BANKERS OBJECT

To the Changes Proposed in the St. John Assessment Law.

IMPORTANT BILL BEFORE THE MUNICIPALITIES COMMITTEE.

Bank Managers Tell Their Side of the Story.

THE CASE FOR THE CITY HEARD THIS AFTERNOON.

The St. John bankers had their innings before the municipalities committee of the legislature this morning in opposition to the bill relating to the levying and collecting of taxes in St. John. The bill asks authority to change the system of taxation as applied to banks, by compelling them in future to pay a license fee and a tax on the volume of business. Naturally the Bank of New Brunswick, which now pays a large tax on its capital stock, is in favor of the bill, while the branch banks are strongly opposed to it.

The committee convened in the assembly chamber this morning, with Mr. Copp in the chair, and a large number of spectators in attendance.

The St. John banks opposing the bill were represented by J. G. Taylor, agent of the Canadian Bank of Commerce; A. P. Hazen of the Bank of B. N. A.; Col. McLean, solicitor of the Bank of Montreal; T. B. Blair, of the Bank of N. S.; R. P. Foster of the Royal Bank, N. R. Burrows of the Union Bank; E. M. Shadbolt of the Bank of Montreal.

The city's representatives were Alds. Maxwell, Baxter, Robinson, McGoldrick, Macrae and Bullock, and Principal Assessor A. W. Sharp.

Manager W.E. Stavert, President Manchester and A. J. Trueman appeared on behalf of the Bank of New Brunswick.

After the first section of the bill had been read Col. McLean said the managers of the branch banks of St. John were opposed to that section of the bill. He wanted to know if the committee would give them an opportunity to be heard.

Ald. Baxter said the representatives of the city of St. John would not object to the bankers being heard first.

Col. McLean thought the representatives of the city should first explain why the changes in the law were deemed necessary.

It was finally agreed that the opponents of the bill should first be heard.

Mr. J. G. Taylor, of the Canadian Bank of Commerce, was first heard in opposition to the bill. He said the representatives of the branch banks considered the proposed change in the assessment law would bear most excessively upon their institutions, and would be out of all proportion to the tax paid by insurance and loan companies. He made reference to the conditions prevailing in upper Canadian cities, and showed that the proposed tax of $500 and 1-15th of one per cent. on the volume of business would be much greater in proportion than that paid by banks in Montreal and Toronto. He quoted figures to show that the tax already paid by the banks in St. John is greater than prevails in other parts of Canada. He also called attention to the fact that the shareholders of the Bank of New Brunswick, who are mostly residents of St. John, escaped taxation on their stock, while in the case of other banks they were compelled to pay. The average tax paid by the Bank of New Brunswick was $7,500, and if the St. John shareholders were also taxed, it would mean an addition of $5,176. He did not think other banks should be over taxed for the benefit of the Bank of New Brunswick. It is the first principle of taxation that one thing should not be taxed more than once. Under the law depositors can be taxed on the amount of their deposits, and if the change is made as proposed, it will be possible to also tax the banks on the same deposits. He called attention to the fact that the St. John branch banks paid a provincial tax which last year totalled up $6,500, while the Bank of New Brunswick paid $1,250.

In summing up Mr. Taylor contended that the proposed system of taxation was most unfair to the branch banks, and he hoped the bill would not become law.

Mr. Shadbolt, of the Bank of Montreal, said his objection to the bill was not very great from a money standpoint, but he was opposed to it on principle. According to a printed statement, his bank would pay $1000 less under the bill than it paid now. If that were so he would not be present today. It might be that under the bill his bank would pay a little less than at present, but that would not deter him from opposing it. The committee had suggested last year that the banks and city should endeavor to arrive at some agreement, and he regretted to say that they had been unable to do so, though it was no fault of the bankers. Under the bill the branch banks would be overtaxed in comparison with other institutions, and would be taxed several times over on the same deposits. He contended that two thirds of the money made by banks was expended in the city, and therefore it would be bad policy on the part of the city to drive them out. The staff of the six branch banks numbered seventy men, and it is worth something to the city to have them. He contended that the banks were a benefit to people who save money and also to the traders of the community. Under the present system he pointed out that if the Bank of New Brunswick did all the banking business in the city it would pay no more taxes than it did now, whereas the greater the business of the other banks the greater the amount they would pay in taxes. To illustrate this he stated that recently a profitable account had been transferred from a branch bank to the Bank of New Brunswick, and the amount of the tax on the account was therefore lost to the city. The new bill proposed to tax banks six times on the same thing and this he contended was against all the principles of taxation.

