Four Conference Papers Summarised

1. **Hartford: A Case Study in Assessment Reform — J. Ted Gwartney**
2. **Adam Smith and Free Trade — Roy Douglas**
3. **The History that might have been — Fred Harrison**
4. **Offshore Sea Resource Development — Will Lissner**

1. HARTFORD: A CASE STUDY

THIS PAPER examines how a community may update its assessment procedures and improve its administration of the property tax. Mr. J. Ted Gwartney takes a long hard look at the property tax (tax on land *and* buildings) and discusses its relationship with L.V.T. Forty per cent of the property tax is a tax on land values which tend to increase, while building values tend to decrease. In Hartford he found that property values were rising by more than four per cent per year. If maintained up-to-date on the assessment list, these would yield an additional tax base of 22 per cent per year as a result of progression over, say, a ten-year period.

Land, however, was increasing in value at an average rate of 20 per cent per year; with those using land efficiently being under-assessed by from 20 per cent to 50 per cent per year, and owners of vacant land being under-assessed by as much as 500 per cent.

Since property values do not rise uniformly, all property, he suggests, should be assessed at current market value and reviewed annually. In order to cope with the appraisal of a large number of properties, help from a computer is necessary.

Computerization of the property tax, including tax billing, sale ratio analysis and other techniques, have extended the practicality of equitable property taxes. The computer can perform many calculations such as replacement cost, capitalizing income and summarizing sales data, which until now have consumed so much of an appraiser's time.

Mr. Gwartney's first step was to evaluate the quality of existing assessments in Hartford, set eleven years earlier. Having designed a format for a computer print out, his computer reports proved to be invaluable in answering questions raised by the public, and were subsequently used to plan new work assignments for mass appraisals. In due course he was able to design computer programmes for new mass appraisals which helped him to set the current market value for residential real estate.

Before asking for funds to conduct a city-wide revaluation he studied the system he had developed. A pilot project was set up to test the reliability of market value estimates. The results of this provided the ground work for a city-wide appraisal.

Gwartney's record cards of property listed the data required by his staff and the computer; they covered 200 properties, each of which had changed hands during the last two years. More than 100 questions were asked about each property relating to the characteristics of the land and building, neighbourhood, etc.

The data was then checked and key punched in machine-readable form, edited and corrected, whereupon various programmes were worked out.

All this carefully handled groundwork rendered the computer analyses much more meaningful and enabled a computer file to be prepared for the sort of calculations an appraiser would normally perform.

Thus, the computer could estimate the market value of all sites in a neighbourhood. This system proved to be effective in the valuation of real estate.

At this point, the City of Hartford invited Gwartney to hire a company to collect city-wide property data and to carry out the appraisals in Hartford.

The appraisals made by appraisers *with* computer assistance were found to be significantly better than those made by conventional methods. The creation of a data bank of property characteristics, reviewed annually, will now enable the City to review assessments yearly and to do this without additional cost.

Assessments require full disclosure of information, including the preparation of land-value maps. This enables taxpayers to compare their assessment with that of their neighbours and to raise any questions on equity.

Trends in land values were plotted on maps and show that lots in prestige positions (i.e. those with fine views, trees etc.) reflect higher prices than lots in poor locations, in flood areas or with traffic problems, for example, which were far less valuable.

The land-value map, showing the precise relationships of one site to another, can be readily prepared by computer.

In conclusion, Mr. Gwartney recommends that the old practice of assessing property at a fraction of its present value should be abolished, to be replaced by assessing all property at 100 per cent of its full market value. The Hartford assessments are now kept current, rising and falling with market conditions.