

PROPOSED TAX CUT IN DETROIT

ABOUT a year and a half ago five representatives from the Detroit Henry George School visited the Detroit Board of Assessors and argued for a tax cut on newer homes, pointing out that corrections could be made in existing assessment procedures without involving new laws. They considered it something of an accomplishment therefore, when on November 4th the Detroit Times announced, in the leading front page article, that there might be a tax revision which would affect the majority of Detroit's 300,000 home owners over a three-year period.

The first cuts would be on 60,000 houses up to 12 years old. In the following two years assessors would review older property, with higher tax bills resulting possibly for some 230,000 owners. Land values also will be reviewed and in many instances probably will be increased. The hike in land values, however, is not expected to offset the decreases in assessments.

This plan, if approved, would be the first general property tax reduction since the depression. There is

one possible threat to the program: there are more voters owning older houses than newer ones.

The city's practice of assessing new homes at a higher rate than older ones is said to be one of the two major factors discouraging new home construction in Detroit. Lack of available land is the other. Older homes also might enjoy reductions if it is determined that their land values are too high. It was estimated that reductions on newer homes would be about 10 or 12 per cent. Assessments against older houses may go as high as 25 per cent.

A survey of assessment records in Detroit shows that two houses standing side by side, one thirty years old and the other five, will be taxed at far different rates. Assuming the two are each worth \$15,000 the older house will be assessed at about \$5,000, with a combined annual city, county and school tax bill of approximately \$250. The house next door, worth no more, but many years newer, will carry an assessment of about \$8,000, with a combined tax bill of about \$400.