

TELE-FACTS

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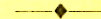
No. 5

Public Housing and The Homeowner's Tax Discount

AN ADDRESS BY

Hon. E. C. Manning

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Hon. E. C. Manning:

Good Evening, Ladies and Gentlemen:

I appreciate you joining us for our shareholders' meeting again. Let me say a special welcome to those of you who have joined us this time.

You may be wondering why I refer to this occasion as a "shareholders' meeting", so let me repeat what I have already explained to our regular viewers on previous telecasts. Our Province of Alberta is a big, booming progressive corporation that we may rightfully call, "Alberta Unlimited". You, the citizen are shareholders — it's your Province. We, the government, are those you have elected to manage your Province's affairs on your behalf. As your Premier, I serve as the Chairman of your Board of Directors, and through these weekly telecasts I am reporting directly to you, the shareholders in "Alberta Unlimited".

I have stressed that I hope you will make these weekly meetings a two-way channel of communication. If you have questions you would like to have answered, send them in. If you have suggestions or recommendations, let us have them. My colleagues and I want, above all else, to see to it that you get the very best government humanly possible. To that end, I appeal to each of you to take an active part in your Province's

public affairs. Let all of us, without regard to party politics, who are interested in honesty, decency, and the constructive progress of our Province, unite our efforts and pool our judgment and our ideas and work intelligently together to advance the interests of each individual and every family in Alberta. This is my one and only interest in the work of government, and I am sure most of you feel the same way.

Let's get down to business now with our agenda. May I first of all answer a couple of questions that I have been asked. Someone writes: "Why shouldn't the people in communities where oil and gas, or other mineral resources are found, get a greater benefit of those resources than people living in communities far removed from such resources?"

It is important to keep in mind that the natural resources of this Province belong to all its citizens as shareholders in "Alberta Unlimited", without regard to where you happen to live in the Province. This is a very important principle. It is the reason why we have never agreed to special concessions to those who happen to live in the particular area where these resources are located and being developed. To do so would be unfair to all other citizens who have an equal right to the benefits of ownership of resources which belong, not to a select few, but to all citizens of the Province. One advantage, of course, that local residents should, and do enjoy, is the cheaper

transportation costs in the case of gas lines, because they live closer to the source of supply.

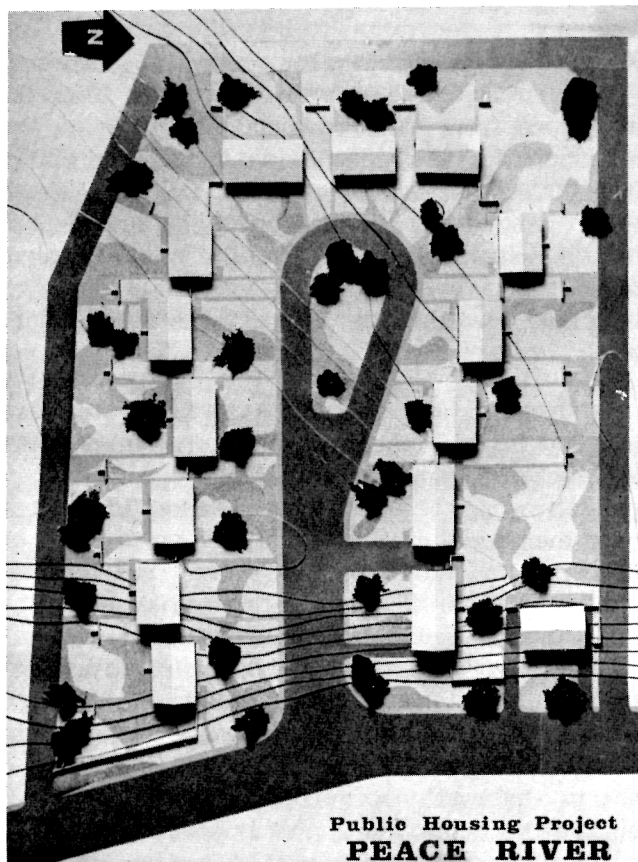
Here is the second question: "We would like to know what the government is doing to cut down on the high tax to property owners, especially in the rural communities." First of all, I think I should tell you that we get numerous representations from residents of our cities and towns charging that the tax load in the urban centres is heavier than that carried by the rural taxpayers. So you see, I'm afraid our people don't agree on this point. The most frequent arguments used by the urban taxpayers is the fact that farm homes and buildings are not assessed or taxed. Frankly, I don't think this is a very good argument because really, taxes are paid by people. You don't tax property — or, at least, the property doesn't pay the tax — the person owning it pays the tax; and so, it is equity as between the taxpayers, rather than the basis of taxation that we need to look at.

