

No Confusion Here

HERMAN Halpern, a thoroughly convinced recent graduate of the Boston Henry George School, and an engineer, wrote to a public official in the State Legislature, who replied at once stating that while he knew something about the proposed tax reform, he had a few questions. The first concerned the manner in which taxing land values and untaxing improvements would benefit that part of Boston known as Ward five, which includes the South End. "I have been unable to determine the effect of such a system on property along Commonwealth Avenue or Chestnut Street," he wrote.

Mr. Halpern replied with examples selected at random from 1959 figures of the Boston Real Estate Board. On those assessed values he computed the following three tax levels: (1) present tax assumed at 10 per cent for easy figuring, (2) a tax of 20 per cent on land value plus 5 per cent on the building value, and (3) a tax of 40 per cent on the land value, nothing on the building.

He then offered this observation:

"No. 2 Commonwealth Avenue is presently using a valuable site very poorly. Its poor usage is encouraged by its low present tax (\$6,000). Shifting its tax away from its poor building (\$7,700) onto its valuable site (\$53,300) would guarantee that its poor building would soon go, immediately to be replaced by a good building worthy of the site, and capable of generating the heightened tax.

"No. 308 Commonwealth Avenue is presently using a not too valuable site in a good way. Shifting its tax away from its good building (\$64,400) onto its moderate site (\$15,600) would permit of a reduction in taxes (viz: \$6,240 as against \$8,000).

"Most of the sites show a poor ratio of value of building to value of land. 'Present' taxes encourage this in

virtually every instance."

Asked whether Boston has a zoning problem and if, as it appears, controls would be required, might these not be as confusing as they are undemocratic?

Mr. Halpern replied that "the only requirement is that zoning and assessing of the land value be consistent. . . . The city zones. It decides what it wants Commonwealth Avenue to be. The distinctions between assessing business sites and residential sites are not new, they already exist in fine detail." As to coupling the term "confusing" and "undemocratic," he said, "let's see if what we are proposing is not really less confusing and hence more democratic:

"We propose uncoupling buildings from land for purpose of taxation. There's no difficulty in understanding what we mean by land value. There's no difficulty in understanding what we mean by building value. Difficulty arises when we talk of 'real estate.' It is the smoke screen."

Land values, if they were separately listed and published, he wrote, would be amenable to easy comparison and capable of intense illumination by the press. Building values on the other hand are influenced by replacement value, depreciation allowance and tax write-offs, and are therefore subject to great inexactitude in assessments. As the tax rate on buildings is lowered, these become less important. In the limit, as the tax rate is made to approach zero, the importance of these inexactitudes also approaches zero.

Mr. Halpern replied to his correspondent's query as to whether the people of Massachusetts understand the issues well enough to administer the solution fairly and effectively, with a plea for education stating that the Henry George School in Boston does a "tremendous job."