

Citizen Control of the Citizen's Business

TORONTO'S CITIZENS CAN CONTROL TORONTO'S AFFAIRS ONLY THROUGH FREQUENT, PROMPT, ACCURATE AND PERTINENT INFORMATION WITH REGARD TO TORONTO'S BUSINESS.

ISSUED BY THE

21 KING STREET EAST



TELEPHONE: ELGIN 1904

White Paper No. 129

June 19th, 1928

The 1928 City Budget

STORY No. 1

The 1928 Civic Budget of ordinary current expenditures to be met out of general taxation and incidental revenues other than taxation.

Toronto is raising in net general taxes during 1928

\$27,424,046.71

Using the estimate of population given in the official estimates—583,000—this represents general taxation per person of

\$47.04

compared with \$47.33 in 1927 and \$43.92 in 1926. When the ratepayers' share of local improvements are added, the per capita taxation is \$50.39 for 1928, compared with \$50.54 for 1927 and \$47.35 for 1926.

General Tax Requirements.

Estimated gross expenditure from general taxation and revenues affecting taxation..... \$31,363,449.52

Less:

1. Reserve for deferred expenditures...\$ 181,229.31
2. Anticipated general revenues..... 1,238,400.00
3. Water works surplus..... 760,772.09
4. General surplus and appropriation withdrawn from 1927..... 862,378.41
5. Educational surpluses, credits and subventions, and provincial and county payments of certain costs.... 896,623.00

3,939,402.81

Total General Tax requirements..... \$27,424,046.71

Taxation

Tax at 21.90 mills on general assessment of\$853,241,469.00 = \$18,685,988.17

Tax at 9.90 mills on public school supporters on assessment of..... 874,711,445.00 = 8,659,643.40

Tax at 14.25 mills on separate school supporters on assessment of..... 48,006,117.00 = 684,087.16

Total gross taxation..... \$28,029,718.73

Less: Taxes uncollectable, etc..... 605,672.02

Net general taxation..... \$27,424,046.71

In addition to this general tax, there is the ratepayers' share of Local Improvement taxation..... \$ 1,953,277.02

The total municipal taxation for 1928 is therefore..... \$29,377,323.73

The total municipal taxation per capita is \$50.39 on an estimated population of 583,000.

Total Assessment* and percentage of total for each type of Assessment 1921 - 1928

	1921	1922	1923	1924	1925	1926	1927	1928
Land	\$314,966,347 45.1%	\$335,263,214 43.2%	\$338,652,360 41.1%	\$343,735,662 40.5%	\$349,027,032 39.9%	\$350,415,346 39.5%	\$353,406,054 38.7%	\$359,229,806 38.8%
Buildings	253,457,518 36.3%	280,027,259 36.1%	325,600,581 39.5%	343,530,487 40.5%	360,793,353 41.2%	374,597,273 42.3%	390,622,538 42.9%	409,638,179 44.2%
Business	77,431,122 11.1%	86,326,559 11.1%	89,548,097 10.9%	89,044,560 10.5%	89,993,233 10.3%	90,178,900 10.1%	92,325,642 10.1%	95,841,016 10.4%
Income	51,563,448 7.5%	74,517,604 9.6%	70,019,913 8.5%	72,810,491 8.5%	75,600,736 8.6%	71,648,289 8.1%	74,140,164 8.1%	61,318,621 6.6%
Total.....	\$697,418,435 100%	\$776,134,636 100%	\$823,820,951 100%	\$849,121,200 100%	\$875,414,354 100%	\$886,839,808 100%	\$910,494,398 100%	\$926,027,622 100%
Schools only	872,565† 1.1%	51,869,467‡ 6.7%	56,051,537 6.8%	59,034,874 6.9%	62,234,038 7.1%	64,335,342 7.2%	66,232,181 7.2%	67,408,404 7.3%
Totally exempt Percentage of Total Taxable Value	98,291,695 14.1%	103,136,818 13.3%	108,864,308 13.2%	111,068,428 13.1%	116,600,777 13.3%	120,399,278 13.6%	124,359,570 13.7%	127,277,025 13.7%
Population	522,666	529,083	538,771	542,187	549,429	556,691	569,899	583,000 est.

*The figures for 1928 and those for schools only are those returned by the Assessors and those for previous years being revised and including additions under Section 9 of the Act.

†Figure from Report of Bureau of Municipal Affairs.

‡Partial exemption of dwelling houses assessed for \$4,000 or under was the cause of large increase in the figures over that for previous years.

The Tax Rate (†) and What it Might be if the Basis of Assessment Were Changed in Certain Directions.

I.

