

Noah D. Alper's Brief Cases

HIDDEN LOCAL INCOME

Senator Paul Douglas, when interviewed for *Forbes Magazine* (March 1) revealed this untapped tax source. "The way local government costs are rising, the state and federal government will have to give some of their income to localities. But there are sources that the localities are not using too. One is the increase in bare land value. Values have been skyrocketing. These are increasing at a rate of \$25 billion a year. Isn't this a potential source of revenue? It can be taken without punishing effort or destroying investments."

IF AT FIRST YOU DON'T SUCCEED . . .

St. Louis Comptroller, John H. Poelker (a speaker at the 1966 HGS conference) proposed to the State Tax Study Commission that land be assessed at 100 percent of valuation and improvements at only 25 percent. Although his proposal was refused he intends to try again and push harder for adoption.

As quoted in the *St. Louis Democrat* Mr. Poelker said, a tax plan to take the profit out of slums would give new vigor to the city's redevelopment efforts. Referring to many buildings in premium locations in the downtown area he stated the tax on property in no way reflects the value of land. Structures should either be demolished or substantially improved, but because they are underassessed, owners can keep them in disrepair awaiting a prospective buyer with a lucrative offer. If a property owner in the downtown area or in a mid-city neighborhood improves his property he is penalized with an increase, while the owner who contributes to blight gets a tax-break, the Comptroller said.

A TALE OF CITIES

A blueprint for Equality of Educational Opportunity in the St. Louis Public Schools was prepared by the Superintendent of Schools, William Kottmeyer. The Board of Education pamphlet contains these enlightened statements:

"When one tries to determine what share of the school costs can reasonably be shouldered directly by the St. Louis taxpayer, one must bear in mind that the Board of Education has only one direct way to get money for schools—the local property tax. There seems to be general agreement among the urban development experts that, as Congressman Thomas B. Curtis says, current property tax policies cry for revision. The experts point out that the traditional practice of taxing property improvements heavily discourages, delays and deters owners from making improvements, and that heavy taxes on unimproved land or LOCATION values would encourage, hasten, or even compel improvements. Thus they assert that the present property tax discourages investment in new city construction and rehabilitation and that a change to a realistic site-value tax would stimulate private enterprise to rebuild our city slums.

"As long as the ghettos are subsidized by tying the land assessment to the building assessment and assessing the land as almost worthless because the building on it is almost worthless, no increase in efficiency of code enforcement or tenement rehabilitation can keep pace with slum growth. These experts maintain that state and local governments have failed to make use of the property tax to prevent or cure poor housing and that assessors seem to confuse the property tax with the income tax, assessing valuable land far below its asking price as long as it is producing no income."

In Lancaster M. Greene's article on "Land and Brains" (Feb. HGN p. 3) the decimal point was missing from the amount taxpayers pay to cover the postal deficit — it should be \$12.8 billion instead of \$128 billion — and bad enough at that!