

# the Henry George News

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## ***Successful Methods For Land Valuation***

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**H**ENRY GEORGE stressed repeatedly the importance of taxing lands in proportion to value. During his lifetime and early in the history of the Georgist movement, this posed a challenge to individuals already preoccupied with the complex problems arising in the administration of the general property tax in use in every state and in commercial appraisals for mortgage and other purposes. Gradually a method evolved for the comparative valuation of the almost infinite variety of classes and grades of land which exist alongside one another, both in urban and rural areas.

By 1896, William A. Somers had developed for St. Paul, Minnesota, a system which endeavored to single out for separate evaluation each of the independent variables influencing the value of a city lot; to compile on maps, and on other suitable records keyed to the maps, every bit of information concerning lands and buildings available on public records and on such private records as were accessible; and to reduce to appropriate units, by analysis and computation, all data

bearing on values. Inevitably, in a task so complex as that of assigning a value to each single item entering into the aggregate of taxable property of a municipal tax roll, differences of opinion will arise. Mr. Somers himself modified the original St. Paul plan as he moved from city to city. Others made even more extensive modifications. But in the main, the basic elements in the plan he developed have survived the numerous changes in detail.

The many followers of Henry George who saw the need for, and the utility of, some plan of comparative valuation of the type developed by Mr. Somers, included outstanding leaders of two distinct types. These were the political leaders who were working mightily to bring about changes in the laws governing taxation on the local level; and the technicians who, working within the framework of tax laws as they existed, endeavored to set in operation procedures for the precise valuation of land against the time when the laws

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## Successful Methods

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should be changed. In the meantime, they were confident that more trustworthy data than were then available on the kinds and amounts of taxable lands, buildings, and tangible and intangible personalty, would be useful in furthering the movement.

Among those who did yeoman service in this phase of the movement's history, two political leaders—Tom L. Johnson of Cleveland and J. J. Pastoriza of Houston—each of whom became mayor of his city and attained national prominence, were the most notable of their group. Lawson Purdy, for 11 years following 1906, President of New York City's Department of Taxes and Assessments, had a tremendous impact on the administrative organization and procedures of his department, on the charter and administrative code of his city, as well as on the procedures of Australian states and the City of Copenhagen. In 1910, John Zangerle became Chairman of the Board of Assessors in Cleveland, and served as county auditor for four decades after that official was charged with the duty of assessing all property not only in Cleveland itself but in all the other cities, villages and townships in the county. His widely used volume *Principles of Real Estate Appraising* has been of great influence throughout the nation.

The pioneer work of Somers influenced the careers of each of these men. When Lawson Purdy assumed the task of assessing the nation's largest city, Somers was retained as consultant. Subsequently, Tom Johnson also retained him for work in Cleveland, and there Zangerle came under his influence. Meanwhile, Pastoriza had retired from business, expecting to spend the remainder of his life lecturing on the single tax to any one who would listen. Hoping to increase the size of his very small audiences,

he and his friends filed a petition nominating him for the office of Commissioner of Finance. His audiences did increase. As a candidate, he began to talk not about what ought to be, but about what would be if he were elected—about his plan for shifting much of the tax burden resting on working men's homes to the concentration of high land values in the downtown area, and to the underdeveloped and vacant lands held out of use by speculators. Much to his surprise—if not to his utter dismay—he was elected.

When he took office, all he found to guide him in carrying out the promises he had made to the voters who had elected him was last year's roll of taxable properties, with only the vaguest descriptions of properties, all arranged alphabetically by names of owners. First he took his supporters into his confidence, telling them what he had found. Then he is reported to have telephoned Tom Johnson asking that Somers be sent to him.

Somers had become old and ill. In his stead, Walter W. Pollock, president of the Manufacturers Appraisal Company of Cleveland, whose company had taken over the Somers system, used that system to make a complete appraisal for tax purposes of the entire city of Houston. On that base, Mr. Pastoriza had a new geographical roll prepared, scaling down land values by a small percentage, buildings by a much larger percentage, and leaving only a negligible fraction of personalty subject to tax. That this step was in violation of the state constitution, which required everything that could be bought and sold to be taxed on full value at a uniform rate, he knew well. He also knew that it was an utter impossibility for any assessor anywhere in the state to find, list and appraise all taxables, no matter where the owner had hidden them.

If, therefore, he was violating the constitution by following what came to be known as the Pastoriza plan, he contended he was no more guilty than other assessors who were proceeding planlessly.

His supporters continued to elect him as Commissioner of Finance, and eventually as mayor of the city. In the meantime, certain taxpayers had taken their grievances to court, and the court enjoined him from continuing the Pastoriza plan of taxation. He thereupon let his supporters know that since he was no longer permitted to do what he had promised them, he would revert to the widely used, statutory plan of accepting the valuations contained on returns from taxpayers, reserving the right, however, to modify upon notice, any return which varied too widely from what he as assessor judged to be proper. In that way, the taxpayers themselves salvaged a modicum of the plan of taxation of which they had shown their approval in successive elections; and it continued in partial operation for several years after Mr. Pastoriza's death.

Altogether, the Manufacturers' Appraisal Company installed the Somers system "in more than seventy cities" after 1910, most of them after the

publicity given it by the Houston experiment. Because Mr. Pollock himself was not an advocate of the land value tax, few of these used his valuations as Houston had done. Several concerns headed by men who had been trained by him in the art of land appraisal continued the work of installing modified forms of the Somers system long after Mr. Pollock had lost his earlier enthusiasm. At present, several firms of assessment contractors are at work in various parts of the country. A few of these are doing good work, but many concentrate on getting as much value as possible in the form of personal property assessments. They tend to assess land at startlingly low levels.

What started out as a device for facilitating a shift to the land value tax, as soon as the people had approved that form of taxation, became first a method for achieving more precise valuations for all types of property required by existing law to be taxed. Now it has become a scheme for reducing taxes on working men's homes by taxing heavily on their machines and other tangibles the factories which employ them. It is working so well that land, as such, is bearing only a negligible tax.

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*"Freedom is the natural state of man."*

This is the quotation from Henry George which appears on the Christmas cards Georgists are buying this year. One box containing 16 glittering cards (8 different scenes) is yours at \$1.25 postpaid if you order through the Henry George News, 50 East 69 St., New York 21, N. Y.