7 replied in the affirmative;  
59 replied in the negative;  
13 were doubtful;  
21 did not reply to this question.

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#### COMMENT.

"No. It is easy to value a house costing \$6,000, but I venture to say that there are homes costing \$100,000 that are not assessed over 25% or 30% of their value."

"No. But the inequality is much more marked in the improvement assessment rather than the land assessment."

"No. Large properties are assessed about 60% of value—small holdings about 80% of value."

"The remedy is not to raise these up, but to take all taxes off improvements and so encourage home building, large and small. No one is hurting the community by erecting a large house."

#### QUESTION 8.

### Could More Effective Methods be Employed in Securing Equalization of Assessment?

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76 replied in the affirmative;  
1 replied in the negative;  
7 were doubtful;  
16 did not reply to this question.

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#### CITIZEN COMMENT AND SUGGESTIONS.

"Yes. An Assessment Bureau independent of Council might make for equality."

"Publish assessments in the daily papers."

"Yes. By following the New York City plan of publishing a map of each street showing the assessment of each lot, or try the Houston plan."

"A Provincial Department of Assessment Revision with special officers for all parts of the Province would perhaps prove more effective and expert after a little experience than the Courts of Revision and the County Judge. In such case, Toronto would have a Chief Officer of Assessment Revision who would be held directly responsible for securing and maintaining equitable conditions. The new system should be such as not to require appeal on the part of private citizens. The chief officials being provincially appointed should be less influenced by local agencies."

"Yes. Use the Somers System of valuation."

"Yes. Better informed and better paid assessors would in time work out a fairer scheme of assessment."

"Employ only single tax method."



QUESTION 9.

Would Greater Publicity  
of Assessments Help in the Detection  
of Inequalities?

82 replied in the affirmative;  
8 replied in the negative;  
4 were doubtful;  
6 did not reply to this question.

COMMENT.

"Yes. Large maps showing properties and their land assessment, readily accessible to the public, would practically cure unfairness in the land division. Publication of assessments would be money well spent."

"Yes. Together with greater publicity of the fact that any ratepayer may complain against any other person's assessment being too low."

"Yes. Example—the complaints re military exemption obtained through publicity."

"Yes. If city would issue assessments in pamphlet form, so that property owners could have them to compare with those of adjoining districts."

"Yes. Experience in those cities which have printed assessment rolls in pamphlet form is that such publicity is a help in the detection of inequalities."

"Yes. But the only proper way is to tax land only."

"Yes. But would not make a wrong principle of assessment a right one."

QUESTION 10.

Would District Conferences  
with Ratepayers Help to Secure  
Better Assessment Values?

62 replied in the affirmative;  
8 replied in the negative;  
15 were doubtful;  
15 did not reply to this question.

COMMENT.

"Yes. Ratepayers in the district should know better than anyone else the actual value of properties."

"Yes. If maps giving information and machinery were available to make use of the information gained in the course of protest and discussion."

"The Ratepayers' Associations might well take up the question in regard to the locality which they embrace."

"I do not think so. The ratepayers desire to keep down taxation on property owned by them. What we require is assessors with knowledge of the whole city so that one district would be assessed on the same basis as the rest of the city."

"Yes. They would help to reduce inflated assessments and arrive at real values."

"Yes. If publication of district roll was made previously."

"Yes. If each street or polling sub-division could be arranged."

"Doubtful. Too many to consult and too many theories to harmonize or combat."

"Yes. If one could be convinced that people would be satisfied that assessment would be adjusted fairly on appeal, not as at present when the general opinion of the ratepayers is that the city official is supreme."

"Impartial judges are the best. Contrary to human nature to fairly tax one's self."

"Yes, but a better plan would be to allow local option, in method of raising revenues, to municipalities."

### QUESTION 11.

In Expropriating Property should the City be compelled to pay prices more than 20% in Excess of the Assessed Valuation which has been in force without protest from the taxpayer?

26 replied in the affirmative;

56 replied in the negative;

(4 of these qualified by saying 20% too low);

(1 said 10% high enough);

(1 said take at assessed value without raise);

8 were doubtful;

10 did not reply to this question.

A common answer to this question was:

"City should see that all properties are properly assessed";

or

"Yes. City must be as any other purchaser on open market."

### OTHER OPINIONS:

"Any government should have the right to take over at assessed value any property it requires. An assessment that is accepted for taxation should be accepted for sale price."

"Theoretically, the city should not have to pay more than 20%, but so long as our property is not assessed, by the qualified assessors, at the proper valuation, the average citizen feels he is justified in getting away with as low an assessment as possible. Morally it is not defensible. Humanly it is very natural."

"This question can only be answered in concrete cases and after equalization of valuation."

