

fumes and litter and the poisoning of rivers. The pace of modern living stretches to its limit the human nervous system, and stress diseases and tranquiliser drugs have become part of normal life.

But surely, the gadgets of modern technology bring more leisure in which we can enjoy its fruits? Not so, says the Professor. The demands of the growth society are such that leisure needs to be used for self-improvement, to keep abreast of developments for fear of losing our jobs. And even if there were any real leisure, the abrupt change from the normal round would tend to leave ordinary men and women in a state of "restlessness, indecision and anxiety."

What Professor Mishan preaches, in short, is that the sum of human happiness cannot be much enhanced by further scientific discoveries and that there should now be a ban on all scientific research and technology, exceptions being made, "on appeal," for research directed to "clear humanitarian purposes."

Few readers of the book will be completely at odds with its author. Who among us has not, at some time, longed to "quit the rat race" and to "get away from it all"? But Professor Mishan's almost unrelieved condemnation of modern society is not easy to take *in toto*. In his eyes, nothing in

this world is right. If unemployment were to disappear he would, no doubt, regret the ending of social life in the dole queues. If he should win the Pools he would doubtless bemoan his luck in having to count the money.

In any event, can there be any expectation that man would ever—could ever—switch off that power to develop and improve his lot that is the main characteristic distinguishing him from the animal? Economic growth, after all, is not, in democracies, an organised process undertaken by the community as a body and working to some grandiose master plan. It is, for the most part, the sum result of independent action by individuals, or small groups of individuals, working to their own inclinations and giving vent to their native inventiveness and powers of innovation.

It may be that social conditions—and social injustice—pervert the course of man's inventiveness. In which event the righting of basic wrongs in society can have only beneficial effects which might modify Professor Mishan's views about the process *per se*.

But if Professor Mishan really does advocate a general ban on man's inventiveness, then he might as well call for a general ban on breathing. Or perhaps save his breath.

## Change These Tax Laws!

I am glad to see this committee consider the subject of the valuation and taxation of farming and grazing land in Arizona, because the state's policies in this area since 1968 have resulted not only in the granting of preferential tax treatment to property owners who claim to be involved in farming and ranching but aren't, but also in the granting of tax relief totalling 90 to 99 per cent to Arizona's legitimate farmers and ranchers.

I don't think that was the intent of the Legislature when it enacted the provisions referring to "current use" and "future anticipated increments of value."\* Unfortunately, however, the vague language of the statutes and the failure of the Department of Revenue and its predecessor, the Department of Property Valuation, to establish strict requirements for the classification of farm and ranch

\*These provisions require that the Assessor consider "present use" and discount amounts paid for "future increments of value" thus making it impossible to assess underused land at its full market value. (Ed.)

**I**N our September/October 1977 issue, we published an article "A First Step to Reform" in which Joseph Zashin recounted his efforts to have rectified certain inequities in the property-tax assessments of Pima County, Arizona. Stephen Emerine, County Assessor, in a letter to the Editor, has indicated that he is aware of these inequities and is concerned in attempting to change the relevant legislation so that more equitable assessments may be made.

Mr. Emerine enclosed a copy of a statement he made to the Senate Finance Committee on November 30, 1977, which we reproduce with his permission.

property, together with a failure to update any of its agricultural valuation in the past ten years, has resulted in the fact that we are now granting agricultural tax

breaks to those who aren't entitled to them and we're giving larger tax breaks than perhaps any other state in the nation to Arizona's farmers and ranchers.

This would be bad enough if we were like most other states, in that more than half of our property was privately owned. As you know, however, only 17.9 per cent of the land in Arizona is privately owned and therefore subject to taxation. As a result, the impact of these loose agricultural tax laws and policies hit home owners, business people and other non-agricultural property owners very, very hard.

Let me use Pima County as an example. Our county is 5.9 million acres in size, and only 813,000 acres—or 13.8 per cent—is privately owned. Of that 813,000 acres, more than 271,000 acres—or 33.6 per cent of the taxable land—qualifies as grazing land under state laws and guidelines, while another 51,000 acres—or 6.3 per cent—qualifies for special tax benefits for farming land. The net result of this is that only 8.3 per

cent of Pima County's land is actually assessed at anywhere near its actual market value, and therefore the burden of property taxation in Pima County falls almost entirely on the owners of one-twelfth of its land.

It's little wonder that home owners and business people are



screaming to you and to me about their tax burden.

