

California Court Voids Property Tax for Schools

In what may prove a land-taxing as well as a landmark decision, the California State Supreme Court has held that the state's public school financing system, based largely on property taxes, is unconstitutional because it discriminates against the poor.

Reaction to the decision, as reported in the August 31 edition of the *Wall Street Journal*, is varied and far-flung, stretching its impact across the nation. The ruling is expected to be appealed to the U.S. Supreme Court.

In a six-to-one decision, the state court held that the California system violates the equal protection clause of the U.S. Constitution, because "districts with small tax bases simply cannot levy taxes at a rate sufficient to produce the revenue that more affluent districts reap with minimal tax efforts."

Thus, the court held, "affluent districts can have their cake and eat it too; they can provide a high-quality education for their children while paying lower taxes. Poor districts, by contrast, have no cake at all."

Under the California system property taxes, raised at the local school district level, account for about 56% of public school funds. *The Journal* reports that the tax base ranges from a low of \$103 per school child to a high of \$952,156—a ratio of almost one to 10,000.

Wilson Riles, California's Superintendent of Public Instruction, says that the decision (brought about by a suit filed by Los Angeles parents) will force the legislature to a reluctant decision to pass a bill devising new ways of financing schools.

"This court case will in my view give the legislature an opportunity to do what they should have done a long time ago," Riles told the *Journal*. "The state will have to be more accountable in seeing each

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N Y Suburbanites Struggle To Keep Their Hold on Land

It's nine o'clock, and herds of businessmen pour out of buses and automobiles into a gleaming, high-rise, office tower. At five they swarm out and head for home.

Midtown Manhattan?

No. The place is Piscataway, N.J., which combined with the other New York suburbs, now comprises "the largest city in America," according to the *New York Times*. Together, the suburbs house "about half the area's manufacturing jobs, retail jobs, and restaurants . . . and a full range of 'urban' facilities."

The classic desire for "elbow room" that pushed the pioneers westward a century ago, has led 8.9 million people to the more tame surroundings of Nassau and Suffolk Counties, Connecticut, and New Jersey. And while there are no more In-

dians to run out, residents are fierce in their efforts to ensure that other New York City "savages" are kept out. This they achieve by tight control of the land.

"Each small community exercises its local zoning power zealously," reports Jack Rosenthal, by engaging in "upzoning, exclusionary zoning, or large-lot zoning."

The result is that only single family homes are permitted, a minimum acreage is demanded, and only middle and upper-income families can afford to move in. At least 80 per cent of New York area families are now priced out of Suffolk County where the house that cost \$14,500 in 1960 sells for \$30,000 today.

Ask the residents the purpose of the zoning restrictions and they will cite the

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Site Tax Weighed in Urban Plans

"Are the uses put on the land the result of the kind of people living there, or are the people the way they are because of the type of land they have occupied for centuries?" queries *Urban Land* in its July-August feature tour of land development in the Orient and South Pacific.

In the process of attempting to answer this question the issue provides a thoughtful review of the life styles in the urban centers and points out that like customs, climate, and diet the methods of land taxation have varied among each city too.

In Japan, for instance, where land uses and prices affect each other—land prices in 140 cities rose an average of 1300% in the last 14 years—these new ideas have been adopted by the government to meet urban problems:

- A Land Development Plan will be the master guide for efficient land use throughout the country.

- A City Planning Law will insure orderly urbanization of land areas.

- A Guide Post System officially sets the market value of a standard parcel in

each urban area as the barometer for land transactions, assessments, and condemnation.

Japan's National Law of Real Estate Appraisal is credited with stabilizing land value. Under its provisions, trained, licensed, professional appraisers have established public confidence in their work.

In Sidney, Australia, where a high concentration of retail sales volume has pushed prime downtown land values from \$30 to \$300 per square foot in a few years, a "betterment" tax is levied on real estate.

Under this betterment tax, one-third of the increase in the value of land resulting from zoning changes must be paid to the government. The payment may be discharged over a period of several years.

Urban Land reports that in both New Zealand and Australia, real estate is taxed in relation to the financial burden it imposes on the community.