

GRADED TAX LAW
Proposed for
THE CITY OF NEW YORK

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EXPLANATION: The following is all new matter, taking the place of the existing sections of the New York City Charter.

§ 1. Assessors: Duties in Assessing Property. The assessors shall furnish to the tax commission, under oath, a detailed statement of all taxable property, showing that they have personally examined each and every improvement, house, building, lot, pier or other assessable property, giving the street, lot, section or ward, block and map number of such real estate embraced within such district. They shall classify all real estate in the city in such manner, and upon such testimony as may be adduced before the tax commission, so as to distinguish between the improvements on land and the land exclusive of improvements, and shall certify to the tax commission the sum which in their judgment represents the full economic value of each separately assessed parcel of real estate as if it were wholly unimproved land; and separately stated, the full value of the improvements, if any, on the same parcel; the full economic value of the land shall be determined as though it was wholly unimproved and free from the burden of any tax on the land; the value of the improvements on the land shall be determined according to cost or reproduction value, which ever may be lower, with due allowance for depreciation or obsolescence in accordance with usual and accepted standards.

§ 2. Annual Record of Assessed Valuation: Form and Contents.

There shall be kept in the several offices of the tax department, books to be called "the annual record of the assessed valuation of real estate in the borough of _____," in which shall be entered in detail the assessed valuation of such property within the limits of the several boroughs. In such books the assessed value of real estate shall be set down in three columns; in the first column shall be given opposite each separately assessed parcel, the sum which represents the full economic value of the land as if wholly unimproved and free from any land tax; in the second column the sum which represents the value of the improvements after due allowance for depreciation and obsolescence and in the third column the total value of such parcel which shall be the addition of columns one and two. Such annual record shall be prepared in such manner that the entries therein of all taxes and assessments laid or levied on land or improvements, in the city shall be under sections and block and lot headings as may be most convenient for use in connection with the block and lot map of taxes and assessments of the City of New York.

The department shall maintain a system of lot card or lot sheet records so that records and data affecting each separately assessed parcel shall be kept separately. The tax bill furnished to the taxpayer shall show the block and lot number and the assessment for land value, improvements and the total assessment separately and also the amount of the tax. The records required under this article shall be public records.

§ 3. Valuation of Property Assessed for Purpose of Taxation.

The tax commission shall, before opening the books of the annual record for public inspection, fix the valuation of property, for the purpose of taxation throughout the city at such sums as will, in its judgment, establish a just and equal relation between the valuation of property in each borough and throughout the entire city. To this end the commission may require the assessors to transmit a report to it of the assessed valuation of real property in the several boroughs at such time prior to the first day of February as it may prescribe.

Upon the completing of the tentative assessment, the commission shall furnish to each taxpayer a statement showing the value of the land, the value of the improvements and the total assessed value of each tax parcel on which such taxpayer pays taxes.

§ 4. Commissioner of Review of Tax Assessments. There shall be a commissioner for the review of tax assessments who shall be appointed by the Mayor according to the civil service law. Any person or corporation claiming to be aggrieved by the assessed valuation of real estate, may apply to the Commissioner for correction of such assessment. The application shall be in writing and shall specify clearly the objection and the grounds for the objection. The application may be filed within six weeks after the assessment roll is completed. The decision of the commissioner shall be made within 30 days after the filing of application, and shall be transmitted forthwith to the president of the tax commission who shall cause the assessment complained of to be corrected in conformity with such decision.

Sec 5. Certiorari to Review Final Determination of the Board.

A certiorari to review or correct on the merits any final determination of the tax commission, after review by the commissioner of review, shall be allowed by the supreme court or any justice thereof, directed to the president of the tax commission and the commissioner of review on the verified petition of the party aggrieved, but only on the grounds, which must be specified in such petition, that the assessment is illegal, and giving the particulars of the alleged illegality, or that it is erroneous by reason of fraud or by reason of inequality in that the assessment has been made at a higher proportionate valuation than the assessment of other real estate of the character on the tax-rolls of the city for the same year, specifying the instances in which such inequality exists and the extent thereof, and stating that he is or will be injured thereby. Such certiorari may review one or more assessments of several separate and distinct parcels, under the same ownership, included in a single petition, writ and proceeding.

