

"Tax Where It's Due"

ANOTHER national publication, *Better Homes and Gardens* (August), has placed the blame for "The Crisis in Housing" on inequitable property taxes along with poor zoning, tight money and outrageous costs which will be driven higher by speculation and tax irregularities. A site-value tax based on the maximum use-potential of the land was one suggested solution. Other inequities would need to be eliminated by hiring or training professional assessors.

In a June article in *Reader's Digest*, James Nathan Miller condemned the local property tax system as a national disgrace, often wasteful, inefficient and unfair. In a well documented study based on Census Bureau figures he stated that in more than two-thirds of the areas observed the property tax of the top-paying quarter of homeowners was on the average double that of the lowest-paying quarter, on property of equal value. Some were paying ten times as much as others owning like properties.

A Vermont legislative committee gave pictures and descriptions of four typical houses to a group of selectmen and asked for appraisal figures. On one house the assessments ranged from \$2,000 to \$35,000, showing the absence of any formula or pattern. In Elizabeth, New Jersey it was found that three years ago houses on one side of a street were assessed at \$10,000, and on the opposite side identical houses were assessed at \$15,000. That street had once been the dividing line between two election wards.

Local assessors are often totally without training for this work and many are political electees meeting no other requisite than that they are residents, old enough to vote, and without a criminal record. They are paid less than the school janitor. It is not surprising

that such assessors often resort to the "hit them for what they're worth" technique since they are not qualified to assess accurately. Special victims of this method are industrial firms, "summer people," and persons of obvious means on whom the property tax is levied much like an income tax.

The author offers a few hints to householders and suggests that they find out what their local assessment rate is. This may range from 25 percent to 100 percent in Oregon which was hailed as the best model—it was commended along with California, New Jersey and Maryland where important reforms have been adopted. Oregon, having shifted to 100 percent on a state-wide ratio, holds state examinations for assessors and offers a quick and efficient appeal process with informal hearings before appeal boards where property owners can testify without a lawyer and be granted prompt judgments.

Wherever a householder suspects that his taxes are too high he should look into some of the neighboring assessments and discuss his valuation with the assessor. If the local practice is to value at 25 or 50 percent of market and if his assessment is higher than that, he deserves an adjustment, though that might surprise him. If his land is improved he is quite certainly paying more than a neighbor who may be holding a similar lot with an unimproved or dilapidated building, well aware of the speculative value inherent in his title deed.

This article did not touch on the importance of assessing land and improvements separately but there are newspaper columnists of late from east to west who have been speaking out on this.

An HGN reader in Miami clipped from *The Miami Herald* an article by

Juanita Greene entitled "Ways to 'Lower Taxes' and Hit You Harder." She made the point that a sharp reduction in property tax, which seems so desirable, may be not a nirvana but a tax trap and a refusal to face up to real tax reform.

Sydney Harris, whose columns appear in many papers, including the Detroit Free Press, has put the case more succinctly. In "How Tax Systems Can Foster Slums," he said the real property taxes were based on the market quality of the property, but if owners do nothing to it and merely wait for the price to increase as it inevitably must, it is hardly surprising that the urban complexes are filled with blight, sprawl and greedy speculation and that urban rehabilitation is hamstrung from the beginning. If we took the tax off the improvements and put it on the land nobody would be penalized for improving and adding to the value of the community, and the urban sprawl and slums would no longer pay rich dividends.

Guy Wright is a columnist whose knowing reports in the San Francisco Examiner have been clipped by helpful HGN readers. Writing of "BART's Salvation" he turned for support to Perry Prentice's talk at the Bay Area Conference in May and pleaded that "the bulk of all property taxes should be on the location value of the land, a value which derives from the efforts of others, not from the landowner's handiwork." He is talking mainly about the Bay Area Rapid Transit, and he insists "those whom BART is about to make rich should pay for it."

Editorial writers too are catching on and we read in The Toledo Blade of July 27, "Tax Where It's Due." This tells of a homeowner in Wales, Massachusetts who spent three years improving his Main Street home and received a very large increase on his tax bill. He thereupon, in true New England spirit, collected a lot of junk and strewed it

over his front lawn.

The Toledo editor used this illustration to point out that "private enterprise is discouraged from investing on its own without the aid of massive renewal programs, in the continual replacement and rejuvenation of declining sections which ought to be a natural part of the ongoing vitality of the central city. If private redevelopment does occur, the improvement-based tax system very often puts a damper on the quality and esthetic design which also are important to the liveability of a city."

Protesting that answers are too slow in coming and limited mostly to public programs for renewal, he says Henry George advocated a "single tax" plan as a way to insure that land would be devoted to its highest and best use, and his principle is more timely for modern America than ever before.

He quoted "a panel of prestigious experts" who had held a conference last year and reported "there is hardly an urban problem today that is not aggravated by the practice of under-taxing land and overtaxing improvements."

From up Montana way too we noticed several columns in the Great Falls Leader (July 17) telling that Russel Conklin, the Cascade County auditor, has been emphasizing the best way to renewal. Low assessments on dilapidated buildings in downtown Great Falls, he told members of the Kiwanis Club, generally discourage new building. Instead "the cry goes up for urban renewal, asking the federal government to subsidize replacement at enormous cost to taxpayers."

Mr. Conklin tried to clear the way for legislation that would make this reform possible, when he was in the State Legislature. His amendment was defeated in the House in 1961, but as other states become increasingly aware of this need for true tax reform there may be another chance.