

Milk River Tests the Rent Tax

By Fred Pease

The original site of the village of Milk River, owned by the Alberta Railway and Irrigation Company, was subdivided by the company in the year 1909. Since that year three further subdivisions, owned by the company and its successors, the Canadian Pacific Railway Company, have been added to the original site. In the year 1912 the community became a corporate body, known as the "Village of Milk River."

In the years prior to 1912 public revenue was collected from the subdivision by the provincial government and was procured from land value taxation only. Following incorporation and the need for greatly increased revenue the usual agitation for the taxation of improvements was presented, and as improvements increased this sentiment became still more pronounced.

This, of course, is the usual procedure in all new settlements but at this point the village of Milk River leaves the well beaten path. The proposal to exempt improvements and continue the taxation of land values was defended by a small but ardent group of Georgists who had made this community their home.

In so far as village authority extends, Milk River is on a strictly land value tax basis. With the exception of a nuisance tax on dogs, every dollar which is expended is derived from ground rent. Land values, plus improvements, are assessed and levied upon for public school purposes. Our school district includes land outside of the village limits and the provincial authorities direct the method of collection of revenue for school purposes so that improvements in the village are assessed and taxed for school purposes.

The policy of collecting economic rent has been carried to a point where it has become unprofitable for anyone to hold land out of use in anticipation of an increment in its value. The result is that nearly all unimproved land has been acquired by

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(The municipal application of the social appropriation of rent is not a mere theory but a practise, and a very successful one where it has been fully applied. One of the localities where this system of municipal finance has undergone a practical test is Milk River, Alberta, Canada. Milk River's experience is described by Fred Pease in an interview reported by Charles Tittsworth of The Lethbridge, Alta., Herald. Mr. Pease, a student of economics for forty-seven years, has served on the village council for thirteen years, four of them as mayor. He is known throughout the province as the father of the land value tax system and is one of a group of followers of Henry George in the village, including such men as J. B. Ellert, who are among the most intelligent and devoted in the movement.—The Editors.)

the village under tax recovery proceedings and is readily available, by lease or purchase for a nominal sum, to those wishing to use it.

No difficulty has been experienced in raising revenue sufficient for the needs of the village. The small loss due to abandonment of unimproved land by speculative holders is more than offset by the additional use to which land has been put.

Laboring men have found it possible to build small homes rather than pay high rents.

Farmers have built homes in the village for winter residence and business men have been able to refuse to pay high rents demanded for use of business premises because they have found it possible to obtain favorable sites on which to build without having to pay capitalized ground rent to a landlord.

Our main problem is to decide how to expend increasing revenue to the best advantage as we find it nec-

essary to increase the land value tax in order to prevent speculative holding of land.

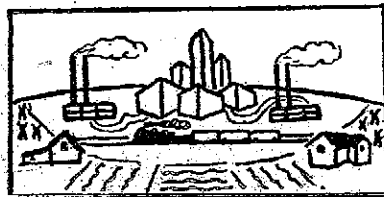
It must not be supposed the progress of the social land value taxation movement in Milk River has been all clear sailing. It has been a continual struggle. We have faced and still face the most bitter opposition. The opposition of land owners in the village has to a great extent disappeared but there is abundant evidence that large vested interests throughout the province are very much opposed to what they are pleased to call our policy of "confiscation" of land.

Successive provincial governments, too, have clearly indicated their lack of sympathy toward our policy. Some years ago the Canadian Pacific Railway Company, then owners of practically all unimproved land in the village, engaged us in litigation in connection with our policy of "confiscation." We were able to defend our policy successfully in the courts.

During 1927 the provincial legislature enacted legislation compelling villages to assess improvements at two-thirds of their actual value and to levy on that assessment at the same rate as the levy on land values. This legislation, of course, completely upset our policy of raising revenue exclusively from land values.

Alone and unaided this village fought for an amendment permitting villages to decide for themselves whether or not improvements would be assessed and taxed and after two years of unremitting effort the village succeeded in obtaining the enactment of the desired amendment. It promptly returned to the policy of raising all revenue from a tax on land values exclusive of improvements.

During the two year period when continuance of the Georgist policy was in doubt, land values rose rapidly and practically all unimproved land was acquired by a few speculators who hoped to make a profit from the normal growth of the village and the demand for land.



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With the return to the social land value tax and exemption of improvements from taxation their hopes vanished and they allowed their holdings to revert to the village. As before stated, the loss in revenue from these unimproved lands is insignificant when compared to the advantages which are to be derived by the whole people from the increased accessibility to land for business purposes and home building.

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In conclusion it may be pointed out that the village is in sound financial condition. It has no indebtedness whatever and it carries over at the end of each fiscal year a surplus of approximately the amount of the current year's tax levy.

Public improvements compare quite favorably with those of any village of its approximate size in the province and because of the general absence of speculative holdings of land the development of the village has been orderly and compact, which makes for economy and efficiency in carrying out public improvements. Milk River has the finest graded streets and drainage of any village in southern Alberta. Public services show a similar record. Residents needing hospitalization or indigent aid are promptly taken care of out of the treasury funds.

In 1929 the village eliminated all taxes on improvements and placed the complete burden of public revenue collection on land values. At that time the village was in debt to the bank over \$1,500. Today, the village does not owe a dollar, with a surplus of \$2,760 cash on hand.

The municipal authorities do not desire to accumulate a large surplus in the treasury year by year, but to give it back to the people who paid it in, by public improvements, labor and services without additional levy on improvements. It works and has been very successful and satisfactory to the ratepayers of this village.