The correspondent who asked this question referred to Alberta as a Province, and I quote: "where the burden of taxes falls on property owners to such an overwhelming extent . . ." This is an oft-repeated statement, but one which is not borne out by facts. In relation to most Provinces, taxes levied on property provide a smaller part of the total revenues in Alberta than in any other place in Canada. This, of course, is due to the fact that your Province provides from the

Provincial Treasury more money towards the cost of education and public health and road construction, and other local public services, than any other Province in Canada. For example, this year, direct financial assistance from the Provincial Treasury to the municipalities amounts to over \$176,000,000, which is nearly 26% of our total Provincial Budget. Direct and indirect financial assistance from the Provincial Treasury to the municipalities this year amounts to over \$263,000,000 — that is more than \$100,000,000 more than the total of all local property taxes collected for municipal, school and hospital purposes combined. This is what your government is doing to help hold down higher rates of taxes at municipal levels.

There is another important factor to keep in mind in this matter. The impression is often left that the homeowners are the ones who pay the lion's share of local property taxes. What must be remembered is this — in the assessment of property for municipal and school and hospital purposes, there is included the assessed value of all industries and all commercial businesses, as well as homes. This, of course, makes up a large part of the total assessment. Last year, in addition, we introduced the Homeowner's Tax Discount program, to give a further easement to homeowners in the matter of property taxes. Before I outline the highlights of this important program, perhaps you would be interested in a few slides indicating what is being done in our Province in the

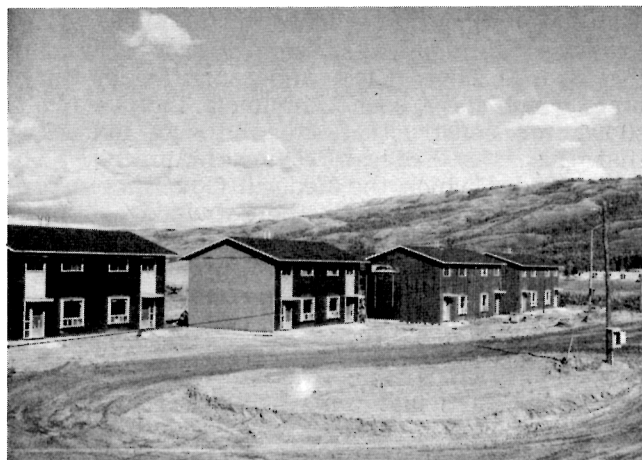
matter of public housing projects to provide low-rental homes in areas where this type of accommodation is needed.



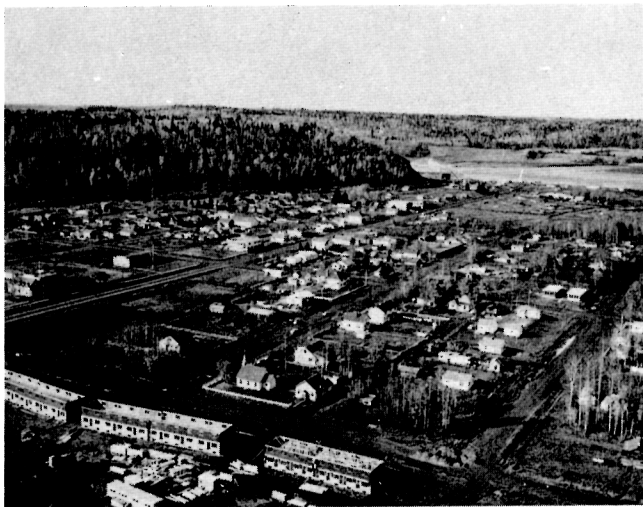
No. 1 — Model of housing project at Peace River.



