

PROPERTY TAX: HOT ISSUE

“AROUND the country, debate is heating up over reform of the property tax—backbone of local finance which affects virtually every businessman and homeowner in the nation,” states The Christian Science Monitor.

Much of the heat is due to assessment practices; irregularities, bribes, fractional assessments that “tend to hide favoritism on the part of the assessors. The Kentucky State Supreme Court has ordered assessors to stop using fractional-value system and to assess at full value. In Massachusetts taxpayers are suing to compel assessments at full value.”

A book called *Pros and Cons of the Property Tax* by Dick Netzer of New York University, published by Brookings Institution of Washington, D. C., “has added fuel for the debate.”

The author says property taxes discourage property improvements, because any improvement means a higher tax bill. Thus he suggests taxing the land alone, regardless of the improvements—but at the full value of land.

Paul Heffernan, one of the editors of The Bond Buyer, reviewed this book at length (May 16), showing the extensive coverage of the subject. Actual experience with the site value concept of economic rent is noted, as in Pennsylvania.

Among many authorities quoted *pro and con* are Mary Rawson, Canadian tax economist, who called land value taxation “the golden key to urban renewal, to the automatic regeneration of the city—and not at the public expense.”

And in Business Week of March 12th the book by Dick Netzer was also covered. The reviewer stated that Netzer suggested a tax set at half the rent of land—user-type property charges—a housing tax not exceeding 5 percent of housing expenditures—and a land value increment tax, which would tap property appreciation due to a rising market. His final comment: “Netzer thinks just land should be taxed, regardless of what’s on it—like Henry George’s site value tax.”