

THE PROPERTY TAX... **Foolhardy in**

THE PROPERTY TAX is by far the biggest of all Florida taxes, and I doubt if many people can think of anything good to say about the way the state government makes county governments apply it today.

The property tax total is bigger in Pinellas than anywhere else in Florida except the Gold Coast counties of Dade, Broward and Palm Beach. So Pinellas' voters have an extra good reason to take a long and unhappy look at what is now so wrong.

So let's begin by taking a long backward look to get a better perspective on how things got this way.

Let's start back in 1948.

Did you know that in 1948 three-quarters of all the homeowners in Pinellas County paid no property tax at all because housing prices and housing assessments were then so low that the \$5,000 homestead exemption mandated by the Florida Constitution was more than the total assessment on their homes?

Even the relatively wealthy top quartile of homeowners paid a property tax of between \$10 and \$100. So in 1948 all the homeowners in Pinellas County paid a total property tax of a little over \$100,000 compared with roughly \$160 million in 1981 - 1,600 times as much now as then! With five times as many residents and dollars worth only a quarter as much, that still means that in con-

stant dollars the average homeowner paid nearly 80 times as much in 1981 as in 1948!

With only one-fifth as big a population and very little industry almost all the land in Pinellas County must have been either vacant lots or farms, dairies or forests in 1948. So in 1948 much more than two-thirds of the property tax must have fallen on the owners of that land, whereas today all the owners of farm, dairy and forest land pay only one eighth of 1% of the Pinellas property tax and the owners of vacant residential, commercial and industrial lots pay only 8.5%.

So all the landowners in Pinellas County now pay less than 9% of the tax total - a very small fraction of the percentage they paid 34 years ago.

Now LET'S stop and take a look at how net taxable assessments have been climbing since 1948 - going up an average of only \$42,270,524 in the seven years from 1948 to 1955, but soaring an average of \$2.5 billion a year in the three years 1979 to 1982 as a result of Gov. Bob Graham's demonstrably foolish demand to make Florida the only state in the union that calls for 100% assessments.

Even in 1981 - the last year for which the census bureau has published state-by-state assessment comparisons - the Florida assessment total of \$211 billion was bigger than in any other state except California and Texas. It was roughly twice as big as in the next ranking states of New Jersey, Virginia, Washington and New York.

And much more shocking and more pertinent to Pinellas voters is that property assessments in our own small county were actually bigger in 1981 than the statewide total for Alabama, Arizona, Arkansas, Delaware, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Dakota, Rhode Island, South Carolina, South Dakota, Utah, Vermont and Wyoming.

In 1956 the big Florida landowners, who (says Pinellas Property Appraiser Ron Schultz) have dominated the

Pinellas County tax assessments: \$

	TOTAL JUST VALUE	TAXABLE
1948	215,357,827	137,266,526
1949	291,466,371	151,848,946
1950	322,472,820	165,533,270
1951	487,061,545	279,425,425
1952	527,657,275	364,264,455
1953	570,640,360	386,183,520
1954	615,411,848	408,997,418
1955	666,185,850	433,160,196
1956	725,968,261	395,314,871
1957	883,863,139	508,492,119
1958	992,621,962	568,280,232
1959	1,100,325,655	626,192,655
1960	1,212,446,706	690,441,466
1961	1,296,108,170	735,255,380
1962	1,874,202,384	1,227,622,004
1963	1,949,702,880	1,261,421,720
1964	2,023,587,197	1,310,912,197
1965	2,116,870,186	1,380,381,476
1966	2,188,034,280	1,405,670,520
1967	2,298,400,436	1,491,271,946
1968	2,427,655,573	1,576,981,463
1969	2,595,262,205	1,697,942,005
1970	2,792,459,508	1,838,526,868
1971	3,107,073,479	2,035,071,711
1972	3,279,071,301	2,126,712,771
1973	6,410,536,151	5,018,595,621
1974	7,147,418,041	5,399,535,360
1975	7,798,250,342	5,954,452,540
1976	8,387,819,729	6,491,278,679
1977	8,866,144,340	6,876,497,670
1978	9,451,302,080	7,239,807,280
1979	10,270,686,863	7,898,469,713
1980	14,266,141,326	10,385,470,935
1981	18,066,883,690	12,991,501,205
1982	21,144,089,963	15,562,817,692
1983	22,983,483,452	16,146,649,484
1984	24,807,574,070	17,799,232,424

... LESSONS FROM THE U.S.