Some of you are familiar with the area known as Rancho Romero north of Tucson, which was subdivided and ready for development until Pima County agreed to purchase it and trade it to the state for park purposes. Pima County paid \$1,400 per acre for the land. It was on the tax rolls at \$7 per acre because the developer managed to qualify under our current grazing regulations. South of Tucson and extending into Santa Cruz County is the 35,000-acre Empire Ranch, which GAC Properties subdivided for nationwide selling and which later was sold to Anamax Mining Co., which wanted its water rights, for \$12.8 million. That land has been on the tax rolls during all these actions and transactions for \$312,382 in full cash or 2.4 per cent of the actual sale price. Why? Because both GAC and Anamax can claim to be cowboys under Arizona's agricultural tax laws and guidelines.

Closer to Tucson, but still south of the city, is the 10,000-acre Farmers Investment Co. pecan farm. Its owners testified in a now-famous water case before the Arizona Supreme Court in 1973 that the value of the farm then was \$51 million. Using Arizona's agricultural valuation guidelines, it's on the tax rolls at one-tenth of its true value.

In other words, while virtually every home in Arizona is on the tax rolls at 85 to 100 per cent of its market value, Rancho Romero was on the rolls at less than 1 per cent, the Empire Ranch is on at 2.4 per cent and the FICO opera-

tion is on at 10 per cent. Did you or your predecessors intend to give a 90 to 99 per cent tax exemption either to legitimate farmers and ranchers or to speculators, mining companies and other non-agricultural property owners in 1968? I doubt it.

Let me suggest three steps that this committee could consider.

First and foremost, enlist the assistance of the Governor and House of Representatives to direct the Division of Property and Special Taxes of the Arizona Department of Revenue to revise and update its guidelines for the valuation of farming and grazing property. The first priority should be to tighten the guidelines so that they apply only to legitimate farmers and ranchers—not to speculators, mining companies, oil companies, insurance companies and other non-agricultural owners. In addition, the actual dollar amounts within the state's guidelines should be revised to reflect the ten years of inflation that have passed by since their last revision. I'm reasonably sure that no grazing land in Arizona is worth only \$12 an acre, \$7 an acre or \$3 an acre full cash value. All taxable land in Arizona should have a minimum value of \$50 to \$100 an acre—which is still far less than you or I can buy it for on today's market.

Secondly, this session of the Legislature should lay the groundwork for a statutory definition of just how much of a tax concession Arizona wants to give its legitimate farmers and ranchers in the 1970's and 1980's. Do you want to set full cash values on farming and ranching property at 50 per cent of their market value? Thirty per cent? Ten per cent? Fine... but set that limit in the statutes. Don't continue with laws so vague that there is *no* limit.

And finally, I urge you to follow the lead of other states, such



as New Jersey, Oregon and Illinois and enact a "recapture" law or a "rollback" law governing agricultural and grazing tax benefits.

Under such a law, a farmer or rancher must either apply annually for preferential tax treatment or he must sign a five or ten-year contract with the state guaranteeing that he will use his land for farming or grazing during that time period. If he keeps his word, he gets the tax break with no strings attached.

If he changes his mind, however, or breaks his word, he is assessed for the difference between the taxes he paid at the reduced farming or grazing rate and the taxes he should have paid if his property had been assessed at its full market value. Some states go back three years to collect these adjusted taxes, while others go back for five years. That decision is up to you.

None of these proposals will significantly hurt legitimate farmers and ranchers. They won't penalize the family that has grown crops or raised cattle for a generation or two in the past and wants to do the same thing for a generation or two in the future. They will, however, enable the state and its subdivisions to collect more of the property taxes that are rightfully theirs from the short-term hobby farmers, the land speculators and the other property owners who currently claim to be farmers and ranchers but really aren't.

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#### SMALL BUT SWEET

A rent of around £13 a square foot is to be paid by the Midland Bank for an 80,946 square feet office development in Cannon Street, central London. After an initial period, the rent is to rise to over £13.50 a square foot, reports the *Daily Telegraph*.

Even this nowhere near approaches the value achieved on the sale of a lease of one of central London's smallest shops. With a frontage of only five feet and a depth of fourteen feet, the total area comprises only seventy square feet. Yet a lease with only four years to run at a rent of £950 a year recently sold at a premium of £20,000 to a confectionery retailer.

The agents estimate that this premium puts the rent of the shop in the region of £120 a square foot, reports the *Estates Gazette*.