

TAX RATES DOWN IN REGION, UP IN CITY, 5-YEAR REPORT SHOWS

Property tax rates decreased in the last five years throughout the tri-state metropolitan region, except in New York City, according to the latest report of the Center of Local Tax Research.

"The disparity between the city and the rest of the region should be of concern to officials and taxpayers of the entire area," said Philip Finkelstein, Director of the Center.

For all categories of property, effective rates, that is, the amount of taxes paid as a percentage of the property value, are highest in New York State, and lowest in Connecticut.

The report notes that assessments on vacant land have risen throughout the region, although land assessments generally and especially in New York, are the lowest in property taxation. The report also includes, for the first time, a complete listing of nearby Connecticut jurisdictions, as well as details, by property type, for Greenwich and Stamford.

"Effective Real Property Tax Rates in the Metropolitan Area of New York" has been published annually since the establishment of the Center as a non-profit research agency in 1975. The five-year summary, containing 72 pages of tables and explanatory text is available for \$3.50, including postage, and may be obtained by writing to:

Center for Local Tax Research
50 E. 69th Street
New York City, N.Y. 10021

(The following is from the Preface of "Effective Real Property Tax Rates in the Metropolitan Area of New York," November, 1979. These paragraphs effectively summarize the findings of the Center regarding the effective tax rates for the tri-state region (New York, New Jersey, & Connecticut).

"Within the Tri-State area, Connecticut enjoys the lowest effective rates, followed by New Jersey and then New York. Combined with the broad-based income and other taxes in New York State, the relatively high property tax burden of New York should be a source of concern to both state and metropolitan officials.

As significant as the continuing disparities between the states may be, the widening gap between New York City and the rest of the metropolitan areas in the rates of income-producing property is an even greater threat to the region. Despite the lowering of its nominal rate, and a reported economic upturn in business activity, the city runs counter to the region in almost every respect, but especially in the high tax rates on commercial and industrial property, areas that produce jobs and income. Residential properties, on the other hand remain a relative bargain in the city, as compared to other city real estate and to

other residential properties in suburban New York and New Jersey.

Policies that could better balance the city's position in relation to the region would appear to be clearly in order. Efforts to maintain or even widen the disparities of effective rates between homeowner and income-producing properties should be greeted with skepticism, if not dismay. The long overdue correction of New York assessment practice, in both city and state, could go a long way towards closing the gap between New York and the region. Attempts to maintain the current advantages of one class or one area over another may be at best misguided, and most likely, disastrous, for the metropolitan future.

One positive note for the region is the steady increase in the effective rate on vacant land in almost all jurisdictions in the Tri-State area. Despite the enormous increases in land value, it has evidently been possible to improve assessments in that class. This should help to dispel the commonly held belief that the land component of real property is either of little value or is not susceptible to proper valuation. On the contrary, better land assessment may well be the key to better assessment policy and practice generally. Both the inter-class and inter-jurisdictional disparities documented in this report and the intra-class inequities not reported here, but well-known throughout New York State, particularly New York City, could be substantially corrected by better land assessment. The real benefits in equity, efficiency, and economic development would have even greater significance for the future of the region."

NEW BOOK DISCUSSES PROMISING ECONOMIC REFORM

Catalyst! is the title of a new 130-page book describing a reform of the property tax which can revitalize our cities and counter inflation and recession.

"The reform would replace the property tax on buildings with a higher tax rate on land. By un-taxing buildings, we could encourage new construction and rehabilitation and by up-taxing land, we would encourage landowners to put their sites into full use," said Steven Cord, author and publisher of the book.

Catalyst! is unusual in appearance in that it consists of short articles replete with headlines, sub-heads and boxed insets. Here are some of the many themes explored in the book's ten chapters and 101 articles:

-how the land value tax would benefit homeowner-voters, politicians, downtown retailers, factory owners, and even farmers.