

Table 10
Real Estate Taxes Per \$1000 Value, by Value Class and Region,
One-Housing-Unit Homeowner Properties, 1971 ^a

Value class	Tax per \$1,000 by region			
	North East	North Central	South	West
All values (average)	\$ 29	\$ 22	\$ 14	\$ 21
Less than \$5,000	45	29	21	33
\$5,000 to \$7,499	31	24	15	20
\$7,500 to \$9,999	29	23	14	20
\$10,000 to \$12,499	30	23	13	21
\$12,500 to \$14,999	32	23	13	21
\$15,000 to \$17,499	29	21	12	20
\$17,500 to \$19,999	29	22	14	21
\$20,000 to \$24,999	29	21	13	21
\$25,000 to \$34,999	28	21	13	21
\$35,000 to \$49,999	28	20	13	20
\$50,000 or more	27	20	12	20

a. These figures include very little of the effects of special ("circuit breaker") tax relief granted in recent years.
Source: 1970 Census of Housing, Supplementary Report, June 1973.

the treatment of people at different income levels does not conform to reasonable differences in their economic capacity. "Equity" is a complex concept, and interpretations are often vague as well as diverse. Disagreement about the condemnation of regressivity as such will probably depend upon the amount — whether a few dollars or many are involved. But there is probably general concern about the property tax in some localities on persons with low incomes. The real "culprit," if there is one, may be the weight of government spending. But how do different groups share in the results of what in some localities are large outlays?

One must question estimates which assume that all of the tax on rental property is shifted to the occupant. Not only must the land tax be in question but also some of that on the house. And renting is more common among lower income groups. Such estimates will attribute more of the total burden to

lower income groups, and less to the higher, than if one assumes that the suppliers of capital for rental housing bear part of the property tax on it. The investors who shoulder a portion of the tax do not, of course, do so out of generosity. They must bear part of the tax because they lack investment opportunities which are completely free from property tax. The equity, or lack thereof, in such a result will be open to debate.

Uncertainties about the distribution of total burden among income groups arise as regards business shifting of tax on factories and warehouses and other man-made capital. If estimates assume that all of the tax is shifted to consumers, too much burden is probably assigned to lower income groups and too little to persons with higher incomes who tend to be suppliers of capital to business. The latter bear some tax which cannot be passed on fully to others as consumers. Moreover, we re-

Table 11
Real Estate Taxes as Percent of Income, by Income Class and Region,
One-Housing-Unit Homeowner Properties, 1971 ^a

Income class	Percent of income by region			
	North East	North Central	South	West
All incomes (average)	6.9	5.1	2.9	5.4
Less than \$2,000	30.8	18.0	8.2	22.9
\$2,000 to \$2,999	15.7	9.8	5.2	12.5
\$3,000 to \$3,999	13.1	7.7	4.3	8.7
\$4,000 to \$4,999	9.8	6.7	3.4	8.0
\$5,000 to \$5,999	9.3	5.7	2.9	6.5
\$6,000 to \$6,999	7.1	4.9	2.5	5.9
\$7,000 to \$9,999	6.2	4.2	2.2	5.0
\$10,000 to \$14,999	5.3	3.6	2.0	4.0
\$15,000 to \$24,999	4.6	3.1	2.0	3.4
\$25,000 or more	3.9	2.7	1.7	2.9

a. These figures include very little of the effects of special ("circuit-breaker") tax relief granted in recent years.
Source: 1970 Census of Housing, Supplementary Report, June 1973.

call, the tax on land values does not leave present owners or occupants worse off by more than a fraction, perhaps only a small fraction, of the current year's tax.¹⁸

On reasonable assumptions, government expenditures have a "pro-low-income" bias; per dollar of tax paid, benefits are greater for those with low incomes than for those who pay more. If one views equity in terms of both taxes as burdens and government services as benefits, then it may seem that the "package" treats the middle and especially the upper income groups inequitably. Are not the payers of heavy taxes being discriminated against in favor of those with low incomes?

The benefits of local government expenditures, however, presumably go to the general public. To estimate the amounts for different groups, one encounters perplexing problems of theory and gaps of data. However, a Tax

Foundation study some years ago made estimates which can be indicative of relationships. For example, families with incomes of \$2,000 to \$2,999 in 1965 received benefits of (all) government spending equal to 65 percent of income as contrasted with property tax of 5 percent, and total taxes of 27 percent of income. (See Table 12.)

Depending on assumptions about the amount of tax on man-made capital which remains on the suppliers of capital, some, or considerable, elements of progressivity are to be found. Some families with, say, \$7,000 income pay a smaller percentage of income, directly and indirectly, in property tax than do some families with \$15,000 or \$25,000. Does such a conclusion alter one's views about equity?

The actual weight of the tax, of course, varies greatly from one community to another. Most states now provide special tax relief for the el-

18. To the extent that past and present tax on land values falls on past or present owners (rather than on renters or consumers of business products), only persons with enough wealth to own land bear the burden.

derly and, in some cases, other persons with low incomes. Therefore, today's burdens at the low end of the income scale are less than only a few years ago. Actual administration affects real-life burdens; in some places less valuable residences are under-assessed relative to other properties while elsewhere assessors may in fact discriminate against modest homes. If stockholders of corporations must bear some of the tax on the property owned by the companies, then the burden will be distributed in some relation to ownership of shares.

Another aspect of equity, *horizontal*, must be considered. The results provide justified criticism of property taxation as it actually exists. In many localities, horizontal inequity remains. In the same community taxpayers who are in essentially similar conditions do not receive essentially similar tax treatment. Poor administration leads to inequities that are greater than merely slight and inevitable. Two houses —

or two business properties — of about the same worth are taxed as if their values differed appreciably. And taxes on significantly different properties vary by much more than the value differences would justify.

Such inequalities, however, are not necessary. Communities have it within their power to reduce them materially. Some have done so.

