

RECENT STEPS IN AMERICAN CITIES

HOUSTON, TEXAS

Following are brief accounts of partial Single Tax experiments in cities. For Vancouver, B. C., where full exemption of improvements has been longest in operation, see article in this work on "Western Canada." For explanation as to the distinction between Single Tax and even total exemption of improvements, and that the reader may be guarded against erroneous inference, see Index for "Vancouver;" also Answers to Questions. For Pueblo's interesting but disastrously terminated attempt to rid itself of taxes on improvements, see article on Colorado.

In April, 1911, Mr. J. J. Pastoriza was elected Houston's Finance and Tax Commissioner under the Commission form of government adopted for that city a short time before. He immediately proceeded to apply Single Tax principles, in so far as these could be applied. His acts were extra-legal, and the entire move of more than doubtful constitutionality.

He introduced the separate assessment of land and improvements and the Somers' system of assessment. He assessed the franchise corporations of Houston, which had previously been untaxed, at \$2,000,000. In July, 1912, he announced that the city of Houston had decided to exempt from taxation all personal property, stocks, bonds, mortgages and cash in banks, and that land would thereafter be assessed at 70 per cent. of its full value and improvements on land at only 25 per cent. of their value. This policy was administered up to 1915, and it became known as the "Houston Plan of Taxation." It found great popular favor. Mr. Pastoriza was twice re-elected. In 1915 he received 5,659 votes as against 1,963 for his opponent.

Under this system the city prospered as never before. During 1912-1913 building increased 55 per cent., bank deposits increased \$7,000,000, and the population increased 25,000. The president of the Clearing House at Houston said: "The Houston Plan of Taxation has brought about substantial increase in the deposits

of her banks and trust companies, and the majority of the business and mercantile interests of the city think well of the plan."

It is true the conclusions drawn from these figures have not remained unassailed, notably by Allan Robinson, of the Allied Realty Interests, and by R. M. Haig.¹ But as if to reinforce these deductions, however, we have certain further facts following the repeal of the Houston Plan of Taxation by the decision of the courts compelling the assessment of all property in accordance with the terms of the archaic constitution of the State. This repeal was the result of a suit brought by a few dissatisfied land speculators to compel the abandonment of the system. It is interesting to note what followed. Building permits dropped from \$5,526,200 in 1914 to \$2,425,553 in 1915 underequal assessment. The building boom had ceased. There was an immediate move to withdraw deposits from the banks to escape taxation.

Mr. Pastoriza finally took a postal card referendum, asking if the old system should be restored. The answer was overwhelmingly in the affirmative, in fact 99 per cent. voted to return to the old system. For the year 1916, therefore, exemptions were allowed, improvements were assessed at 50 per cent. of their value and land at 100 per cent.

Again it is necessary to caution the reader that exemptions such as prevail in Houston and the Canadian cities do not make these places Single Tax centers. The Single Tax aims to take the entire rental value of land. Movements which fall far short of this may result in increased prosperity in cities, increase in the volume of bank accounts, and a boom in building. But where enough of the rental value remains to serve as a basis for speculation in land these results may be in great part neutralized. There seems no reason to doubt, however, that such approaches as have been made toward the Single Tax in Houston and the Canadian cities in a measure at least explain the greater business prosperity and industrial activity of these cities. That all of it is to be so explained, need not be contended. Enough remains removed from the field of mere conjecture to further fortify the case for the Single Tax, even in its initial stages.—EDITOR.

¹See latter's Report for the Committee on Taxation of the City of New York.