

## CHAPTER III.

### THE GLASGOW BILL: ITS TERMS.

WHILE London modestly sends resolutions before the Royal Commission to enquire if it could see its way to back them up, Glasgow, determined to keep in the forefront of municipalities, has tabled a public bill.

It was brought in in the House of Commons on 7th March, 1899, by Sir Charles Cameron, and was backed by Mr. Caldwell, Mr. John Wilson (Govan), Mr. Provand, and Dr. Clark. It may be that the bill is badly drafted, or, again, it may be that the many persons whom I have consulted as to its meaning are exceptionally stupid; but I am afraid that, to give the words of the bill as printed, would convey little idea of its provisions and incidence to the average citizen. I therefore propose to begin by giving a statement of its terms in my own way.

The bill provides for a new tax, called the Land Value Assessment, to be laid on the "proprietor" (or reputed proprietor) of any land or heritage in any burgh in Scotland. Thus it is not a local bill, but

one expressly affecting "every Royal and Parliamentary burgh within the meaning of the Burgh Police (Scotland) Act, 1892." In the first instance, the proprietor is asked to assess himself. He is required, before 15th June of each year, to send in to the burgh assessor a statement of the number of square yards of which he is the proprietor, and to declare what he considers their annual value. But this "annual value" is to be arrived at by a special calculation. It is not (1) what he may happen to be getting from the ground in rent or hire; nor yet (2) what he has been offered for it; nor even (3) what he considers he ought to get for it. He is asked to "fix" the price thereof (what would generally be called the capital value) "as between a willing seller and a willing buyer." And, again, it is the price of the ground simply and solely, "apart from the value of any buildings, erections, fixed machinery, or other heritable subjects on or connected with it." Four per cent. on this capital value is considered to be the "annual value," and this four per cent. is to be entered in a special column on the Valuation Roll of the burgh as the "land value." It is on this land value that the tax is laid.

But although the proprietor is asked to assess himself, the assessor is by no means bound to take his valuation. He may enter on the Valuation Roll either this sum or "such other amount as he shall deem reasonable." In turn, the proprietor may appeal against the assessor's valuation on the same conditions under which similar appeals are made at present. Once this is settled and the Roll made up—that is, at Whitsunday after the passing of

the Act—the Town Council is to levy an assessment on this land value not exceeding 2s. in the pound.

The destination of the proceeds of this tax is also peculiar. It is not to be devoted to any one purpose, but to be “allocated *pro rata* to the several accounts in respect of which police and municipal assessments are levied within the burgh”; that is, so much of it goes to police, so much to parks, so much to municipal buildings, etc.

Thus it is an additional tax, but it is not necessarily additional taxation. It contributes an additional sum to the funds of the taxes already imposed, but these taxes may be reduced by that amount. It put 2s. per £ on one class, but it takes something—impossible to say how much—off all classes who pay police and municipal taxes, without even limiting the relief to occupiers. But at this point there is a remarkable omission from the bill. It has been held out as an inducement—indeed as a motive—that this was a measure in relief of taxation. For instance, in a resolution passed by the Bradford City Council on 12th January, 1899, it was asserted that 1s. per £ on the taxation of land values would produce a revenue of nearly 4d. in relief of the general taxpayer. And Bailie Ferguson, asserting that the land value of Glasgow is £2,000,000 a year, which, at 2s. per £, would yield one-third of the £600,000 we pay at present in municipal rates, makes no secret of it that his ultimate object is to relieve capital and labour absolutely of all taxation, both imperial and local. But there is no pledge of such relief in the bill; only of allocating the return *pro rata* to the several

accounts. With a Corporation anxious to enter on new fields of municipal activity and only deterred by the expense, it may be suspected that the money would be used, not in relief of present taxation, but in lieu of imposing additional taxation. It will be remembered that the professed object of the London County Council, in suggesting an "Owners' Tax" on site values, is to secure a "new source of revenue" for the increasing expenditure.

The following exemptions are made: Police stations, jails, and premises occupied in connection therewith; public infirmaries, hospitals, poorhouses, public schools, places of religious worship, chapels, drill halls, ragged schools, Sunday schools, scientific and literary societies, burial grounds, or parks or open spaces held and enjoyed by the public under any Act of Parliament or under or by the permission of any municipal or Local Authority.