Evaluating other inequalities and their equity aspects is rarely attempted. For example, let us think of the tax as a burden on suppliers of capital. Families with about the same incomes own widely different amounts of property. Therefore, burdens may fall on upper income groups in quite unequal amounts. One family with say, \$30,000 of income may own rather little property of any type whereas another may get all its \$30,000 of income from capital. If the latter comes from \$400,000 of capital (7.5 percent yield), and if the tax on property reduces net yields over

Table 12
Tax Burdens and Benefits of Government
Spending by Income Class, 1965

Income class ^a	Percent of total income		Benefits of government spending	Ratio of benefits to total tax burden
	Taxes			
	Property	All taxes		
All families	3.8	30.4	29.9	1.0
Under \$2,000	6.9	28.1	109.0	3.9
\$2,000-2,999	5.2	26.7	65.0	2.4
3,000-3,999	4.7	29.7	46.0	1.5
4,000-4,999	4.2	29.1	33.7	1.2
5,000-5,999	4.2	29.4	29.7	1.0
6,000-7,499	3.8	28.5	25.4	.9
7,500-9,999	3.5	28.5	22.1	.8
10,000-14,999	3.3	30.6	20.0	.7
15,000 and over	2.4	44.0	16.3	.4

a. Money income after personal taxes.

Source: *Tax Burdens and Benefits of Government Expenditures by Income Class, 1961 and 1965*, Tax Foundation, 1967.

the economy as a whole by only one half of one percentage point, then the property tax cuts income by \$2,000. This burden is on income not received. In contrast, families with \$30,000 income from salary but none from capital have no burden of property tax as it applies to suppliers of capital.¹⁹

Revenue Yield and Other Bases of Judging Property Taxation²⁰

Whatever the conclusions about these and other concepts of equity, it is not the only criterion to be used in judging a tax. *Revenue* is also a highly relevant consideration for any tax (except one designed to exert "control" by restricting consumption, as sometimes cited as one reason for taxing cigarettes and liquor).

Actual yield from the property tax rose in 20 years from \$9.4 billion in 1953 to around \$45 billion in 1973. Does not this rise indicate that by the criterion of revenue potential (upward elasticity) property taxation does well? From the point of view of local government treasuries, property taxation has responded effectively to provide increasing revenues.

The effects of property taxation on new construction, land use, capital in-

vestment, and economic progress are also important. This set of concerns, to which we turn in the next section, must have special significance where tax rates are as high as in some parts of the country.

Economists speak of efficiency in the allocation of capital, labor, and all productive resources as a generally desirable objective of economic policy. Defining this goal in specific terms is not easy. One aspect, however, is undeniable — we seek to achieve what people want the most. Concerning property taxation as a major means of financing government, one result rests upon the following belief: The allocation of resources will tend to conform more closely to public preferences when *both* tax and spending are local than when decisions on one of them are made at a distance, and to significant degree by different persons. As an effective instrument for making government serve people well, it is argued, this revenue source has outstanding merit. It contributes to the efficient allocation of productive resources by tying spending to revenue-raising decisions — more closely than other major taxes. Of course, views on this point can differ.

19. Do suppliers of capital get benefits from the spending of property taxes that exceed the benefits of nonproperty owners with equal income? Although some writers in the past argued that local spending favored people as owners of property, any such conclusion seems highly unrealistic in light of conditions today. The major items of local government spending—education, streets, policing, etc.—do not accrue distinctively to suppliers of capital. All residents of the community may, or may not, benefit more or less equally in dollar amount but quite differently as a percentage of income.
20. Comparing property taxation with income and sales taxes as to costs of administration and compliance is not possible from the data now available. In some cases, certainly, government expenses per dollar of tax are low, but the quality of administration is poor. The taxpayer's costs of compliance are usually very low per dollar of tax.

V.

Nonrevenue Effects

Every tax does more than take dollars from the taxpayer and give them to a government treasury. The tax influences what people do in consumption. It also affects what they plan in production and how business operations are carried out — the “where” and “what” of investment.

Where property tax rates are at the 3 or 4 percent or more a year found increasingly today, *nonrevenue results* can be substantial. Some consequences may harmonize with general goals of public policy. More often, however, the best that can be said for such results is that they are “necessary evils.” In other cases, unfortunately, nonrevenue consequences are needlessly bad. The best tax policy will result from deliberate, carefully analyzed effort to minimize the harm done.

The height of tax rates will make a significant difference. An annual tax of over 4 percent on full capital value will produce significantly different nonrevenue effects from those of a tax under 2 percent. The spending of the tax funds, of course, bears upon the results. One merit of property taxation as a means of financing local government is that the effects of spending will relate directly to the amount people will pay to live and carry on business in the community.

The discussion which follows may seem to emphasize unduly the adverse

effects of high property taxation. Since government spending must be paid for, taxes are necessary. And *any* tax will have nonrevenue effects — on jobs, investment, land use. To imply that the property tax can be compared with a “no tax” situation would be irresponsibly misleading. Yet there is no substitute for trying to look at property taxation as such, with an “other things being the same” assumption to simplify.

Any high tax leads to “excess burdens.” Taxpayers and the economy suffer disadvantages — such as poorer housing — which are not matched by dollars flowing into a government treasury. Such losses of well-being should be included with the money cost in balancing against the benefits from the government spending which is made possible. Unfortunately, to do so would require more evidence than is available.

Because effective property tax rates differ widely from place to place, effects will differ considerably. Moreover, the results which actually do occur in the pattern of construction, land use, building maintenance, and so on, are in part the outcome of other forces — zoning, wage rates in building trades, demand for office space, changing consumer demand, Federal income tax treatment of depreciation of buildings and machinery, and so on. What can be observed is only in part a result of property taxation.

General Considerations

In spite of the differences over the country, some considerations apply *generally*.

1. The desire to escape taxes can be assumed. Because property taxes go to pay for local services, some differences in burdens can be largely offset by the benefits from spending. Yet, as a rule taxpayers will try to avoid situations which would require high tax when lower-tax alternatives exist.

2. In an economic sense, we recall, "the" property tax consists of two levies, one on land and one on improvements. The two elements have different effects as regards the (a) quantity and quality of productive resources in a community and (b) the way they are used. This distinction was the basis for a reform movement under Henry George which gained wide support after the publication of his *Progress and Poverty* in 1879. Yet American tax policy has not taken advantage of the underlying economic reality which, as discussed later, would enable communities to raise revenue with fewer undesirable results.

3. Every decision involving (a) the construction or purchase and (b) the use of real property — or of machinery or business inventory where they are taxed — must be weighed against the property tax aspects. The greater the annual tax on man-made capital facilities, the smaller the number of investment projects — and the smaller the number of dollars put into each — which will bring a satisfactory after-tax

yield. The amount of new machinery, and the average quality of productive equipment, in a community will be greater when the tax rate on such property is low (or nonexistent) than if the tax is high. Where the property tax is a minor element of expense and where rates are low compared with those in the rest of the economy, any discouragement of new construction or equipment purchase may cause little concern. But in many places the tax does provide incentives adverse to, rather than favoring, progress.¹

Influence on Land and Its Use

A high tax will reduce the supply of anything — except the land which nature has provided. One thing in a community will not leave, its land. High, as against low, property taxes will not alter appreciably the amount of land in existence. Space on the earth's surface — location — will not be reduced by heavy taxation.