No. 2 — Construction site and sign indicating Federal-Provincial Rental Housing Project.



No. 3 -- View of four of the duplex units.



No. 4 — Fort McMurray town site.

Picture No. 1 is a picture of the Model of the Province's first public housing project, located in the town of Peace River and consisting of thirty units which have been completed. Picture No. 2 shows the construction site and sign indicating that this is a Federal-Provincial-Municipal program, under which the Federal Government provides 75% of the money, the Province 15%, and the local municipality 10%. Picture No. 3 is a view of four of the duplex units that have been built under this particular program. Picture No. 4 shows the townsite up at Fort McMurray, where another public housing rental project, consisting of forty-two units, is under construction. Picture No. 5 is one of the particular units being developed there — it gives you an idea of what they are like. I might mention that at Fort McMurray (in addition to this public housing project, the Company

that is developing the Tar Sands has gone ahead with a Company housing project which has produced another 199 units.



No. 5 — One of the units being built at Fort McMurray.

Public housing rental projects are necessary in some communities, but I think you will agree we should be careful to keep such projects to the absolute minimum. Most of you will agree that public money should be used for services and facilities that benefit the largest possible number of citizens, rather than only a few. Besides, I hope you will agree that the more we can keep government out of the real estate business, the better it will be for everybody concerned. Surely, the far more desirable thing is to help and encourage citizens and families to own their own homes. This is one of the objectives we had in mind when

we introduced the "Homeowner's Tax Discount Program". This is the reason why the tax discount is restricted to homeowners, and to homeowners actually living in their own homes. It doesn't apply to people who own homes and rent them as commercial businesses. It applies to those who are actually living in their own homes. The way it works is this. A homeowner living in his own home is entitled to a discount or rebate on his municipal taxes in the amount of \$50.00, if the taxation on his home is more than that amount. You might be interested to know that in the first year approximately 210,000 homeowners have received in tax discount about 10½ million dollars.

While farm homes, as I have said, are not assessed and taxed, the Legislature felt it was only fair to extend the benefit of this tax discount program to farmers owning and living in their own farm homes, and so this was done.

We had another important purpose in mind in this program. Property taxes, as you know, are levied, not only on homes, but on industries and on commercial businesses. But industries and commercial businesses can pass on the taxes, as a rule, in the prices that they charge for the goods or services they produce. This isn't true in the case of a homeowner. There is really no way in which a homeowner can pass on the tax on his home in prices of goods or services. We felt, therefore, that it was fair and reasonable to establish a differential in the favour of the homeowner who can't pass his taxes on to others. This Homeowner's Tax Discount will be an important factor as rates of property taxes continue to increase. Let me give you an illustration:

A family with a home having a market value of \$15,000 is assessed for tax purposes at 40% — that would be \$6,000. Each mill on that assessment would therefore represent a \$6.00 tax. Even if local taxes went up 8 mills (8×6.00 is \$48.00), that homeowner would still be paying \$2.00 less in taxes on his home than he was paying before the Homeowner's Tax Discount went into effect, and there would, at the same time of course, be a very substantial increase in revenues from the higher mill rate on industrial and commercial property.

In closing, let me mention just one other point. In this first year of the program, a considerable number of problems and complications have cropped up that were not foreseen. We couldn't anticipate all these things when the legislation was first passed, and as a result, some people that should have qualified have not been able to qualify this year. We have kept a careful record of all of these cases, and at the present session of the Legislature the Homeowner's Tax Discount legislation is being amended to take care of these complications, and to see to it that in the future every homeowner living in his own home will be able to qualify for the full benefit provided under this very progressive program to give an easement to the homeowners of this Province, as far as taxation is concerned.

Ladies and Gentlemen, I have tried to give you a brief outline of what I think you will agree is a very progressive program — one that will take the pressure off the homeowner, even though taxes on commercial and industrial property, and in the various fields of local taxation, may have to go on increasing if costs continue to rise in the days ahead.