

The Assessment Evolution

Ontario's Bicentennial look at 200 years of Assessment History

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“TAXES ARE the price we pay for civilized society.” That statement is as true today as when Oliver Wendell Holmes first made the declaration in 1904. In fact, people in today's democratic society have considerable expectations in terms of social and municipal services, and with these demands the inevitability of taxes is all the more underscored.

Since the earliest days of settlement in Ontario, the property tax has been the giant among local forms of revenue-raising in Ontario. The status of this tax is closely matched across Canada but local municipalities tend to rely on it more heavily in Ontario than elsewhere.

On the occasion of Ontario's 200th birthday, the Ministry of Revenue prepared a special bicentennial exhibit entitled “The Assessment Evolution”, detailing the development of real property assessment and taxation from 1793 to 1984. The exhibit is touring approximately ten Ontario communities this fall, including Oshawa, Toronto, Hamilton, Windsor, Brampton, Sudbury, North Bay, Ottawa and Kingston.

“The project is as interesting as it is unique”, says Bud Gregory, Minister of Revenue. “The 22-panel exhibit provides an excellent opportunity for residents of Ontario to see how the real property assessment and taxation system has reflected social change over the past 200 years.”

Assessment rolls, appointment notices, tax bills and legislative amendments are only a few of the artifacts collected from municipalities, historical boards, libraries and universities for this display. Information from trade publications, former regional assessment commissioners and other Ontarians have also been incorporated. A brochure featuring the historical highlights of the exhibit will be available at each display location and through all Ministry of Revenue field offices.

A quick review of the major developments in assessment and property tax history provides insight into the way that emerging social and political issues changed the course of Ontario's property tax system. For example, the concept of real property itself has changed greatly through the years. The *Assessment Act* of 1793 defined taxable property as the “real or personal property, goods or effects” of the inhabitants. Income remained a disputed item of personal property. Legislation dating from 1843 proposed the inclusion of income in the assessment and taxation of personal property, but this was regarded as an undue invasion of an individual's right to keep his affairs confidential, and the legislation was never passed.

Beginning in 1850, income was assessed and taxed on a limited scale. In 1866, earned and investment income was added to the broad definition of personal property and in 1936 Ontario terminated the municipal personal income tax, replacing it with a provincial levy. Evasion of this particular tax had been widespread since its inception and by effectively replacing it, the province installed a more reliable revenue source to meet its growing demands.

Population trends too, have had a significant influence on assessment history. As population began to increase, the need for better, more complex tax legislation emerged. For example, as the twentieth century began, Ontario was clearly becoming the hub of industry and population. Its favourable location with ample quality farmland contributed to its rapid growth. As a result, the demand for municipal services increased proportionally. Municipalities required more funds for increasingly diversified services for an urban population. The tax burden was slowly becoming too much for the average ratepayer. As a result, the province began to assume the responsibility of making grants to the local municipalities, many

of which were based on equalized assessments. Accurate and equitable assessments thus became an issue of crucial concern in order to ensure that the province's transfer payments were distributed fairly.

Industrialization has also had a profound impact on Ontario's assessment system. As Ontario continued its rapid development, it became clear that the tax base needed to be broadened in order to meet the municipal demand for services. Some attempts had been made to allow municipalities to levy business assessments but few had adopted the option.

The *Assessment Act* of 1904 contained business assessment rates, reflecting the idea that some businesses such as brewers and distillers were better able to pay than others. Today, legislators and members of commissions continue to work towards easing this situation by creating equitable business assessment rates.

Emerging new technology also presented an opportunity for the system to improve. The automated systems of the 1970s allowed the real property assessment and taxation system to develop a degree of sophistication once thought impossible. With the advent of highly sophisticated equipment came a profound improvement in both the quality and volume of information processed.

Teddy Roosevelt has said that “Every man holds his property subject to the general right of the community to regulate its use to whatever degree the public welfare may require it.” This quote is equally true for Canadians as the real property assessment and taxation system has evolved to meet public expectations. The Ministry of Revenue's bicentennial exhibit offers a great opportunity to see how Ontario's communities have evolved through two centuries of social and political change and how the assessment system has been modified to reflect these developments. ●