This is the substance of the first part of the bill, embracing sections 1-6. It was originally the whole of the bill as drafted by a sub-committee of the Parliamentary Bills Committee, and printed by the Corporation in July of 1898. It seems to me—although I judge only by internal evidence—that at this time the idea of the bill was to "get at" owners of land within burghs who were holding back ground for higher prices, letting it meantime for agricultural or temporary purposes, and that the full effect and extension of the measure was not quite realised. For the term "proprietor," of course, is applicable, not only to the owner of vacant, agricultural, or unfeued land, but to the person, or successor of the person, who has taken ground on

feu from a landowner (who then becomes his "superior") and built upon it.

The result would have been that the landowners who had already feued their ground would have escaped altogether. In an able letter to the newspapers of 20th August, 1898, Mr. Peter Burt called attention to the anomaly created by this. The new tax, he said, would force landowners to throw their ground on the market at a low rate; feuing on the reduced terms, builders would be able to let their buildings at a lower rent; this would bring down all rents, and be "disastrous, and in many cases mean ruin," to those who had taken feus at the old terms, and would have to pay the heavy feu-duty in perpetuity—"a section of the property-owners which, I think," wrote Mr. Burt, "is most entitled to our consideration." In other words, the burden would have fallen on those who had been the victims of what the bill aimed at abolishing—namely, the power of the landowners to hold up their land till they could feu it at a high price.

Whether as direct effect of this letter or not, on 11th October an addition was recommended by the sub-committee, and approved, along with the rest of the bill, by the Corporation on 20th October, 1898. This addition now appears as section 7 of the present bill. Here we have provision for transferring part or whole of the tax from the "proprietors" to the superiors of the ground. The proprietor is entitled to deduct from his "ground burdens," as they are to be called (whether feu-duty, ground annual, ground rent, lease, or tack duty under a lease of more than 31 years' duration), "such

proportion of the land value assessment paid by him in respect of the land as shall correspond to the amount of the ground burdens payable by him on the land as compared with the amount of the land value of the land." This is not an easy sentence, but it only means that he deducts the amount which the superior would have to pay if the tax were levied directly on the feu-duty he receives. It may be understood most easily from a concrete example.

If I have been paying £20 of feu-duty, and the new "land value" of my ground appears in the Valuation Roll at £20, I pay 2s. per £ on £20 to the Corporation, and charge the superior with the whole of the tax—that is, I pay the tax of £2 and deduct the whole £2 from the feu-duty. But if the "land value" is fixed at £40, I pay 2s. per £ on the £40 to the Corporation, and charge the superior with 2s. on his £20—that is, I pay a tax of £4 and deduct £2 only from my feu-duty. Thus if the "land value" goes on rising, the increasing burden is borne by the proprietor alone; the owner of the feu-duty pays no more than the assessment on the amount of his feu-duty.

Following this are two provisions relating to the case where there is more than one ground burden on the same piece of land, and to the case of unallocated ground burdens. Last comes the forbidding of contracting-out, whatever engagements may have been entered into for relieving the superior from bearing his share in the taxation.

It remains to be noticed that there is one class of proprietors who bear the whole burden without relief.

It is the proprietors who have not taken ground on feu but bought it outright, for here there is no superior. Yet up till this time this kind of proprietor has been supposed to occupy much the same position as the proprietor who has taken his ground on feu. He has paid a capitalised price instead of a perpetual annuity, but a price based on the same calculation as the annuity. And there is one class of landowners who escape altogether—those who have already sold their ground outright; the unfortunate buyer stands, and is taxed in their stead.

To sum up, the bill purposes to tax four classes :

(1) Owners of vacant land who have hitherto paid no taxation or only nominal taxation.

(2) Proprietors of buildings who have bought their ground outright and paid presumably a high price for it.

(3) Proprietors of ground and buildings who pay feu-duty.

(4) Receivers of feu-duties.

But (1) and (2) bear the full burden ; (3) and (4) in most cases divide it between them.

It will now be seen why I ventured on some details of the drafting of the bill which may have seemed unnecessary. The bill has grown in the drafting. First it was a measure to reduce rents by forcing land into the market. But the reducing of rents in the way proposed produced the anomaly of penalising those who were unfortunate enough to have entered into feu contracts before the passing of the bill. To remedy this—and perhaps to meet the views of those who believed in the taxation of feu-duties—the tax was shifted as far as possible on to

the superiors. But where land has risen in value since the feu was fixed, part of the tax rests on the proprietors. Thus we have in its final issue a bill which not only fulfils its intention, but taxes as well a class of proprietors who do not seem to have been aimed at at all.