The height of the tax rate, however, can influence the *use* of land.² How? The higher the tax rate, the greater will be pressure on the owner to put the land to "higher and better use." The tax must be paid in cash. Will not owners, however, always seek the best use possible for their land? Sometimes they will fail to be aggressive enough, or sufficiently well informed, to take full advantage of potentials. Or they may not themselves have the capital required. The tax can exert pressure for more productive use of the land. The community can benefit from a tax other

1. The property tax as a payment for government services does not act as does a price — for shoes or typewriters. The tax differs from price in one of the basic functions of a price — reducing the quantity demanded, in this case the use of local government services. The tax does not cut down the need for inputs to be used by government. A higher, as against a lower, property tax does little to lead to a corresponding reduction in government spending. Indirectly, however, tax factors may encourage zoning and other practices to restrict community growth in ways that would lead to larger school enrollments or other demands on government spending in particular communities.

2. Although through the process of capitalization a tax increase would reduce the price of land, users would pay no less. More of the annual amount would go to government, less to the owner (or the heirs of prior owners). Price reduction in this case would not make possible or encourage less economical use because total annual cost, including tax, would not be reduced.

than merely getting funds to pay for government.

At many times in world history, in many places, land prices have risen. The lesson has been widely learned. Not much new land can and will be created to meet the rising demand from a growing population whose incomes go up. Holding land for a price rise offers attractions. Speculation has often paid off in handsome "unearned increments." Keeping land, a "gift of nature," in some use below what society would consider worthwhile can bring gains — growing wealthier as one sleeps rather than as one works and saves. For an owner the best use may seem to be one of "underuse" which will ease the problem of taking advantage of higher demand later. But a "higher" tax which the owner must pay each year in cash puts pressure on him for better use currently and for quicker development of potential.

Sometimes, however, landowners agree — and community planners may believe — that the tax on land tends to force premature development. A tax concession may be defended as a way to prevent irreversible change in land use which over the long run would be undesirable — to preserve desirable open space, or to permit the continuation of old housing and business property. When the considered judgments of responsible, informed, and objective officials — as distinguished from the narrow interest of particular landowners — do support such conclusions, then deliberate decisions can be made in the specific cases. No blanket "undertaxation" of land is required to achieve the constructive results which reflect the balancing of all interests in particular situations and which will forestall harmful consequences on total land use.

Buildings, Machinery, and Other Man-made Capital

Property tax as it applies to buildings, machinery, and other man-made capital has a variety of effects.

Obstacles to New Buildings and Machinery. Heavy taxation of new buildings and machinery stands as a sad example of mankind creating needless obstacles to improved well-being. Cities which need to replace obsolete buildings, workers who would be better off in more modern productive facilities, and consumers wanting better levels of living, all these find tax impediments to progress. Nobody planned to set up a tax system with such influence. No one has tried deliberately to base local finance on a tax that favors holding on to the decrepit structures and delaying the introduction of more efficient equipment while penalizing the new.

An *annual capital* tax of 3 to 4 percent on full value is "high" in relation to what most property produces — often 20 percent of the gross income attributable to the property, sometimes more. The property tax bill jumps sharply when a new building (or machine) replaces an old one. And the more that is spent for *quality* in a building or in equipment, the larger is the tax.

Much of the difference between an area with really good housing and a community that is laggard and poor — between an industry that supports high earnings and one with poor productivity — consists of the man-made capital. In competing for new capital funds — other things being the same — communities with high tax rates are at a competitive disadvantage. Because of differences in local taxes the inherent productivities of capital facilities will not determine fully where man-made capital will be located.

Let us contrast the tax on land. Though not affecting the quantity in existence, it will influence the availability and the use made of particular parcels. "Higher" taxes will lower land price (by capitalization) and put pressure on owners to speed up making land available for better use. The increase in the effective supply will tend to reduce prices at which plots of land in the area become available to users.

Perverse Character of Burden of Tax in Relation to Cost of Government. The tax as it applies to structures and machinery has perverse effects as regards paying for the costs of government. New, high-quality buildings are taxed more heavily per unit of living or working space than are slums and "junk." Does the better quality of construction put government to higher cost? Probably not. Can justification for the discrimination against new buildings, while favoring the deteriorated, be found in the cost differences which the two types of property and their occupancy impose on local government per unit of space inside? Most probably, no. The run-down and less heavily taxed building will perhaps be associated with the greater costs, such as fire and police protection (and welfare and health costs).

The person who wishes to shift from poorer to better quality housing or business property, cannot do so without also paying more toward the cost of government. The same kind of perverse result faces the producer who scraps old machinery and installs new. The property tax on structures creates an incentive

against upgrading of quality in those parts of older cities where need sometimes appears to be critical. The user's payment for the services of local government (in the form of tax on buildings and machinery) will go down as the buildings get worse, even though public expenses attributable to the property are unchanged or may even increase. In practice, a good deal may rest upon the promptness with which assessments reflect depreciation as well as other changes which affect value.

Maintenance versus Deterioration. To some extent the tax on buildings tends to discourage maintenance of housing and working facilities. The dollars used to pay taxes are not available to finance maintenance. Tax payments which reduce the net return from property reduce its attractiveness as an investment. For a supplier of rental housing or a business the incentive to make outlays for maintenance will suffer if the owner believes that an increase in property tax will not be easily shifted to tenants.³

Inducement to Smaller Structures: Sacrifice of Potential Benefit. The tax on buildings produces rarely recognized effects which impose a hidden, "excess" burden. The tax deprives the consumer of more real benefit than the dollars which are paid to the government. The tax on buildings (not land) tends to add to price. In response, consumers will reduce the amount demanded — the physical quantity and the quality. Averaging over the years, it seems, families will curtail the amount and quality of housing space obtained as they try to make up for a higher cost

3. The owner may fear that a "repair and maintenance" job making visible changes (or even one reported for getting a building permit) will result in a new assessment which in fact will raise the figure on all the property. Purely maintenance outlays should not affect assessed values except by reducing the rate of deterioration over time. An owner seeking to act in a logical way would not be deterred by the real estate tax in maintaining and upgrading his property if such investment offered the best after-tax return for his funds. In fact, however, misconceptions about tax effects can exert influence. A study by Arthur D. Little, Inc. for the Committee on Government Operations, United States Senate, presented in 1973, concluded that although the disincentive "had been exaggerated, a great number of respondents reported that they feared property improvements would result in reassessment." *A Study of Property Taxes and Urban Blight*, p. 11.

due to tax. They settle for smaller houses and apartments than if the cost were lower; and per unit of space, the smaller units impose greater cost than would more commodious housing.

