

TAX FACTS

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Colorado River Water

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Los Angeles was a small city of 160,000 people with assessed values of only \$156,000,000 when it decided in 1905 to get water from Owens Valley. Twenty-five years later this small city has 1,236,000 people and assessed values of \$1,789,000,000. That shows what wise advance planning will do.

Now we are in need of another decision and of more wise advance planning. I am convinced that the passage of the \$220,000,000 bond issue of the Metropolitan District on September 29th, will, if accompanied with sufficient cheap power, see the population of the Metropolitan District grow, in less time than we now estimate, to 6,000,000 and then to 8,000,000 people and the assessed value to \$6,000,000,000 and then to \$9,000,000,000, with constant access of industries and increase of employment.

After all the district is now using 1500 Sec. Ft. of water, and it does not seem excessive to provide another 1500 Sec. Ft. to provide for the next fifty years. As a matter of fact that will not be enough and we shall have to supplement it with reclaimed sewage and carefully salvaged local rainfall.

The risk of the undertaking in 1931 is far less than was the risk involved in Owens Valley venture in 1905. The per capita debt will be much less, the proportion of assessed value will be much less, the certainty of future growth is immensely greater.

There could not be a more appropriate time to start the work. Cost of construction is low, and the money can be wisely spent for a needed public improvement which will largely pay for itself, and so help to reduce unemployment with least waste and drain upon the taxpayer. This work would likely help this territory out of the present depression and initiate a period of real prosperity.

The voting of these bonds now will keep faith with the United States and make absolutely certain the continuance of needed appropriations to complete the Boulder Dam. Refusal to vote these bonds would, in my opinion, seriously endanger the whole project and with it the whole future of the Pacific Southwest.

It is estimated by engineers in whom I have confidence that income from water furnished will be sufficient to pay cost of operation, pumping, labor, and maintenance and to help decidedly toward the payment of bonds. In fact after the first few years, the income could be made to take care of all interest and retirement of bonds as well.

But suppose that price of water is kept low enough so that income will only pay operation and maintenance and that interest and retirement of bonds is paid by taxes. In such case the tax due to the aquaduct, per 100 dollars of assessed valuation, would begin at about 5c, increase gradually to a maximum of 28c, and then gradually decrease to nothing, over the life of the bonds.

What does such a tax mean to the man who owns a \$7,000 home assessed at \$3,500? It means that his aquaduct tax would start at about \$1.75 per year, reach a maximum of \$9.80 per year in about ten years and then gradually reduce to nothing. Who would not give \$9.80 if needed to have his \$7,000 home located in a city daily growing in population, industry and employment, rather than in a city that had reached the end of its water supply and was standing still or retrograding?

In my opinion, confirmed by investigations while a member of the Board of Water and Power Commissioners, it will be no easy matter to avoid a water shortage in Los Angeles before

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LA FIESTA

Los Angeles has been celebrating her 150th anniversary. The Fiesta Committee, the newspapers and the public in general strove to fix attention on a colorful past, a time when life was taken leisurely, when there were no very rich and no very poor—the two always go together, extreme wealth and extreme poverty.

Success in life should be measured, not by its length, but by its accomplishments. As a matter of fact, though we were one hundred and fifty years old last week, we have learned so little about social relations, about solving the tax problem, about getting land and labor together so that labor can function and produce wealth; in short, we have learned so little about living in this highly specialized age that we have not much to point to with pride as the result of our long life.

We could point to the first Spanish settlers with their dances and their tortillas; the motion picture industry, having fattened at the expense of the public, could afford to call attention to itself and its high priced stars, but what of Los Angeles in general?

We might have had a parade of the ten thousand little school children who are being fed through charity, or a pageant of the thousands of unemployed men and women who are begging for work. We might have pointed between the flags and gay Spanish shawls that decorated our streets to the antiquated store and office buildings that occupy valuable land in the heart of the city, that are of no earthly use but to pay the taxes while the owners of these valuable and poorly improved lots wait for the rentals to rise still higher. We might have pointed to the ever increasing number of vacant stores and apartments that stand like tombstones, marking the failure of their late occupants.

One hundred and fifty years old, and we are at our wits' end to find employment for able bodied men who must pass unused or poorly improved land every day in their search for employment! Whoever made the earth made a lot of it, more, probably, than humanity will ever need, Mr. Malthus to the contrary. We have not yet devised any means of obtaining the things we want to eat or wear or live in or play with from any other source than the earth itself; nor have we ever found a way to put a man to work without his using the earth in some way. The building in which he works must rest upon the ground and the tools that he uses, whether chisels or typewriters are made from materials taken from the earth. Put the price of land so high that men cannot afford to pay it and have enough left from the product of their labor to pay their own wages, and they cannot work.