Mr. Shadbolt also made reference to the private bankers of St. John, and pointed out that they would be let off very easily under the bill in comparison to the branch banks. The same would apply to insurance companies and loan companies. He thought the city was afraid to dicker with insurance companies for fear that they would combine and put up the rates of insurance. It might not be impossible for the seven banks in St. John to get together and do the same thing, as the attempt to persecute them was apt to create a bond of sympathy among them. The Bank of Montreal already paid $6,500 in taxes in St. John, and under the new law, would be called upon to pay $5,000 more. It was a mistaken notion for the Aldermen to think that the banks had money to spare. They paid 3 per cent for desposits and let the money out again at 6 per cent. About 2 per cent of the profits was expended in the city, which left 1 per cent of profit to the bank. The bill was bad in principle and most unjust and should be thrown out.

The Bank of N. B.

Mr. A.I. Trueman for the Bank of New Brunswick replied briefly to the statements made by the previous speakers. He thought the system of taxation proposed by the bill was fair and equitable. Under the old act the Bank of N. S. had admitted a volume of business of $2,000,000, but claimed they derived no profit from it and consequently escaped taxation. The fact that a bank could escape taxation on a business of $2,000,000 was an excellent reason why the act should be amended. The Bank of Montreal admitted a business of $2,600,000 and under the present act it would be just as easy for it to escape taxation as it was for the Bank of Nova Scotia to do so. If it was true that the branch banks were excessively taxed, the same applied to the Bank of New Brunswick. It was their enormous note circulation that gave the branch banks an advantage over the Bank of New Brunswick. If the Bank of New Brunswick had a capital of $2,000,000, it would be called upon to pay over one half of the assessment of the city of St. John. It was contended that the branch banks paid on their capital stock at home. This he knew to be untrue; they paid only on their real estate and the volume of business. The Bank of New Brunswick today was obliged to use the notes of other banks because of its limited circulation. It is true that the stockholders of the Bank of New Brunswick are not taxed, but neither are those of other banks. It would be a system of double taxation to do so. It was true that the Bank of N. B. paid dividends of 12 per cent., but as the stock sold at 290, it only meant a little better than 4 per cent. on the investment. The Bank of Montreal stock sold at 190 and their average dividend of 8 per cent. made the investment a little better than 4 per cent. If the stockholders of the Bank of New Brunswick were taxed it would immediately result in a depreciation of value equal to the tax. St. John school bonds now sold at 4 per cent and were untaxable. If the stock of other banks was taxed in St. John, then the holders of it managed to escape taxation on its equivalent in other personal property. He did not blame anybody for this as it was the system that was at fault. It is of no importance that the head office of the Bank of N. B. happened to be at St. John, and that furnishes no reason why it should be singled out for taxation on its capital stock. The bank does a $5,000,000 business in St. John, but it might be just as easy to go out and do it in some other place. The Bank of N. B. was willing to pay an additional license fee of $500 for the privilege of having its head office in St. John but wanted to be put on the same footing as the other banks in all other respects.

Ald. McGoldrick in a witty speech suggested that the city's representives be given a chance to be heard in the afternoon. He explained that the Aldermen were anxious to get back to St. John as they had an election pending, and there were some young fellows trying to capture their job, which they did not propose to let them do if they could help it.

The chairman announced that the committee would meet again at 2 30 p. m.

At this afternoon's session Ald. Maxwell addressed the committee on behalf of the city council of St. John, and Mr. Stavert on behalf of the Bank of New Brunswick.

Winning a Fur Coat.

The artist Hans Canon once painted a Russian prince in a magnificent fur mantle which took his fancy so greatly that he endeavored to hit on a plan by which he might retain possession of it. On sending home the portrait he omitted to return the garment, and to the letter requesting him to do so he made no reply. One day, when looking out of a window, he saw the prince coming toward his house. Hastily slipping into the garb, Canon sat down in an armchair near the fire. The prince, who had come for his coat, started on seeing Canon groaning and trembling at the fireside. "What is the matter with you?" he asked. "Oh," groaned Canon, "I don't know what it is, but I feel so weak and wretched, and I cannot get warm! Two days ago my brother died of smallpox, and I am a bit nervous about myself." The artist kept the coat.