Within relevant limits, the cost per cubic foot of construction often rises with a decline in the size of the house, apartment, office, or other unit.⁴ One estimate finds that if the index of the cost per cubic foot of a more or less typical, good quality, single-family residence of 1,000 square feet is 100, the cost per cubic foot for the same type of construction goes up to 115 if the unit has only 700 square feet and drops to 86 if the size is 1,600. For another type of construction, with the 1,000 feet size as the 100, the cubic foot cost is 23 percent higher for a 700 foot unit, and 20 percent less for one of 1,400 feet.

Differences among Neighboring Communities: Fiscal Zoning. Among the localities in an area, a few with a tax base which is much above average in relation to service obligations can get by with lower tax rates and attract capital for new buildings and machinery. The firms operating in low-tax enclaves incur below-average property tax per unit of output. They get something of a competitive advantage while contributing relatively little to help pay the expenses of local government anywhere. The number of such localities must be small, in relation to the economy as a whole; but particular cases can be of importance for a metropolitan region. The localities which succeed in exclusionary, "fiscal," zoning can hope

to finance relatively high quality schools and other local services with a property tax rate which compared with service benefits is less than in most of the nearby area.⁵

As regards the tax on buildings, but not on land, lower rates on the fringes of an urban area encourage dispersal as against "compactness" of building and activity (toward the centers). The lower rates favor the development "far out" of activities, including housing, which would otherwise settle closer to the center.

Tax Islands and Central City Difficulties. Property taxes are criticized for a result which follows from differences in full-value tax rates among localities where many relatively small units of government control the tax. This result is not inherent in property taxation; to the extent that it does occur, however, it represents the use of local autonomy. Certain generally operating forces tend to produce "urban sprawl" and various results adverse to central cities.

Tax rates much above average in some places will not only tend to discourage new investment there. Incentives for creating "islands" of relatively "low" tax rates nearby will be generated — "low" in relation to benefits of spending and total costs of governmental services over a broad area.

A central city will be vulnerable. If its tax rate is high for the area, it will lose out to neighboring communities. They can have lower tax rates on buildings and machinery and still, perhaps,

4. The decline in construction expense per unit of space reflects the fact that cubic content rises more than proportionately to floor, wall, and ceiling area. Moreover, much the same plumbing, wiring, kitchen, heating, and other facilities can serve larger as well smaller rooms and buildings through a range of sizes. Within wide limits, the general public welfare can be served better by the construction of rooms, houses, and buildings of larger, as opposed to smaller, size. The tax on buildings creates pressure for constructing smaller units than would be built in the absence of tax. Thus it deprives the occupant of potential benefits for which government treasuries get no dollars. The public unknowingly deprives itself of opportunity to exploit fully the potential benefits from the "law of the cube."
5. Probably the majority of Americans prize the advantages of freedom of people to influence the communities in which they live; yet use of the opportunity can have some undesirable results because of competition through taxation. County or state administration could do much to eliminate criticism of property taxation on this score but only by some loss of local autonomy.

spend enough to have good or excellent schools and other services. The difference in relative taxes will help to build a larger economic (and tax) base in some parts by attracting more capital.⁶ "Fiscal zoning" can exclude the inflow of "expensive" families or businesses, which in a full economic sense ought not to be so distant. Property nearer the center will be subject to high tax rates; and each rate increase there reduces the value of the property and thus the tax base. As the tax base goes down, the decline in itself adds to the need for still higher tax rates unless city spending can be reduced. Commercial and other business properties become vulnerable to competition from outlying neighborhoods.

Enclaves where tax rates on structures are relatively low, "tax islands," do more than harm neighboring localities and accentuate the difficulties of older areas. Lower tax rates on buildings and machinery which do not rest on lower costs of government "farther out," tend arbitrarily to favor horizontal over vertical growth in metropolitan areas.

The heavier the tax on buildings in the city center, the greater is the inducement for families and businesses to move out. And some in escaping the urban center must "leap frog" over tax enclaves. Policies of exclusion here and there force others to go further out to live and work. The resulting land use along with urban sprawl in general, imposes higher costs on the whole society, year after year, than if the population were spread more compactly.

One obvious disadvantage is the added cost in time and money of traveling greater distances from home to work (and for recreation and perhaps schooling). Others are higher expenses of supplying water, sewer, and utility services farther from central locations — and we lose some economic and social benefits which would result from population concentration as resulting from choices made under a more neutral tax system. With the increases in the price of gasoline and other energy sources, market forces will enlarge the desirability of avoiding the dispersion of population over broader areas.

Property Tax as a Business Tax: Competition for Industry. As the property tax falls on business concerns, it affects both prices and the processes of production. The tax influences the quantities of productive resources purchased and used. It also affects business decisions on *when, where, how much,* and in *what forms* to operate and to invest in productive facilities.

The influences which grow out of tax considerations will not help companies to produce more efficiently. In general, tax-created additions to business-operating expense are undesirable.⁷ Businesses are the source of most income (including that from which taxes pay governmental salaries). Businesses at the same time are the source of most of the goods and services for which we want money. In taxes, however, business firms encounter impediments — costs for which there are usually no identifiable aids to production. Unlike wages, for example, property taxes do

6. Although several forces influence decisions, some are said to represent an abuse of power. And the incentive for such use of power comes in part from the opportunity to get a tax-expenditure balance which is more favorable than the average of the area. Land prices will be affected by higher demand. New entrants to the locality will have to bear the costs of higher land prices. In fact, then, their benefit from the area's lower tax rate will be somewhat offset by the need to pay more for land. Heavy land tax could channel much of the excess of annual payments into the local government's treasury.