That is exactly what Los Angeles, in company with other cities of the United States, has done—speculated in land until so much of it is being held out of use, and rents are so high that business cannot function as it should, men are out of work, the Parent Teachers Association is feeding hungry school children by the ten thousand, Community Chest officials are making desperate appeals for cold charity.

We are one hundred and fifty years old, but it is hardly an occasion for rejoicing, considering the mess we are in. Instead of patting ourselves on the back, we ought to knock ourselves on the head, in the hope that the shock will clear our brain.

THE POWER TO TAX

"State and local taxes have increased more rapidly in California than in any other state; the power to tax is the power to destroy and if we do not demand less from government it will soon take away the privileges of property owning," said Roland A. Vandegrift, State Director of Finance. The power to tax is almost destroying the incentive to home-owning, for it taxes the home and everything in it; it has destroyed the opportunities that all men should enjoy of using the earth to satisfy their wants. We must not only demand less from government in the matter of expenditures, we must demand more from it in the matter of scientific taxation.

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Colorado water reaches us. Such a shortage would not be desirable and might be disastrous. When we started work on the acquisition of the water of Mono Basin, we only hoped that it would tide us over till we could get water from the Colorado.

In conclusion, my belief is based on very considerable investigation, that:

1. We have in sight only enough water to last until 1940 if that long.
2. We therefore absolutely need more water.
3. The Colorado River is the only feasible source of such water.
4. We should start building the aqueduct now.
5. The bond issue to be voted on September 29th 10 to 1.
6. The starting of the great work will relieve unemployment in the only sensible way by securing self supporting public works in exchange for the wages paid, and usher in better times for this territory.
7. The cost to the taxpayers will be not ten percent of the benefit received, and after a few years can all be met by income if it is deemed desirable to do so.

THE MISERS

Governor Rolph is one of many who believes that the depression would pass more quickly if people would bring out their hoarded savings and invest them. The idea seems to be that this money can not pay wages or produce wealth when it is lying idle in the banks. It is also a fact that men cannot earn wages or produce wealth when they are idle waiting for jobs. Neither capital nor labor can produce a single article unless the men and the money have ready access to land. Yet none of these advisors has said one word about idle land, as if men were some kind of disembodied souls that could roam about the universe and find materials for their work on most any celestial body.

The Governor suggests, seriously mind you, that this hoarded money be forced out of the banks by reducing interest rates. "If the building and loan companies would lower their rates to 4 or 4½ percent and the banks to 3, hoarded savings would be reinvested." And as soon as folks began to invest this money in productive enterprises, the price of real estate would begin to go up, and more and more of these savings would be paid to the owners of land either for purchase or rent.

On the other hand, suppose the Governor had declared that these thousands of unemployed could not work unless they had land to work on, to cultivate or build houses on or to make Swiss cheese on or to do anything else on. He could then say, and truly, that not only must hoarded savings be brought out, but that hoarded land must be made available. And it can be done, Governor Rolph. Make it unprofitable for a man to hold a town lot or country acres without using them, and see how quickly he will get rid of them. Take the rental value of his lot for taxes instead of taxing people's personal property, their homes and automobiles and such. When a man realizes that he pays just as much tax for an unimproved lot as a home owner does for his neat front yard, and that nothing at all is to be gained by holding on to it year after year, he will part with it to some one who will use it—and that means employing labor.

It will not help to bring idle money into use unless idle land can be brought into use, and it is unfair to cut wages or interest or both while the land owner is allowed to take all the rent he can get and not one word be said about the necessity of bringing down rents. Rents are coming down, but they are declining in spite of and not because of the realtors and land owners. No matter what is done to increase employment or production, the item of rent will climb fast enough to keep pace with the earnings of men and money, leaving them just enough margin to keep going.

HIDDEN GOLD

Chicago is very like a great leviathan that has climbed out of Lake Michigan. She can't seem to have or do anything from a fire to a tax muddle without doing it on a tremendous scale. In trying to arrive at a more equitable assessed valuation of property, she becomes so involved that she hasn't been able to collect enough taxes to pay the school teachers. Now she discovers that a "treasure chest" of \$10,000,000,000 in personal property always has escaped taxation. The assessors and citizens of Cook county are determined to bring this property to light and record it on the tax books. The hunt is on. It has already discovered \$84,000,000 in railroad equipment that has never been taxed and \$40,000,000 in aircraft operating out of Chicago that have never paid a cent in taxes.

One of the advantages, and there are many, in taking the tax off of personal property and collecting a tax on land values, is that land cannot be hidden away or conveniently moved out of town while the assessor is going his rounds. There it is in broad daylight for every man to see, and there seems to be little difficulty in determining land values, we do it now for our present tax system. An ad valorem tax on land values in the city of Chicago ought to fill her public treasury to overflowing. Since the people of Chicago and Cook County are the ones who create that value, they are the ones who have a right to collect it.

