

"Let's Do It Ourselves"—Russel Conklin

SLUMS are not natural to a 75-year-old western city of 75,000, like Great Falls, Montana. But the fact that the Downtown Business Council and the local newspaper went all out to create a plan for urban renewal attests to the fact that we do have "blight" on the lower south side. When they wanted to pay off property owners at inflated real estate prices, tear down the buildings some of which were in good repair, and then resell the land at reduced prices to new developers, objections arose because it looked like a big, fat federal subsidy. Aroused citizens circulated petitions and forced the issue onto the ballot where it was soundly defeated at the polls.

Since then opponents of the urban renewal scheme have been repeatedly denounced as obstructionists for passing up all those federal funds, and defeat of the subsidy did not stimulate private owners to rebuild, so the blight remains.

Great Falls developed compactly, with few vacant spaces, but our trouble started when the State Highway Commission built a \$1 million road as a by-pass along the city limits. When commercial development and new housing projects leap-frogged far out and large segments of former farm land were annexed, downtown land-owners became alarmed and began efforts to save the central city.

Meanwhile assessments of real property penalized new housing and commercial development, while older sections continued to enjoy the tax shelter of old assessed values. The practice

under Montana equalization laws is to tax real property at 30 percent of assessed value — this is arrived at by taking 40 percent of appraised value. A certain piece of land with an old residence on it was appraised at \$1800, and taxed at the rate of 222 mills on \$216, or \$48. The land sold for \$85,000 and the old house was simply demolished and pushed into a hole in the ground. Obviously the former owner was rewarded handsomely for letting the property go to pot. But the new owners will pay a severe penalty for building a modern restaurant on the site. The assessor will increase the assessed value of the land, because it is now being "profitably used." It seems if you use the land, the value goes up; but if you let it grow to weeds you are credited with a "vacancy factor."

This is just one example of what is taking place in this rapidly growing community. Obviously we are creating slums by our tax policy. Federal Urban Renewal will only serve to displace people and reward land speculators. Could we but persuade our legislature that the value of land reflects the growth of the community and that taxing improvements discourages development, perhaps the problem could be solved by private initiative.* Taking the tax off improvements and shifting it to the land would provide the incentive necessary to get urban renewal at no cost to the government.

* A bill to amend the Constitution to permit such a tax shift was introduced in the 1961 session of the Legislature by Russel Conklin. It got 14 votes.

"When we find a notorious example where free enterprise and the profit motive have failed to meet a complex human need . . . before we decide to ask the government to step in and use tax dollars to do the job we should first try to find out why private enterprise failed in this particular case and eliminate the cause of its failure . . . the failure to use urban and suburban land wisely and economically."

—Perry Prentice