7. For more complete discussions see Committee on Federal Tax Policy, *Financing America's Future* (New York: The Committee, 34 West 51st Street, 1963), Chapter III; C. Lowell Harriss, *Innovations in Tax Policy and Other Essays* (Hartford: John C. Lincoln Institute, University of Hartford, 1972), pp. 1-30.

not pay for services received by businesses which help to create salable output. Yet lawmakers bend to temptations to tax people indirectly through business, rather than to tax us directly on the receipt of income or as we use it in consumption — even though “hidden” taxes tend to hamper efficient production. Businesses do not have the right to vote. Moreover, consumers, owners, managers, and other employees will have no vote in some localities which seek to tax them.

Most services provided by local governments — education, welfare, sewerage, sanitation, parks, fire and police protection — are more for households than for business as such. The general quality of community facilities and life will, of course, affect a business. But for the most part the expenses financed by property taxes are not of a type to be of direct benefit to business firms. Nevertheless, managers must take account of property taxes in making decisions, such as the installation of new machinery or where to locate a new facility or an expansion. In some places, the tax on business inventory leads to otherwise inefficient — perhaps downright foolish — practices.

Some businesses, of course, are firmly attached to a location, e.g., those providing local services. They will not leave the general area if the tax rate goes up, but their growth or decline will be affected. And in some cases there will be choices among different taxing districts in the region. Firms which deal in highly competitive markets cannot afford to incur avoidable tax expenses which do not, in return, either reduce other costs or yield a salable output. Each rise in the property tax on structures and machinery

will tend to reduce the business use of structures and machinery; as a result, employment and real earnings will tend to be less than otherwise. In a generally expanding economy, the effect in most localities would be slower progress rather than any absolute decline.

The competition among communities for industry reflects the desire for jobs as well as for tax revenue which will be greater than the costs added by the properties and their users and occupants.⁸ Some competition takes the form of property tax favors. They may be out in the open, but sometimes the competition is concealed in the form of assessment favoritism. With so many small units of government having independent taxing power, no locality can escape such competition.

Naturally, communities would like to be able to include within their boundaries companies which would pay relatively large amounts of property tax there, while presumably selling to a market over a very large area. Consumers elsewhere, it is believed, would then pay some of the costs of the local government where the plant is located. Competition, however, limits the possibility of one locality getting much revenue from non-resident consumers and suppliers of capital. Communities which do impose high taxes on the reproducible property of businesses are less able to maintain and to build their economic base by attracting industry. Such competition, though often criticized, does serve to “protect” taxpayers.

Encouragement of “Socialization” and More Exemptions. High property tax rates exert a force for expanding the scope of governmental activity. The system does so by favoring tax-exempt government operation. The tax gives

8. Imposition of property tax over larger areas would reduce this effect.

misleading signals of the relative desirability of governmental, as compared with private ownership. As property taxation operates, it frequently channels one-fifth, or even more, of what is paid for the use of buildings and machinery into treasuries to finance governmental services.

Costs and prices reflect these taxes. Because prices are higher, the quantities and services bought in the private sector are less. And when property taxation reduces the return on private investment because tax is not fully passed on to consumers, the supply of new capital facilities will drop somewhat.

People dissatisfied with "high" prices, inadequate supplies, or low investment yields may search for something better. Can we not provide buildings and other productive facilities whose use will cost less? One way to do so will be to free the user from the need to pay the normal, full element of property tax. Governmentally sponsored, tax-exempt projects seem to offer an answer.

The argument will not ordinarily be, "Let's finance new housing (or factories or public utility lines) in ways which permit users to escape costs of government." More likely, advocates will say, "Costs can be kept down by tax exemption." The "saving" in costs, however, saves the public absolutely nothing in the sense of making school, street, or other services less expensive than if the building were taxed.

A shift from private to governmental ownership, by exempting some property, will tend to bring still heavier burdens on taxed property. Sponsors of municipalization or other governmental ownership of electric and other utility services can hold out the prospect of providing something at less cost than can the taxpaying supplier if — and the

"if" is important — the respective contributions to the cost of government are ignored. Private ownership yields society more than the utility services provided directly for the user. It also helps to pay for governmental services. A difference in the money costs between the alternatives — governmental and private ownership — induces distortion of choice because real costs do not differ in the same way.

Exemptions, as we saw earlier, result from various considerations. High tax rates add to the forces for enlarging exemptions.

Although the tax itself may not, in fact, be a large part of the source of economic distress, it can be a focus of pressure for relief. In property taxation there is something which government *can* control. To lawmakers — and the public — granting relief in the form of tax exemption can appear easier than a direct, open increase in expenditure directed toward the particular need. Often, however, critics believe that generalized exemption tends to be a crude and inefficient device. The benefits provided to those in true need may be small per dollar of revenue loss. Be that as it may, pressures for relief through exemption grow as tax rates go up.

Rural Property and the Rural-Urban Fringe. Land, of course, makes up a big fraction of the productive base of agriculture. Modern farming also makes large use of man-made capital — machinery, buildings, and investment in the form of fencing, drainage, and so on. Some states include livestock and crops in the tax base. For farmers, therefore, property tax can be a heavy item of expense.

Some or much of the present tax on land will have been allowed for (capitalized) when the land was purchased

or the terms of lease agreed upon. The farmer, however, may have difficulty recognizing that this portion of his total tax is not "truly" a burden on him. He would have paid a higher price for land if the tax had been lower. But as local government spending goes up and as market prices of land rise, the tax on the farm can get more burdensome.

Figures frequently show that agricultural property is assessed at less relative to current market prices than most other property. This tendency, however, does not in itself prove inequity. The tax may pay for local services in rural communities. All assessments in the community may be at the same level.

In some areas — on the outskirts of cities — a special problem arises because of increases of land value for reasons other than more productive uses in agriculture. As population expands and incomes rise, land prices go up, often spectacularly. The value increases are due to prospective uses for housing, shopping centers, factories, or other purposes which are not agricultural. Farming may be no more profitable than before.

If the land is assessed on the basis of what it would now sell for, the tax would be much higher than could be justified on the basis of agricultural use. One result would be to induce a quicker shift from rural to nonrural uses. The offers expressed in the market indicate that such a shift would be desirable. More land would be available, and

sooner rather than later, to meet rising demand for nonagricultural uses. The price of land would rise less rapidly because of the faster increase in effective supply. The community would get revenues based upon the higher land prices. As compared with delaying the rise in assessment, broader groups would benefit as more options opened up for families and businesses about where to settle.

Farmers, however, may not want to give up farming. Perhaps they wish to continue to live on the family farm. Some owners may wish to continue to hold the land for further increases in price. To sell now and realize the gains to date would eliminate the possibility of enjoying additional gain later. The more land held off the market, the greater the prospects of land price increases. But there may be a public interest in maintaining "open land" in some places while concentrating population growth elsewhere. Interests conflict — between persons wanting more land to use and owners reluctant to sell now.