"It should not be a very difficult thing to ask each ratepayer to fill out a declaration each year placing a value on his own property. Amend Assessment Act to allow expropriation at 20% increase on assessment. Assessor need not go by declarations, but could get an idea from them as to real value for justification of his assessment."

"City should pay higher than assessed value as it deprives owner of option of holding at any price."

### QUESTION 12.

If the City is compelled to pay such prices, should it not have the right to collect Taxes on the property on an Increased Assessment, going back several years or, failing this, to take, say, 50% of the difference between Assessed Valuation and Sale Price?

55 replied in the affirmative;

(5 preferred the 50% plan);

(1 thought 20% enough);

(Others had no preference);

21 replied in the negative;

6 were doubtful;

4 said "impracticable";

14 did not reply to this question.

### TO THIS QUESTION

Six citizens replied: "No. Fault is with a bad system. Assessment should be on real value."

Four more citizens were of the opinion that "Tax city accepts for property for given year should be final. Property changes hands too often to be subject to retroactive taxation. The price a particular property sells at is often the result of a particular individual's fancy or requirement, and not the value if sold under pressure."

### OTHER OPINIONS:

"Yes. Take three years' arrears on increased price, less 10%."

"Might be fair to collect taxes on higher assessment for four years previous, if same person owned the property."

"Yes, and should apply to every sale of property in the city."



QUESTION 13.

When Properties Exempted from Taxation are Sold Should Not a Certain Percentage of the Sale Price go to the Municipality?

- 
- 58 replied in the affirmative;  
17 replied in the negative;  
5 were doubtful;  
12 said there should be no exemptions;  
8 did not reply to this question.
- 

**CITIZEN COMMENT:**

- "Yes, if money is not being reinvested for the same class of property."
- "Yes, unless church or hospital were about to further enlarge and beautify our city."
- "Yes—not less than 10%."
- "No—but taxes should be collected from day of sale."
- "Yes—say, 50%."
- "No—if exemption is just there should be no back slaps."
- "No. Benefit to the city in lieu of taxes has likely accrued while the property was being used for the purposes for which it was exempted."

QUESTION 14.

Should Real Estate Owners be required to give their own valuations to the Assessment Department and, if so, should the city have the right, in case of apparent undervaluation, to take over any such properties at an advance of 20% on said valuation?

- 
- 44 replied in the affirmative (but 5 thought the idea impracticable);  
36 replied in the negative;  
5 were doubtful;  
15 did not reply to this question.
- 

**CITIZEN COMMENT:**

- "No. The city assessment department's experts should be better judges of values, especially over a period of years, than a temporary owner."
- "Yes. In the case of the Kingsway, London, each party assessed their own property, and that price was paid, but the understanding was that if the scheme did not go through and the property was not taken, the property owner would pay taxes on the valuation put on it by its owner."
- "No. Evidence of owners might be taken, but not their valuation."
- "Good idea—but has the city the power to go into the real estate business? House owners would know the city would not take the property, so would make low valuations. If too low the assessor should place his valuation, and then decision be made by judge at Court of Revision."
- "This would tend to prevent holding for speculation."

"Yes. But assessing at 100% would simplify the whole process."

"Yes. But on registration of deeds compel them to pay taxes on the added difference of assessment if more than stated on valuation."

"If each property holder were compelled to make a declaration as to the value of his land and buildings, and if the law were such that he would have to sell if offered a substantial advance, assessment could be equalized. Then if sales were made above declared value, city or state should get a share of this with due allowance for capital invested in improvements."

"I think that real estate owners should be required to give their own valuation to the Assessment Department. I would hardly approve of the city having the right to take the property. Better in such case that the city should be allowed to put up the property at auction and to retain, say, one-half the difference between the owner's valuation and the price realized at auction."

"Perhaps it might be wise to require that any municipality shall apply the auction test to the owner's valuation at the request of, say, five taxpayers."

These opinions do not settle or pretend to settle any questions, but they raise

### SOME QUESTIONS WHICH ARE WORTH WHILE THINKING ABOUT:

1. Should there be local option in raising revenues for municipalities?
2. Should district conferences be established to assist assessors?
3. Should property owners be required to swear to the value of their property as an aid to the Assessment Department in equalizing assessments?
4. If this is done, should municipalities be authorized to purchase any property at 120% of the sworn value?
5. Should the assessment of incomes be attempted by the municipalities or by the Provincial or Dominion Governments—the proceeds of the tax being distributed pro rata among the municipalities?
6. Should improvements on land be exempted or partially exempted from taxation?
7. Should the business tax be based on business revenue?
8. Should business and income taxes be collected in year of assessment?
9. Should part or all of the "unearned increment" be taken by the city when property is transferred?
10. Should a Provincial Bureau for the equalization of assessments be established?