§ 6. Assessment-Rolls; Preparation and Delivery. Assessment-rolls shall be arranged with respect to number of columns and shall contain such entries as the board shall prescribe, sufficient to identify the property assessed and to show the economic value of the land, the value of the improvements and the total assessed valuation. Real estate shall be described therein by the numbers by which such property is designated on the tax maps and in such annual record of the assessed valuation of real estate and such numbers shall impart into the assessment-rolls any necessary identifying description shown by the tax maps.

§ 7. Graded Tax Assessment. The council shall, in determining the rate for the second half of the year 1939, assess a tax upon the improvements equal to 9/10 of the highest rate of tax required to be assessed for said year, and for the year 1940 shall assess a tax upon the improvements equal to 8/10 of the highest rate of tax required to be assessed for said year, and for the year 1941 shall assess a tax upon the improvements equal to 7/10 of the highest rate of tax required to be assessed for said year, and for the year 1942 shall assess a tax upon the improvements equal to 6/10 of the highest rate of tax required to be assessed for said year, and for the year 1943 shall assess a tax upon improvements equal to 5/10 of the highest rate of tax required to be assessed for said year, and for the year 1944 shall assess a tax upon the improvements equal to 4/10 of the highest rate of tax to be assessed for said year, and for the year 1945 shall assess a tax upon improvements equal to 3/10 of the highest rate of tax required to be assessed for said year, and for the year 1946, shall assess a tax upon the improvements equal to 2/10 of the highest rate of tax to be assessed for said year, and for the year 1947 and for each year thereafter to assess a tax upon the improvements equal to 1/10 of the highest rate of tax required to be assessed for the year 1947 and for each year thereafter respectively, so that upon the said classes of real estate there shall, in any year be two rates of taxation.

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To the

Royal Commission on Dominion-Provincial Relations.

Gentlemen:-

We beg your consideration of the following and hope that it will assist you in making recommendations which will enable this country to solve its economic troubles;

- (1) There is no solution for our economic troubles to be obtained by granting the Provinces and Municipalities wider powers of taxation, or by the Dominion Government increasing the taxes now collected by it in order to enable them to reduce their taxation - the people of Canada pay the Dominion Taxes just as much as those of the Provinces and Municipalities.
- (2) The real solution is in solving our unemployment and poverty problem so that all our people can become prosperous and able to pay their share of the country's expenses without feeling them a burden, and this unemployment and poverty problem is much easier of solution than generally supposed, particularly in Canada.
- (3) If Canada had adopted a policy of leasing the land and other natural resources, from the early days of settlement, there would be no involuntary poverty, or unemployment now. There would be no valuable land held idle - no unused agricultural land near Cities; nor vacant lots in them. The Rural Population would be much greater in proportion to the Urban than it is. There would be no so-called "surplus labour" competing for employment - employers would be competing for labour - wages would be high and the purchasing power of the people ample to buy everything they produced.
- (4) It is quite practicable to change our present system into the above leasehold system and obtain the benefits, without any great disturbance of business, or injustice to anyone. If it was not that the public debts of our Provinces and Municipalities are now so great, all that would be necessary would be the exemption of all improvements upon land and other forms of industry and trade from taxation, and the increase of the revenue collected from land values to balance the taxation abolished; but, the great debts render it necessary to make the change gradually, or devise some plan by which the Dominion can issue Credit to carry the country through the Reconstruction Period that will be acceptable to the Provinces and Municipalities.
- (5) The following plan is submitted as practicable for this Credit scheme:-

The provinces and municipalities to exempt all improvements from taxation and abolish all their taxes on industry and trade in other forms, on condition that the Dominion will issue to them Credit Certificates to the amount of the taxes they abolish - said Certificates to be used by them in payment for work and services as they would have used funds received by the taxes abolished and to be accepted by them at par in payment of all taxes and dues payable to them, and reissued by them until finally redeemed, at par, in payment of a levy by the Dominion upon the value of all lands, irrespective of improvements, to commence in two years and to be increased one per cent annually until the Credit issued annually is balanced by the Credit redeemed annually.

