

## **RURAL LAND BASED EDUCATION TAX**

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Whoever hopes a faultless tax to see, hopes what never was, is not and never shall be.

Alexander Pope

### **HISTORY**

Taxation has been with us at least since the earliest civilizations. Initially it was a tithe on income to support Priest Kings who interceded with the gods and provided armed protection against marauding nomads or envious neighbours. It was thought to be a common tax for the common good. In later years rulers, no longer all Priests, took ever increasing proportions for their personal uses. When those amounts proved insufficient they taxed ever larger amounts, way beyond the needs of the common good. In modern democracies we have returned to the concept of taxes for the common good, hopefully in amounts proportionate to need.

### **CURRENT SITUATION**

Taxes are now levied against property and/or income. Taxes on income are generally progressive (i.e. the more you earn the more you pay) which, again generally, reflects a person's ability to pay. Taxes on property values (e.g. farm land) are generally flat and assessed without consideration of an owner's ability to pay. Farm income can drop quickly and for long periods while property tax values change very slowly potentially producing inequity and hardship for farmers.

Today, most of property taxes are intended to pay for education. Society needs an educated population if it is to remain free and prosperous. Uneducated individuals are and will remain at the mercy of the educated.

Education costs are mounting, and governments are experiencing difficulties in finding money for all of the services required by modern society such as health, protection, education, and roads. Tax increases on income and property are highly unpopular and even current tax levels have provoked threats of tax revolt.

Some non-standard money raising schemes have raised substantial sums but have not been able to offer a replacement for the necessary amounts raised through taxes.

Our problem then is to find a way of funding rural education without breaking farmers. We assume at this point that significant cuts to education itself are not an option.

A number of suggestions have been made, all of which have problems. Two samples are:

- in good years farm land taxes carry a small surcharge which could be accumulated and used to pay a portion of the taxes in poor years. This system could be set up by district to

recognise the fact that one district may experience good crops while another suffers. A potential problem with this idea is the number of good years versus poor years. It would not in any event help immediately as we now appear to be in a poor cycle and have no balance on which to draw.

- That the cost of education be removed from property owners entirely and assumed in full by the province. This would shift the tax burden from owners to income earners and would undoubtedly cause some bitter discussion. Perhaps some partial shift could be calculated which would ease the burden on farmers without unduly penalizing income earners. All political parties in the last provincial election campaign promised to shift the burden from property tax payers in some degree. The only alternative source of finance appears to be the Provincial treasury. This will put additional pressure on the Government to increase income taxes.

Fresh thinking on this problem would be of great benefit to all concerned.

### **SOME THOUGHTS**

Are there any sufficiently large funding alternatives to taxation?

Should basic education be funded in full by income taxes?

If property taxes must be used in large part to fund education is there some way in which they can be related to current income?

Is the market value of land a good base on which to calculate taxes?

If property (land) taxes for education are dropped, what other than income tax, might replace them?

¶To tax and to please, no more than to love and be wise, is not given to men.¶

Edmund Burke