At present residences assessed at \$4,000 or less are taxed, except for school purposes, on varying percentages of this assessment; income is exempted in varying amounts, the householders without dependents being exempted to the extent of \$3,000 each; municipally owned public utilities receive certain exemptions; churches, hospitals, cemeteries, private schools, charitable institutions, etc., are not taxed municipally; property of the Dominion Government, the Provincial Government, the Provincial University, and the County of York are not taxed. With these exemptions, the general assessment in 1928 is \$853,241,469; the school assessment \$922,717,572, and the tax rate (for public school supporters) *31.80 mills. (Assessment figures are those which were used in striking the tax rate.)

II.

If the exemptions were reduced by taxing fully municipally owned utilities, the assessment would be increased by about \$5,500,000 and the normal tax rate reduced to 31.60 mills.

III.

If, in addition, the partial exemption of residences assessed at \$4,000 or less were removed, the general assessment would be increased by \$67,408,404, and the normal tax rate reduced to 30.02 mills.

IV.

If, in addition, churches, hospitals, cemeteries, private schools, charitable institutions, etc., were taxed, \$35,586,634 would be added to the assessment and the normal tax rate reduced to about 28.90 mills.

V.

If the property of the Dominion Government, the Provincial Government, the University and Colleges, the County of York and the buildings of the Hydro-Electric Power Commission of Ontario were taxed, about \$28,600,000 would be added to the assessment and the normal tax rate would be reduced to about 28.07 mills.

VI.

If, on the other hand, the exemptions were not decreased but further increased by the abolition, say, of the income tax*, the assessment would be reduced by \$61,318,621 and the normal tax rate increased to about 34.20 mills.

*An increase of the income tax exemptions effective this year resulted in the income tax assessment for 1928 taxes being less than the 1927 by \$12,821,543. Without the change there probably would have been an increase of \$3,500,000. The assessment would, therefore, have been larger than that of other years by at least \$16,250,000. If this had been included in this year's assessment, the normal tax rate would have been 31.22 mills. This reduced the taxes for those with taxable incomes and increased the taxes of home owners without taxable incomes and taxes on business assessments.

(†For the sake of simplicity the tax rate for public school supporters only has been used and is referred to as the normal tax rate.)

Effect of above changes in basis of Assessment on various assessable properties and incomes.

(For sake of simplicity, assuming the taxpayer is a householder and public school supporter)

Property and Income	At present	In addition, taxing utilities	In addition, taxing all residences on same basis	In addition, taxing churches, private schools, etc.	In addition, taxing government property, etc.	On present basis for real property and businesses but exempting income
No house and \$2,000 income	0	0	0	0	0	0
" " " 3,000 "	0	0	0	0	0	0
" " " 5,000 "	\$63.60	\$63.20	\$60.04	\$57.80	\$56.14	0
" " " 10,000 "	222.60	221.20	210.14	202.30	196.49	0
\$4,000 house and \$2,000 income	118.44	117.70	120.08	115.60	112.28	\$127.36
4,000 " " 3,000 "	118.44	117.70	120.08	115.60	112.28	127.36
4,000 " " 5,000 "	182.04	180.90	180.12	173.40	168.42	127.36
5,000 " " 2,000 "	159.00	158.00	150.10	144.50	140.35	171.00
5,000 " " 3,000 "	159.00	158.00	150.10	144.50	140.35	171.00
5,000 " " 5,000 "	222.60	221.20	210.14	202.30	196.49	171.00
\$100,000 factory	3,180.00	3,160.00	3,002.00	2,890.00	2,807.00	3,420.00

A Change in the Basis of Assessment Does Not Decrease Total Taxation.

When the basis of taxable assessment is altered, the contributions of various taxpayers are altered—some are increased and some decreased, but it does not change the total amount of taxes levied. If the changes are for the purpose of removing inequities and actually result in removing these inequities, justice is served. But if the results are the increasing of existing inequities or establishing others, they may be serious. Before changes are made, therefore, it is necessary to analyze the results which will follow and not simply to act upon plausible but superficial representations. Moreover it is not always obvious what the ultimate incidence of changes may be. It is held, for example, that income taxes cannot be passed on and that, normally, taxes on improvement can be passed on, so that the apparent incidence may not be the actual incidence. Proposed changes in the tax basis are worthy of careful study.

The Bureau of Municipal Research is, and has been from the first, supported by private subscriptions from public-spirited citizens. It has received no governmental or municipal grants, for the reason that its statements of fact and suggestions as to policy must not only be independent and unbiased, but must be so considered by the general public. The value of the Bureau to the citizens of Toronto depends on its independence as an agency of constructive criticism and citizen co-operation.