TAXACHUSETTS!

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WITH EVERY city and town in the United States a separate assessing district and every assessor—usually untrained—and his performance under little or no control, there is little public interest in property taxes except to get them reduced. State laws are not always followed, and the federal government exerts no control.

Various groups, official and non-official, have tried to bring some order, fairness, and exposure into the taxing of real estate nationally. Some years ago Senator Edmund Muskie, as chairman of the Senate Subcommittee on Intergovernmental Affairs, and Senator Charles Percy, co-sponsored a bill which, among other things, would have established a bureau within the Treasury Department to assist municipalities in bringing professionalism and uniformity into their operations. The Subcommittee held hearings and produced a fat volume of testimony from witnesses, but the unpublicized bill died in committee.

What follows applies specifically to Massachusetts. Although it is called "Taxachusetts" by critics of its high property taxes, there are no *local* income or sales (purchase) taxes, and the 5% state sales tax exempts non-restaurant food and clothing. In Newton for 1977/78 property taxes accounted for 75% of the local revenue, which is higher than the national average.

Two suits by groups of business men and owners of new homes, who claimed their properties were assessed at a higher ratio to value than were other properties, resulted in the court ordering 100% valuation of all real estate in compliance with the state law. So far, only 103 of the 351 mnuicipalities have revalued, and delay has been granted because of a constitutional amendment referendum on the November ballot to permit classification of property by use, i.e., residential, commercial, etc., with different assessment ratios.

Assessments 1946-1978, and 1974 100% revaluation of a 6-7 room house and garage on 14,050 sq. ft. of land 10 miles west of Boston.

Date	Land	House	Total
1945	$ 900	$ 4000	$ 4900
1947	"	4500	5400
1948-51	"	"	"
1952	"	4950	5850
1953-55	"	"	"
1956	"	5400	6300
1957-63	"	"	"
1964	"	7400	8300
1965-78	"	"	"
1974	$11,600	$21,100	$32,700

Newton's revaluation by a commercial firm which inspected every property, occurred in 1973-74. When the new valuation notices were sent to owners in 1975 only the total amount was given, not the division between land and buildings (although tax bills show this). A helpful person at City Hall gave me the figures for the separate assessments of the property cited below, showing that most of the increase was on the land, which seemed fair enough. Other owners never knew or bothered to ask for the breakdown between their land and houses, but immediately protested at the increased tax. The result was that the mayor appealed to the court for delay until the revaluation firm could straighten out all the complaints, which it never did. The city then assumed the extra expense of printing and mailing to all property owners the entire list of new valuations so that they could compare their own reassessments with those of others.

As the table shows, the land has been grossly underassessed at $900 for over 30 years with periodic increases automatically applied to the house, but the location value of the property increased when new highways and mass transit made access to Boston much easier.

Two vacant lots nearby, both larger than this example, are presently assessed at $1000 each, but revaluation would put them at $6000 and $9600 respectively, still lower than 100% value because they are undeveloped. As there has been no general increase in assessments since 1964, the tax rate has climbed from $63.40 to $166.20 and is still going up.

Another interesting example of undervalued land is in Washington, D.C., a speculator's paradise, where the U.S. Congress oversees its financial affairs but not its property taxes. Some officials dabble in speculation themselves. As an example of the slap-dash approach, Congress recently approved the expenditure of $1.6m. for a four-acre site for a playground. Originally, the proposed price was $4m., but a member of the House D. C. Appropriations sub-committee objected because the land was assessed for only $351,000. The assessment was increased to $1.1 million in 1977. With legal and other costs the outlay of public funds would be around $2 m, according to *The Washington Post* (23.3. 1978). A reverse case in Newton was the proposed sale of unneeded city property for $2000, to which an alderman objected, and the property eventually brought $150,000 to the city coffers.

Either by law or by customs most owners of land purchased for public purposes are paid "fair market value" regardless of assessed value. The above cases may indicate a slight trend to consider what is also *fair* for the taxpayers. However, these are but a few of the millions of parcels of underassessed land in the U.S. which show how community-created land values are intentionally ignored as a source of revenue. They also show how almost hopeless it is to try to alter current practices without a Howard Jarvis and a "Proposition LVT" a la his prophetically numbered Proposition 13, with its attendant hoopla to arouse the taxpayers to action. Is this likely to happen?