

Land tax before the California Senate

An amendment to the California constitution proposed by Sen. Albert S. Rodda would provide for the gradual reduction of taxes on improvements and personal property with a view toward their abolition after five years.

Senate hearings on the proposal attracted an array of talent. Appearing in favor of the measure were Schalkenbach Foundation president Perry Prentice, Columbia University professor C. Lowell Harriss and University of Wisconsin professor Arthur P. Becker. The School in San Francisco was represented by its president Polly Roberts and William J. Filante.

Dugald Gillies of the Governmental Relations of the California Association of Realtors appeared in opposition.

Mr. Prentice advised the lawmakers to "stop subsidizing the underuse and misuse of land by underassessment and undertaxation and stop penalizing improvements by overtaxation." Under the guise of property tax reform, he said, speculators seek tax breaks for themselves. Legislation that was "sold to the public as a way to preserve open space, he said, in practice has forced developers to leapfrog still farther out into the boondocks to get land they can afford. As a consequence of current laws per-

mitting assessment on the basis of present use, he cited the Orange county assessor's example that the Irvine Ranch receives a \$600,000 a year tax saving on land it may not begin to sell until some time in the next century.

Professors Harriss and Becker stressed the more technical aspects of the proposal. The former explained that untaxing improvements would greatly stimulate new capital formation, encourage building, and the latter refuted the idea that shifting the property tax to land would lead to overbuilding. Market demand, he explained, would determine the level of development.