Municipalities which already exempt improvements to be entitled to Credit Certificates equal to fifty percent of their taxation on land values to be used by them in useful public works, and accepted by them in payment of taxes and dues in the same way as the others.

The Provinces and Municipalities would lose no revenue by this plan - they would have the benefit of the exemptions of improvements from taxation - without loss of revenue - no interest-redeemed out of new wealth created by the exemption of industry from taxation and most of it will be redeemed by those who are now unable to pay anything - who will have become prosperous. Unemployment and poverty will have disappeared.

(6) Unemployment and Poverty having been eliminated it will become possible to make plans for repayment of public debts within a reasonable period.

The fact that the country can undertake extensive expenditures, without payment of interest, by above Credit Plan will be a great help in this matter.

The disappearance of poverty and the great increase in prosperity will enable a great increase in revenue; without taxation being high in proportion to earnings.

The solving of our economic troubles will allow Canada to open its gates to a high class of settlers from other countries, with a great gain of the wealth produced by each settler and the increasing of the revenue of the country from increase in number of prosperous revenue payers from this cause.

This Credit system may be used to buy gold produced in Canada and the gold used to reduce foreign debts -

In general, Public debts, which now appear impossible of repayment, may after solving our Unemployment and Poverty problem become comparatively easy of settlement.

General

The essential feature of this Recovery Scheme is the abolishment of all taxation on industry and trade and the taking of the economic rent of land for the expenses of government - that is, it is a full application of the Henry George System of Land Value Taxation - first advocated over fifty years ago and never successfully refuted.

The Credit portion is a suggestion of the writers for overcoming the financial difficulties which would cause the Provinces and Municipalities to oppose the application of the Land Value Taxation System, and enable it to be applied immediately. It is not advanced as a remedy of itself, and would be impracticable if the economic rent of land was not taken for the common expenses.

It is not "Social Credit" - The Credit Certificates would be issued for work and services - not "Dividends" - and would be redeemed out of new wealth created by the elimination of unemployment and poverty.

We have attempted only to give the principles of this Scheme - as outlined the Dominion would ultimately collect all the revenue and allow the Provinces and Municipalities Credit for their requirements; but, apparently, it can be worked out for the Provinces and Municipalities to do the collecting - without altering the principle.

These Credit Certificates can be handled by the Banks in the same manner as other Dominion Notes - and will no doubt take the place of much of those now issued by the Banks - but will not decrease the business done by the Banks.

Summary of Benefits.

The Municipalities will be able to reduce their taxes on Real Estate, by the exemption of all improvements from taxation.

The Provinces will be able to abolish the taxes they now levy on Income, Sales and industry in other forms.

The Dominion will be able, also, to abolish Income and Sales Taxes, Customs Duties, etc., and carry out large public works without payment of interest on borrowed money.

All Producers will be relieved from an enormous load of taxation, which has now to be added to the cost of production.

All land owners who are efficiently using their land will receive an immediate reduction of taxation.

A great demand for labour will be created to improve property and produce supplies.

A great movement of labour to the land will be created, for all valuable land will be put into use, it being no longer profitable for anyone to own unused land.

The knowledge that in two years time the Dominion will commence taxation of land values, irrespective of improvements, will prevent land speculation, increase in land prices and rents.

The cessation of competition of Labour for employment will cause a great increase in wages and cessation of unemployment - causing an enormous increase in purchasing power for all of the people, resulting in a home market which cannot be over-supplied with all available labour and machinery in full use.

Before the time the Dominion Taxes on land values are imposed the incomes of all producers will have increased so greatly that the increase of the land taxes will cause no hardships.

The amount of money put into circulation will be greatly increased for two years, but, no harm will result for it will be accompanied by an increase in production which will make it desirable.

Signed. C. E. Cartwright