Most states now make some special provision for taxes on land on the rural-urban fringe. Taxes are "frozen" at levels in agricultural use. Various conditions are imposed, but conformity with an explicitly made, rational plan for community development is not usually required. In some cases part of what is in effect postponed property tax must be paid to the locality if land is eventually sold at a higher price.

VI.

Improving Property Taxation

Because of the wide differences in property taxation over the country the opportunities and conditions for improvement differ greatly. Much will also depend upon the goals sought for the use of this revenue source. Popular attitudes include misconceptions; correction would help to get support for better utilization of the potentials of property taxation. Will it be relied upon as a major bulwark of local independence? How big will be its role in financing education? Will considerable use by state governments seem desirable?

Property taxation will remain an important revenue source. As it exists in most of the country, it suffers from more, and more serious, defects than are inherently necessary. But considerable progress has been attained in some places.

The listing here is not necessarily in order of priority or feasibility.

Relief for Specific Hardships, Especially the Aged: Circuit-Breakers

For equity reasons of compassion, because of humanitarian considerations, relief may be provided for persons in *special* need — by “circuit-breakers” to prevent property tax “overloads.” The goal is to grant aid which is significantly large where personal hardship would be serious, *without big revenue loss*. After a few states found that plans of

this type could be administered, acceptance throughout the country followed rapidly.

The details differ considerably. Homeowners and renters aged 65 and over with incomes of \$6,000 (more or less) will get a credit against income tax (or a cash refund) for a large percentage of property tax. A ceiling is usually set on the amount of the credit, perhaps \$500; as a rule, the credit declines as income rises. For renters it is assumed that, say, 20 or 25 percent of the rent is property tax. The costs in form of loss of tax revenue may be borne by state, not local, government. These plans can “pull the equity stingers” of property taxation, especially for older persons.

Such pinpointing of relief can serve efficiently in the sense of relatively large benefit to a minority in real need without much cost to other taxpayers. Political forces, of course, can press for extension to so many persons in one category, or to so many categories, that the tax burdens on others rise above reasonable limits.

At their best, these provisions can do more than eliminate results of property taxation which are widely condemned on equity grounds. The public may feel free to modernize and to utilize the tax more fully if the basis for a major criticism has been removed.

Administration

The property tax still suffers from needlessly poor administration. Despite great progress in some places the quality in most localities remains far below the standards appropriate to American society of the 1970s.

Assessment defects take several forms, but solid basis for optimism exists in actual achievements. Methods for improvement have been devised, tested, and improved upon.

But to do better there must be incentive and desire, and these are still feeble in much of the country. The lag of response to needs for reform lies at the base of advocacy of Federal action; as of 1974, however, pressures for Federal inducements or penalties had little evident support.

State governments have a larger role than most yet perform — in setting goals and standards, consolidating assessing districts to make them large enough to be effective, training staff, supervising equalization, providing facilities for appeal, and developing innovations. Actual state participation, much beyond supervision, has much to commend it. In most of the country, in fact, assessing on a purely local basis (even units as large as the county) cannot yield high quality results.

Professionalization to upgrade personnel adequately will take years as younger men and women undertake the training to take advantage of new career opportunities and then acquire experience.

Appeals procedures can be improved. All too frequently they fail to give the taxpayer effective and economical op-

portunity for review and possible correction of an initial overassessment.

Payment can be made more convenient. Today the tax must often be paid in one or two large amounts rather than as several more convenient installments. Monthly billing and payment would fit this tax much more naturally into the normal arrangements of a modern economy.¹

Enlarging the Size of Taxing Units

Criticisms of use of property tax for school finance have emphasized large inequality in the amount of property per child. "Fiscal zoning" and the existence of low-tax enclaves continue as communities seek to keep property tax rates low by excluding types of buildings and land use which would bring relatively large expenses. When major electric power plants, factories, shopping centers, and other concentrations of property serve broad areas, the total tax on the property may exceed appreciably any local government expense required to serve the plants. With taxing districts as small as many are today, some will have more than a "fair share" of the total of the area's tax base. A portion of the taxes on the man-made capital of the large properties may in some sense properly "belong" to a broader area which includes consumers (and suppliers of capital).

In an economy where business property is not located more or less uniformly, use of property taxation for narrowly local services may reasonably be criticized as unfair. Enlargement of taxing jurisdictions offers a means of moving toward what would probably be consistent with a general public

1. The monthly payment method does now prevail for those with mortgage loans. The lender usually requires that one-twelfth of the estimated tax be included with each month's installment of interest and principal.

sense of equity, imprecise as that concept may be.

The positive merits of local control of government spending, activity, and taxes must to some extent be balanced against the benefits expected from enlarging the size of taxing districts.

Basic Restructuring: Shifting More of the Burden from Man-Made Capital to Land

Advocates of a more basic reform believe that society would benefit from recognizing the fundamental economic distinction between land and man-made capital.

The Proposals. To obtain the total property tax revenue set as the objective, the community would alter the proportions of tax. The burden on buildings, machinery, and other man-made capital would go down, and land would become the base for much more of the tax. After a transition of 5 years or more, the relations of tax *rate* on land to that on man-made capital might be 3 to 1 or 5 to 1.² The details would differ from one state to another and perhaps even among localities within the same state, as do present practices.

Benefits Expected from Shifting Tax Burden from Improvements to Land. Discussion above has included reasons why advocates of this change in the *framework* of the economy believe the public would benefit. Modification of the tax system would alter the environment, the incentive system, in which private decisions would be made.

Three kinds of benefits are predicted — justice, progress, and efficiency.

Justice: The Use of Socially Created Values to Finance Government Ser-

vices. Socially created values, it is said, belong more properly to the general public — in this case the local treasury — than to private owners of land.³

Raising taxes on the existing value of land would work against present owners, but cutting taxes on buildings and machinery would benefit the owners. On balance, most owners would probably experience little net change in tax. But there would be exceptions. Obviously, owners of land with little or nothing in the way of valuable improvements would face higher taxes. Moreover, in many communities some land, especially that which is largely vacant or under-utilized, is now relatively under-assessed; some owners may feel that they have some “vested right” to a continuation of favoritism. But advocates of the proposal for shifting burden from man-made capital to land values argue that past and current under-taxation creates no valid claim for more. Does society, really, owe still more to an owner who has kept land in a use much below its potential?

