Taxation that Destroys Security

A REAL ESTATE TAX does not, as is frequently asserted, assure possession of the property on the land. As a matter of record this tax makes security of possession rather tenuous. For, if the tax is not paid, loss of both landholding and the improvements on the land follows.

This thought is vividly brought to mind by a recent press dispatch. The State of California has become, through tax delinquencies, the owner of country clubs, gold mines, wineries, a "ghost town," office buildings, two mausoleums, a glass factory, a distillery, hundreds of homes—almost everything that is built on land, as well as the land itself.

Year after year taxing authorities throughout the country are acquiring property of all kinds because the income from them is insufficient to meet the tax levies. Possession is insecure.

If, however, the tax should fall only on rent, public confiscation of the improvements would not occur. The builder might lose his property because of lack of trade, because his improvements served no useful purpose, but not because of an excessive tax burden.

Since, on the whole, building values exceed land values, the tax burden falls more heavily on the former. The builder jeopardizes his investment more than does the owner of land, assuming that they are different persons. If the builder is also the landowner his chances of retaining both are reduced by the real estate tax, particularly if he has built on a very large scale.

For the rent is due to the presence of the community and arises regardless of any effort by the user. Therefore in reality he does not pay any of the rent which the community collects.