

Nothing Fails Like Success...

Considerable enthusiasm was generated by Toronto's Malcolm McCarthy and the efforts of his School for Economic Research toward getting Port Credit and surrounding areas declared a demonstration area for site value taxation. Unfortunately — although not unpredictably — his very success evoked the kind of opposition that has stymied his efforts, at least for the present.

After having conducted classes for local officials, McCarthy addressed a conference of the Association of Municipal Clerks and Treasurers in Ontario, Canada. His objective was to gain support for the Port Credit demonstration area project.

As of December 1970, various officials had indicated their intentions of going along with the plan. As no real progress was in evidence by last summer, the School decided to conduct its own site value assessment program, using the guidelines of the International Association of Assessing Officers. The local Department of Municipal Affairs was not

officially involved, but the school had hoped to prepare facts and figures that would speed the actual "demonstration area" effort.

Preliminary results indicated that 69% of ratepayers (property taxpayers) would receive tax reductions and be encouraged to improve their properties under a system of site value taxation. Only 31% were found to be undertaxed under the present system.

The technique of the survey was the plotting on a land map of the assessed valuations of land and building as recorded on the official rolls.

Then there was an abrupt change. McCarthy and his aides were no longer able to obtain the assessment figures. All they were given by the local officials was the total assessment for each parcel and its improvements. Further inquiry and entreaty were met with the simple denial: "It's against the law to disclose the separate assessment of land and building."

Checking with counsel in Toronto, McCarthy found that it was indeed "against the law." The Ontario statutes were revised in 1970. They set out the procedure for assessing property and specifically define land as including all buildings or any part of any building and all structures, machinery, and fixtures erected or placed in, on, over, under or affixed to land. As a result, counsel confirmed, when property is assessed, it is as land only, which will include everything on the land. The market value of the parcel of land, he continues, would include the value of the building. The assessment rolls do not show the value of the land and the value of the buildings separately — and under the 1970 Act the assessors are not *allowed* to show it separately.

This highly unusual assessment technique — at variance with almost all economic authority — halts any effort to demonstrate the desirability of site value taxation. It is equally obvious that the passage of this legislation neatly coincides with McCarthy's initial success in awakening interest among Port Credit and other local officials in the benefits that might be derived from site value taxation and improvement in assessment technique.

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JACOB KIMMELSTEIN
137 UNION AVENUE
DALA, PA. 19004