Inevitably, however, the proposed change would hit at some expectations for which owners (*recent* purchasers) had sacrificed other alternatives — “legitimate” expectations. Therefore, to avoid large change suddenly, a transition of 5 years or so to permit gradual adjustment would be desirable.

Over the longer run, landowners would get less of the increment in land values. The general public would get more. A larger portion of *socially created land values* would go for governmental rather than for private uses. An economic surplus in a strict sense would go to finance government. The locali-

2. The tax rate itself could be the same, but land might be taxed at, say, 100 percent of current market value but man-made capital at 30 or 20 percent.

3. Investments by owner (or tenant) in improving land and location ought to be treated as the input of capital. Such inputs are a form of man-made capital and deserve the same tax consideration as investment in structures.

ties doing most to make themselves attractive would have most of this revenue source. In and around major cities each new dwelling unit often requires \$15,000 to \$20,000 or so of governmental outlay — schools, streets, fire and police, sanitation and health, park and prison, facilities.

As for the future, the tax on land values above their present levels would be almost burdensomeless, except as owners of land and their heirs would get less “unearned increment” from rising values than under present practices. The gross amount collected from users of land — rents or price — would not change because of the tax. But private owners would get less, the public treasury more.

Another result could be supported on equity grounds. Where land values drop, the annual tax would decline more than under present practices because the tax rate would be higher.

More Investment in New Structures and Machinery: Economic Progress. A reduction in the tax rate on buildings and machinery would moderate the ill effects discussed earlier. The tax element of housing and business costs would drop, most notably on newer and better quality buildings and machinery. The forces of private enterprises — decentralized, partially obscure, dispersed, but powerful — would work to replace the old buildings and machinery with new.

Businesses would find property taxes less of an obstacle to the expansion of capacity and to the installation of most modern equipment and machinery. Slums would not all be replaced by

modern structures within a few years. The total supply of new saving would set limits. But the process of replacement would be accelerated. The communities acting first could expect a competitive advantage. Their businesses would move ahead in the process of improving the quantity of cost-reducing and quality-improving facilities.

Efficiency in Use of Land and Other Resources. Space does not permit full discussion of arguments made to support the conclusion that resources would be used more efficiently. Summary must suffice.

A high tax will reduce the quantity of the thing taxed — except for a tax on land. Land in its natural state has not come into existence because someone paid to get it produced. Yet we often pay a high price for the use of space on the earth's surface. The payment, however, does not go to someone for creating the land in its original condition.

What community has more land today because the average price which people must now pay is three or four or more times that of a generation ago? If more of the rising payments for land had been channeled into the local government treasury, the land as space would still be here for use.⁴ The price system is not needed to get land produced. But prices perform another economic function—*guiding* use, *allocating resources* according to their relative productivities and scarcities, helping to prevent waste in consumption. A “high” price for some land is essential for guiding it to the best among alternative uses.

The price system would still allocate land use (except, of course, as zoning

4. The National (Douglas) Commission on Urban Problems estimated that in the 10 years to 1966 land price increased by over \$250 billion. By 1973 the total increment had probably more than doubled. Some of the increases in land prices result from inputs of labor and capital by the owner; developers, for example, must often pay for capital facilities which are charged for in the price of the land. But the total due to population growth, rising income, and public expenditures has been very large indeed.

and other governmental regulations directed). To assure efficient allocation of land among possible uses, the users must pay according to relative benefits in the alternative possibilities. But the owner need not receive all that is paid to assure creation of the land. Therefore, government can take more than has been customary of what the user pays. But not take all; an owner must feel confident that his effort in finding a use yielding more return will bring *him* some benefit — the positive incentive to improve allocation.

Heavier tax on land creating pressure to meet higher out-of-pocket tax costs would tend to force some owners to make more effective use of land—to put it to “highest and best” (or “higher and better”) use. Reduction of the tax on buildings and machinery would improve conditions for getting the capital needed to put land to better use.

The “speculator” would face increased inducement to put land to a use more nearly up to that which market demand would suggest as most productive. Today, keeping land idle, or grossly under-utilized, while waiting for the price to go up may cost the owner rather little. The immediate income he foregoes may be less than the increase in price. His ability to deduct property tax in computing taxable income reduces the net cost to him, *but not to society*, of holding land largely idle. Today, it seems, the assessor often “cooperates” with the owner of under-utilized land by putting lower figures (relative to full value) than for developed land.

In perhaps one-third of all communities, present property tax rates are not high enough for any probable change in structure to exert “large” effects in the short run. In some localities, however,

tax rates are now at a level where the change could “alter the arithmetic” of real estate investment significantly. Most big cities and areas where the bulk of the nation’s population lives fall in this group. Over a few years the effects would cumulate to appreciable size.

Advocates seem justified in predicting a reduction in “urban sprawl.” Higher tax would bring underused land in older portions of cities into new uses earlier than today. Relatively high value land “closer in” to the centers of urban areas would become more expensive to hold in less than the best use. The new patterns of urban land use cannot be forecast with assurance. But one tendency seems certain: The new tax relations would weaken the power of owners of land in older sections — and some on the urban-rural fringe — to “force” people in a growing community to settle farther out than otherwise.

Some advocates believe that the saving in transportation might be substantial — the time spent in travel, to say nothing of the lesser cost of vehicles and roadways required for the shorter rather than the longer trips to and from work. Costs of utility facilities per housing unit would also be less where electric, water, sewer, telephone, and other lines needed would be shorter.

Urban Aid, Land Prices, and Taxation. Related argument grows out of belief that plans for dealing with urban decay require that new provisions be made for dealing with land prices. Programs of urban aid which, directly or indirectly, channel funds into particular areas will tend to raise land prices. As a result some, or much, of the intended benefit may be converted into gains for present landowners. The owners of land are not likely to be the persons for whom the assistance is designed.

Programs of farm aid brought benefits which required a tie to the land. The land thus became more valuable. To considerable extent, farm subsidies were capitalized in higher land prices. The benefits went to owners of farm land at the time. Thereafter, operators, owners or renters had to pay more for the use of land. Thus they really get no benefit from the continuing subsidies. But owners of land would suffer if the subsidy were removed.

The same sort of economic forces must be expected in urban aid unless new policies come into effect. If land prices rise to absorb the worth of special aid, future residents and other users will get much less advantage than is intended. Restructuring the property tax to rely more heavily on land values (and less on man-made capital) would in fact capture some of the benefits to help finance local governments.