After all, perhaps evolution isn't true in Tennessee.—*Thomaston (Ga.) Times*.

Germany wanted a place in the sun, but doesn't like the blisters.—*Toledo Blade*.

Prosperity was taken for a ride, and now it's walking slowly back.—*Louisville Times*.

No woman is truly modern unless she has a vanity case, a cigaret case, and a divorce case.—*Arizona Producer*.

The trouble with the world when it was flying high was that it gave no thought to the landing problem.—*Philadelphia Inquirer*.

Disputant Powers have evidently been impressed by the lesson that it costs more to go to the mat than to the diplomat.—*Weston (Ore.) Leader*.

No doubt the simple life has points to recommend it. Out in the Belgian Congo the aborigines captured, cooked, and ate a tax collector.—*Arkansas Gazette*.

If the railroads cut rates, they'll lose business, and if they don't they'll lose money, both of which amount to about the same thing.—*Portland Evening Express*.

One real advantage would come from the cancellation of all war debts. It would mean that the next one would have to be fought on a cash-and-carry basis.—*Tappemish (Wash.) Review*.

All right thinking people will stand behind the President in his two new policies: rigid economy in all departments of the Government and a colossal building program to help employment. We might have them on alternate days.—*The New Yorker*.

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IN LITTLE OLD NEW YORK

In 1732, Surveyor General Caldwellader Colden was asked to make a report of the State of the Lands in the Province of New York. Due to changing Governors of the Province and the enacting of new laws, the uncertainty of establishing boundries when the brooks, ponds, hills etc., that constituted land marks, bore conflicting Indian names and were little known, much confusion arose. Grants made to favorites were unduely large and many were overlapping. Land grabbing seems to have been particulary easy, for Mr. Colden cites one typical instance where "the patent grants 300 acres, and the patentee now claims upwards of sixty thousand acres within the bounds of his grant."

So much of this land was undeveloped, that "the King," the report says, "has been deprived of almost all his quitrents." Another result of this greed for land was the moving of settlers to new territory. "Although the Province of New York was settled many years before Pennsylvania and some of the neighboring Colonies, and has many advantages over them, as to the situation and conveniences of trade, it is not near so well cultivated. . . . And every year the young people go from this province, and purchase land in the neighboring colonies while much better and every way more convenient lands lie useless to the King and country. The reason of this is that the grantees themselves are not, nor never were in a capacity to improve such large tracts, and other people will not become their vassals or tenants for one great reason as people (the better sort especially) leaving their native country, was to avoid the dependence of landlords."

If Mr. Colden could visit the United States today, he would find that valuable, conveniently situated land in every city and community is being held without adequate improvements while merchants and homebuilders and orchardists are forced farther and farther from the centers of population to find cheaper, because less productive, lands.

Mr. Colden notes that the holding of huge tracts of unimproved lands defrauds settlers in the Colony "of their equal chances of obtaining the most improvable and convenient lands." The holding of idle land today is defrauding some five or six million unemployed men and women out of their "equal chances" to use the earth from which all the products of labor, the wealth of mankind, must come.

Mr. Colden had also been asked to give his opinion of a proper remedy; and his suggestion, given two hundred years ago, puts to shame the foolish plans offered by our Senators, by our President and his commissions and by our bankers and business men.

Mr. Colden suggested the establishment of quitrents, which we may think of in terms of taxes, so that they would fall heavily where tracts exceeded twenty or thirty thousand acres. "The patentees would gladly surrender their grants to free themselves from this burden, but at the same time it would be just to preserve to them their improved lands under proper restrictions of not rendering useless any part of what is not developed up." Mr. Colden recognized the importance of limiting a man's landed possession to what he could use, and also the feasibility doing this by means of taxation. Two good results would come of it: the huge tracts of land would be broken up; the tax on the land would solve the budget problem. "The quitrents," he says, "would in this case be sufficient to support the government, and if they were applied to that purpose, I believe would give a general satisfaction, because it would be as equal a taxation as could well be contrived, and the taxes would not as they do now, fall only upon the improvements and the industry of the people. It would likewise absolutely remove the complaints of the merchants, so that it would generally please all sorts, excepting the owners of the large tracts."

To take the tax off of industry and place it on land values would please the merchants and manufacturers and homebuilders and "all sorts" excepting those who hold land idle in order to gain something for nothing.

There is a memorandum in the hand writing of Lieut. Gov. Colden appended to a copy of this report. The note was written twenty years later and says that he doubts whether his report was ever read. "It had no other effect than to be prejudicial to myself." The report was given to Col. Cosby who was, himself, an owner of large grants in New York.

We could tell Lieut. Colden that even now two-hundred years later, it is prejudicial to onself to suggest that every man should have an equal chance to use the surface of the earth and that a scientific tax system would make it possible.