

The Aerojet General Corp. has agreed to sell the tract—largely swampland—to the Trust for Public Land for \$17.3m. But only 17,280 acres are actually being sold. The rest is being given as a gift—thereby making Aerojet's parent company, the General Tyre and Rubber Co. of Ohio, eligible for an income tax break.

Homeowners also have benefitted from the way the property tax is administered—especially as a result of under-valuation. Just how serious the undervaluation is can be illustrated from the recent sale of a home in Bontona Avenue, Fort Lauderdale. The property was assessed—for tax purposes—at

\$562,730. It was sold last December for nearly double that sum: \$1,080,200.

But attempts to enforce registration of 100% values is calculated to cause a revolt, as is currently happening in Monroe County where the 1979 tax roll of \$1.1bn has just been increased to \$1.6bn.

Shrewd politicians, however, have a knack of inventing devices to minimise the financial effects of enforcing tax laws. For example, when Florida's governor, Bob Graham, pushed for higher assessments, he was left in no doubt that homeowners would take compensating action. And on two separate occasions last year, voters approved constitutional

amendments that significantly increased the value of tax exemptions on their properties!

*US property taxes may be riddled with anomalies, but the last place to look for a reform of the system's underlying philosophy is Florida!*

#### REFERENCES

1. *The Property Letter*, London, No. 304, December 1980.
2. Larry Birger, 'S. Florida's economy likely to cool in 1981', *The Miami Herald*, 29.12.80.
3. Gary Moore, 'Strapped Hialeah Renters Vow to Live in Streets', *The Miami Herald*, 21.12.80.
4. Wayne Markham, 'Builders: Trade Taxes for Cheap Rentals', *The Miami Herald*, 21.12.80.



## Landowners fight life-or-death road plans

NEW ROADS mean higher values for owners of adjoining land.

So who should pay for the provision and maintenance highways?

This is a critical question—indeed, a matter of life or death—in Florida, where the costs of a poor network are high:

- Bumpy, pitted roads cost the average motorist an extra \$200 a year in wasted petrol and car repairs; Floridians are throwing away \$1bn a year in wasted fuel!

- Bad roads cause 219 accidents every day; they are the second leading cause of accidents, costing Floridians over \$1bn in hospital fees, property damage and insurance claims, according to the Road Information Program in Washington.

**WHY HASN'T** something been done? According to Miami lawyer Kenneth Myers, who headed the Senate's Transportation Committee in 1979—he retired from the Florida

Legislature in 1980 after 16 years service—the state just does not have the money.

The petrol tax is a flat eight cents a gallon, which does not bring in enough to finance a programme that would provide the state with a network of highways to meet the demands of the economy.

"We desperately need to revise the entire method of financing Florida's transportation system," insists Myers. "It is not an understatement to say that the future destiny of Florida is at stake. Transportation is the backbone of our economy."<sup>1</sup>

A TAX on land values would be the answer. The major beneficiaries would finance the highway system, and this would relieve the lawmakers from imposing other kinds of taxes that reduce living standards and retard the process of wealth-creation.

Yet Florida's landowners oppose the idea that they should pay for the

roads that push up the value of their properties.

In Palm Beach, for example, some developers are campaigning against the country's land-use plan which says that roads must be adequate before developments are built and people move in to use them.

*The developers want to argue about road costs after they have cashed-in!*

And the law-makers seem to be on the side of the landowners. Instead of making—and enforcing—sensible tax laws, they are employing what *The Miami Herald* called "delaying tactics"<sup>2</sup>.

While the delays continue, the landowners are making fortunes and the motorists are dying on the roads.

1. Kenneth M. Myers, 'Down the Road to Ruin', *The Miami Herald*, 21.12.80.
2. 'Officials should face road question', *The Miami Herald*, 28.12.80.