Arguments against Proposed Basic Restructuring⁵

The proposed restructuring of property taxation to reduce the burdens on man-made capital and increase those on land values has not yet received much serious debate.

Skeptics may argue that for the economy as a whole, as distinguished from particular localities, reducing the tax rate on man-made capital would not increase new capital facilities by much. The actual limits are set by the availability of new saving.

Opposition is to be expected from individuals and businesses owning relatively more land than buildings and

machinery. Some owners of land – not only “speculators” who are rather obviously holding land below its best use – would be worse off. Other owners of real estate might either suffer or benefit depending upon the relative importance of factors which cannot be predicted with assurance. When there is doubt, the *status quo* may seem more attractive than the possibility of improvement combined with risk of net disadvantage.

Some owners of existing housing and other property would object to an increase in supply from new construction; larger supply would reduce rents (or keep them from rising) and thus lower net yields for present owners. Pressure to put land, such as that on the urban-rural fringe, to more intensive use, and “sooner,” can bring criticism on environmental grounds; the disappearance of those green areas where people settle may seem less desirable than the alternatives otherwise chosen.

Some opposition is to be expected from owners who, partly because of uncertainty, do not know their true interests; although they would in fact benefit, the prospect of “forced” change can be unsettling. Upsetting established relations in itself will seem to have disadvantages and be subject to criticism as inequitable. “Windfalls” to owners of fine buildings because of a drop in the tax might be criticized.

There can be doubt about the ability and willingness of assessors in some places to value land accurately enough to support the higher tax with equity. Leaders of the assessing profession, however, believe that the task of land revaluation could be accomplished. In

5. *Progress and Poverty* (1879), a widely read book by Henry George, proposed to finance government, almost entirely then local government, with a tax on land values alone – the single tax. For decades this proposal was actively debated. Some of the claims then made by proponents were extreme and cast discredit on the merits. Long discussion did not then lead to adoption under conditions of extensive test of the principle in actual practice in this country. The lack of support does not necessarily indicate that the advocates of heavier reliance on land values were wrong. Experiences elsewhere, such as parts of Australia, New Zealand, South Africa, and Canada, confirm belief that improvements can be exempted.

the initial stages, of course, changing taxes would influence values, and the relative prices of properties. Problems would arise in keeping tax valuations accurate in the times of frequent change.

Keeping track of inputs which make "land" more valuable — investments to be treated as man-made for purposes of differential taxation — would require care; but income taxes already require such accounting.

Persons generally inclined to be "anti-business" might object to cutting the tax on machinery and inventory. Would consumers really benefit? Some of the present tax on man-made capital used by business may be shifted outside the locality; giving up this revenue may seem undesirable when not all of the relief would be retained locally.

The benefits of reducing tax on new construction might get absorbed by labor where the supply of qualified workers is limited. If demand were to rise, labor could get more benefits than may seem "proper."

Constitutional and statutory provisions would have to be changed; in some states doing so would take time and effort. Some objections might be raised from those who, not convinced of the inherent differences between land and man-made capital, believe that all property should be taxed "equally and uniformly." Skeptics might also argue that the tax on man-made capital would not in fact go down enough to offset the rise in tax on land.

Other Possible Revisions of Methods of Taxing Property

Other possibilities also need consideration. One would be greater use of *special assessments*.⁶

A somewhat new form of tax on (urban) land might well appear. It would use such *objective elements* as plot area (size) and location to determine some of the tax due. One result would be to reduce the weight placed on value alone. Another result could be to relate the tax more to the cost of providing certain services — streets, sewers, sanitation, fire protection — especially those at different distances from centers.

Increment taxes on land values, even those limited types known (in the United Kingdom and South Africa) as development levies or charges, offer less promise than once seemed to be likely. However, an annual tax on capital values will differentiate burdens over a period of years according to changes in value. There would, of course, be difficulties. Results not adequately foreseen are to be expected.

School Finance and Property Taxation: Judicial Decisions

The role of property taxation in financing public schools became the subject of controversy in both State and Federal courts in the early 1970s. Several judges ruled that actual practices in specific cases conflicted with requirements of the Fourteenth Amendment of the U.S. Constitution. News media summaries gave the impression that these decisions ruled that school finance could not rest on the property tax.

Actually, although the decisions differed, the general theme was that the serious fault lies in the *local* reliance on property taxation. The property tax itself was not the central issue but the way it was applied. School districts differed greatly in the amounts of taxable property per child in school. The resulting inequalities in taxable capacity per

6. See Tax Foundation, *Special Assessments and Service Charges in Municipal Finance, Government Finance Brief, No. 20* (New York, The Foundation, 1970).

child were held by several courts to exceed limits acceptable under constitutional standards. The decisions did not, however, sketch the tax changes which would bring satisfactory results. Abandonment, or even substantial reduction, of property taxation was not indicated.

State government use of property taxation to finance education could presumably have satisfied the courts if the allocation of funds had met the requirements satisfactory to the judges. The condition which certain courts found unacceptable was the wide difference in property tax base in relation to school population and needs.

A test case reached the U.S. Supreme Court; it reversed the decision of the Federal court in Texas.⁷ The reasoning of the Justices is not of direct concern here because, to repeat, property taxation as such was not really the issue. The court agreed that the way the property tax was used to pay for schools in Texas was properly subject to serious criticism. But the responsibility for reform was left to Texas.

It and other states will undoubtedly reconsider the finance of education. Wide differences in property valuation

per child in school can be expected to support pressure for change. Provisions of *state* constitutions — as decided in New Jersey — may require more equality in school finance than prevails under current use of property taxation by independent school districts. But reducing property taxation may not result. For example, study commissions in some states have suggested that the state government enlarge its role of school finance by the use of a *state* property tax.

The Advisory Commission on Intergovernmental Relations, submitting (1972) a special study, *Financing Schools and Property Tax Relief — A State Responsibility*, made at the request of President Nixon, concluded that “a massive new Federal program designed specifically to bring about property tax relief is neither necessary nor desirable. However, we again [restate] our earlier sponsorship of State-supported property tax relief for hard-hit low income property tax-payers . . . We support emphatically . . . State [assumption of] a greater share of public education financing . . . [while] the property tax clearly is unpopular with the general public, the ‘experts’ are by no means united in denouncing it.”

7. *Rodriguez et al.*, U.S. Supreme Court, Docket No. 71-1332, March 21, 1973.