

## Symmetry In Budapest—PART TWO

By the late DR. J. J. PIKLER

**H**ERE I would like to say a few words about what is called a 'landowner's valuation' or 'self assessment'.

The main plea for 'self-assessment' seems to be based on the idea that in this way the labour and the cost of a Valuation Office would be considerably reduced. It is quite erroneous. The contrary is the case. Under 'self assessment' the valuations are detached from each other, there are no 'fixed points' and if the Valuation Officer has to compare and bring into harmony the many tens of thousands of returns, it has one hundred times *more* to do than if it begins, continues and finishes the work alone and by itself. The separate returns of the parties can't be but quite unreliable, because they would differ within very broad limits. The Valuation Office has no means whatever to know which of the immense heap of returns (for the most part quite irrational) should be used to check others, or if it does know beforehand, then the returns are superfluous. 'Self-assessment' is a means of confounding both the Valuation Office and the owners, to drive both mad and to make out of a most peaceful and technically most simple task, a thing most odious, hateful, complicated and difficult. If we adopted 'self-assessment' we would abandon one of the main and finest features of Georgeism and the land value tax, that of *not* asking confessions and returns and *not* giving occasions for lying and for false oaths (as we have a thousand times criticised and were right in so doing in regard to the existing tax system), and we would simply offer another occasion for false or erroneous confessions or returns against which we would try to safeguard ourselves by one or other kind of 'penalty'.

*Section 8* — The valuation records are to be printed and published in book-form in each period of revaluation, the books are to be made available for sale at cost-price at the booksellers, the general public is to be informed of publication by placards and in the journals. The book shall contain for each site the data mentioned in Section 6 and be supplemented by the publication of the alterations which have occurred in the course of the valuation (corrections by the office, objections, appeals, etc.).

Owing to the difficulties that emerged in consequence of the political troubles and the depreciation of our exchange we were constrained to reduce the publication to a stitch book containing 1,200 lines, that is the tabulated description of only 1,200 sites and their value per square unit. The 1,200 sites inserted in this stitchbook were chosen so as to supply a sufficient criterion for

general instruction as to the value ascertained in the several districts of the town. My expectation that such a publication of an official and general valuation would meet with keen general interest, was fully vindicated; the stitchbook has been in general and very frequent use in all official and commercial circles.

*Section 9* — The first resort for objections is the Valuation Office itself. The time allowed is 30 days from the official publication of the valuation. Entitled to make objections are not only the landholder, that is, not only the assessed person, but every interested citizen of the town, that is, every ratepayer. The objection of an owner or part-owner against the valuation of his land delays the payment of the tax until the settlement of the objection by the Valuation Office. The Valuation Office has to give a written decision.

### APPEALS PROVISIONS

**T**HE provision that the Valuation Office itself should be the first resort for objections proved to be very efficient and useful. A great many of the objections were peacefully settled by the office itself without any further complications.

The corrections eventually made embraced, of course, not only the single site in question, but also the neighbouring sites, the owners of which had not made any objection and these other owners were much surprised when they were informed of a reduction of their assessment without having asked for it. This was an occurrence never heard of before in the way of assessments.

The rent of land belonging indeed to the people our Statute does the right thing in enabling every citizen to raise objections to every assessment. This provision, which deals with the assessment as with a 'cause publica' ought to be inserted in every site value rate or site value tax.

The number of appeals was small (affecting 6 per cent. of the sites valued), being considerably less than it used to be with any other tax, but even this small number was very much reduced by settlement with the Valuation Office.

I would also mention that there were also among the appeals some that aimed at raising the value. They were prompted by very obvious individual reasons and speculations. But bearing in mind the necessary harmony and comparability of the values per square unit, we could not grant such requests.

*Section 10* — Appeal against the decision of the Valuation Office to the Committee for Appeals. The persons entitled to appeal include everyone who had lodged a complaint and also the town-attorney. Time allowed, 15 days.

*Section 11* — The members of this Committee (15 to 20 members) are elected by the Town Council for each single period of taxation. The Committee elects its Chairman, the chief of the Valuation Office reports the cases before the Committee, but is not entitled to vote.

*Section 12* — The cases are to be dealt with street by street. The parties shall be invited and are entitled to plead.

It should be inserted that the sittings shall be held in public.

*Section 13* — Third legal competence: appeal (on matters of law) before the National High Court within 15 days after the decision given by the Committee of Appeals.

*Section 14* — The rate of assessment is yearly one-half per cent. of the ascertained capital value.

#### NO DISCRIMINATION

THERE is with us, as you see once more, no discrimination whatever as to the nature of land subject to taxation. Our Statute knows nothing of 'agricultural land' or 'building sites'; it knows nothing of 'developed or underdeveloped' or 'well-used or under-used land' and so on; it only knows values. Nor is there gradation in the rate of tax. Our tax is a uniform and unvarying land value tax of 0.5 per cent. yearly on all land, whether used or not, improved or not, owned by present or absent owners, etc.

With this small land value tax the first and decisive step is taken and the rent is *in principle* given back to the people, and if for the present and for a while the people choose or we choose to draw only for a part of *their* rent, it is not because of lack of courage, or in order to spare the landowners or cheat the people, but because we don't know and because nobody knows the amount of the economic rent under the quite new circumstances to be treated by full Georgeism. And because of that we may be sure that if we insisted upon taking 'the whole at once' we would obtain, instead of the whole and at once, nothing and never, and only stultify and kill Georgeism. Against that view the contention has been urged that if a *fraction* of the rent can be taken, as we mean to do it and as I have done it, that then also it must be possible to take the *whole* of the same rent. But this I must regard, at any rate as to the objective content of the assertion, as a mere joke, because what we are taking is clearly a fraction of a *present and well-known* quantity easily ascertained, whereas the argument for 'all-at-once' assumes you can take the whole of a *future and quite unknown* quantity, impossible to ascertain at present.

*Section 15* — The site value rate is a first charge on the estates.

*Section 16* — Part-owners of sites are jointly and severally responsible for the tax.

Our standpoint is that part-owners shall and will divide the charge between themselves according to their share in the partnership and according to general civil laws. That is a matter of course and needs no special and expressed provision. Long leases (99 years) with reversion as instituted in England are unknown with us.



Dr. Pikler described and explained the several other provisions of the Statute, including the important *Section 20*, which provided that from the day on which the land value tax came into force (1st January, 1919) one of the existing taxes upon house-rent, namely the 'additional pence' was reduced from 3 per cent. to 1½ per cent. of the house-rent. The law thus enacted a Land Value Tax and devoted the revenue to the reduction of taxes on houses.

#### LAND VALUE INCREMENT 5 TIMES COST OF PUBLIC IMPROVEMENT

Dr. David B. Ascher, Israel, sent this excerpt from *The Appraiser* (American Institute of Real Estate Appraisers, Chicago), October, 1960.

**Denver Appraisal Shows Value Gained by Each Property from Better Lights.** After the Downtown Denver Improvement Association proposed a \$45,000 street lighting modernisation project in 1958, the City council voted \$3000 for a special appraisal of the prospective benefits by Andrew F. Chase, Denver MAI.

Chase found that values in the proposed 44-block special assessment district would increase a total of \$2,261,400 or about five times the cost of the project. Under a formula of his own, based on relative and specific advantage that would accrue to each individual property — not based merely on street frontage, area or relative assessed values — Chase estimated the separate increases in values that would accrue for each of 457 different parcels in the district. The project is now about to reach fruition, and the costs will be assessed on the basis of his benefit estimates for each separate parcel.

*Christmas Greetings  
To All Our Readers*