Florida

DISTORTION AND INJUSTICE

UPSET THE TAXPAYERS

OF PINELLAS COUNTY

Florida Legislature for so many years, got the Legislature to authorize a tax exemption that ran 76% in Pinellas last year for all land used for farms, dairies and forests. One result of this enormous tax exemption was to send the price of all this land soaring. A study by two University of Florida agricultural economists found that the price of Florida farmland multiplied more than 25 times over from \$57 an acre in 1950 to \$1,507 an acre in 1981. A still more dramatic example is the way smart land investments in the Florida Panhandle helped the late administrator Edward Ball multiply the value of the DuPont estate from \$27 million when Alfred DuPont died in 1935 to well over \$2 billion.

The exemption explains why the assessment total for all the 23 farm and timber counties in the Panhandle and along the Georgia border (not counting four counties in the Tallahassee and Pensacola metropolitan area) adds up to less than half the assessment total for Pinellas County alone.

Their financial disclosure statements showed that Graham and some of the six elected members of the Cabinet are all sizable beneficiaries of the farm, dairy and timber exemptions.

Today assessments in Pinellas and all over Florida are so high that the \$25,000 exemption the 1980 Legislature voted to give five-year residents as a consolidation prize is saving them much less than the \$5,000 exemption all homeowners enjoyed in 1948.

SO MUCH for how big the Florida property tax is. Now let's take a minute to consider how bad and how foolish the Florida property tax as now applied is for everybody in Florida except the landowners who have so long dominated the Legislature.

This badness would be self evident if only the voters realized that what we call THE property tax (singular) is not just one tax. On the contrary, it combines and confuses on one tax bill two completely different taxes whose consequences could hardly be more different.

One of these two taxes combined and confused on the property tax bill is the tax on the improvement — the tax on a value the owner has himself created by an often very big investment of his own money and time. And it should be obvious that heavy taxes on improvements are bound to discourage, inhibit and often prevent the owner from making the investment.

The other tax combined and confused on the property tax bill is the tax on the value of the underlying land — a



● Perry Prentice

value created partly by God, but mostly by an enormous investment of other taxpayers' money needed to pay for the roads, streets, water supplies, sewers and sewage disposal systems, police and fire-fighting facilities, schools, etc. needed to make land in that location livable, reachable and richly saleable.

I can't tell you just how big this other taxpayer investment is in Florida, but I can tell you that in the spread-city around New York a study for the Regional Plans Association added them up to more than \$30,000 per residence. The Southern California Real Estate Research Council came up with a cost only a few thousand dollars less for that area; so the Florida cost must also be big.

That's why the eminent Dr. Lowell Harriss, long-time professor of Economics at Columbia University, past president of the National Tax Association, consultant for the Tax Foundation, and now executive director of the Academy of Political Science says:

"Practically all competent economists who have studied the problem are now agreed that land should be taxed much more heavily and private investment in improvements should be taxed much more lightly."

This conclusion is supported by every unprejudiced tax study from coast to coast, including studies for the Federal Commission on Urban Problems, the Chamber of Commerce of the United States, the Federal Advisory Commission on Intergovernmental Relations, the Congressional Research Service, Brookings Institution, the House Committee on Banking, Finance and Urban Affairs, the state governments of Michigan, Indiana, Pennsylvania and North Carolina, and by local studies in many cities.

The best cure for what is now so wrong is property tax reform that stops subsidizing the crazy inflation in Florida land prices by undertaxation and stops the gross overtaxation of improvements to homes, industrial plants and commercial facilities.

That long overdue tax reform would reduce the tax on almost all the homes in Pinellas County. It would stimulate more agricultural production by making farm land less expensive to buy for growing crops. Perhaps most important in these times, it would create more industrial jobs by making it less expensive for companies to build plants in Florida.