

# True Tax Story



THE Honorable James Clarkson, recently reelected mayor of Southfield, Michigan, speaking at the Henry George Confer-

ence in Toronto in July, said the residents of that Detroit suburb, with a population of 38,000, are certainly making progress, and now understand better what constitutes land value taxation. Everywhere he went in his campaign he urged shifting of the incidence of taxes from improvements and personal property to land values.

He believed the property tax, because of a failure to explain it, had fallen into ill repute, but that the ill lay only in its never having been applied properly. He said many residents had never understood the different terms, but those who attended regular meetings had become familiar with the fact, for instance, that appraised value was not necessarily the assessed value—it was more or less the market value—and the assessed value was one-third of that. The state, taking into account the different localities' assessed value, then set up an equalization factor. In early discussions about taxes, even the councilmen were not aware of this difference.

The citizens had come to the conclusion that property taxes had reached a saturation point, and their only other possibility for producing revenue was to levy an income tax, but surely that too has reached a saturation point, he noted.

Heavy opposition from the rival candidate was met with a series of bulletins "printed in the interest of the homeowners and taxpayers living in

Southfield." The fourth told "the truth about the new assessment program," explained who opposed it and who favored it, and why. The latter group, more than twice as large as the first, included important civic and homeowner associations. Figures were given too, attesting to the surprising fact that most residential homeowner taxes did go down—a statistic hard to believe. They went down because the assessor (a "land value taxpayer all the way") was automatically applying a one-per-cent building depreciation allowance.

In a final well-planned coup, the opponents tried to thwart the reappraisal, hoping to defeat the assessor's work by having the Board of Review throw out the Cleminshaw report. The hastily contrived plan might have succeeded except for the fact that certain properties were returned to 1962 figures, and four million dollars of land values were lifted from a privileged few.

This played right into the hands of the campaigning mayor, because the press brought it to the attention of citizens who saw where their assessments had increased from \$101 to \$118, and realized that if the plan had succeeded the increase would have gone to \$142. They acted vigorously by starting a taxpayers' suit against the City of Southfield to require the court to put the favored taxpayers (such as multi-millionaire landowners) back on the roll. "They're not off the hook, yet," said the Mayor, and I hope that in the future when you read your Henry George News I can relate to you the success of this suit."

Mayor Clarkson is convinced that those who have made their fortunes through land speculation are (save a very few) the enemies of land value

taxation. They definitely do play a part in politics and try to sell any other kind of taxes to save their holdings in land. It's not an accident—it's done on purpose. "Let's face it," he said, "there are few John Lincolns—those who would come to the front and say a thing was wrong even though it might be legally right—and I think his type of moral fiber is sadly lacking with most of those who have made their fortunes in land."

Actually Southfield's City Council has found itself supporting the reappraisal program since they needed the revenue and knew the Cleminshaw report was accurate; also, the people who contested the taxes on land values admitted that their market value was fairly stated.

In spite of the natural temptation to go along with Detroit, there are no income taxes in Southfield, and this should prove an obvious advantage. Nevertheless, a number of industrialists protested that they felt discriminated against because of the increased property tax, while saying nothing about those homeowners whose taxes went up (the Mayor said his increase was \$1,000).

Mayor and Mrs. Clarkson recently returned from Hawaii, and he was all for having the Georgists pick Hawaii for the next conference, promising a most receptive audience. He thinks the speed with which they adopted the

fundamentals of land value taxation was based on several facts, not the least of which was the knowledge that one principle island is owned by only four people. It is sometimes more difficult too, to see that a large continent like North America can run out of land, but in Hawaii they're building on the sides of mountains that appear to be crumbling and seem terrifyingly apt to slide into the sea.

Land is so scarce that even in the first subdivision it ran as high as \$2 to \$5 a square foot. Land values on the island are amazing, said Mayor Clarkson—\$250 a square foot is not by any means unreasonable. Obviously the legislature had to do something, and they evidently picked up good, sound logic by observing their island neighbors, New Zealand and Australia.

Naturally Mayor Clarkson and others in the audience were enthusiastic about the "Pittsburgh Bill" which had been signed by Hawaii's governor on June 3rd, just 9 days before the Clarksons arrived. This is described at greater length on page 11. A number of other bills were considered and narrowly missed passage. These were regarded hopefully by Mayor Clarkson who feels Hawaii has surpassed U.S. legislatures and will become an example for others. "They are way ahead of Southfield," he said, "they're catching up with Pittsburgh, and I think they're going right by it."

### PROPOSAL TO HALT DC SLUMS

Representative John Henry Kyl of Iowa, who believes that urban land has a true value as a tax source, has introduced a resolution providing for development of a sound assessment system designed to promote private redevelopment in the District of Columbia, and stimulation of similar tax assessment systems in other cities, states and counties.

The joint resolution therefore proposes that a committee, after due consultation with local officials in cities which use tax policies to halt the development and spread of urban blight and slums, "shall develop and recommend to the House of Representatives the tax assessment system best calculated to produce maximum private real estate renovation, rehabilitation and improvement in the District of Columbia, and encourage and assist private redevelopment, rehabilitation and improvement of real property."