

Property Taxes

(Continued from Page 1)

should strive for constructive legislative reform of administrative processes such as protection of assessors from political pressures.

Appeal procedures may also be analyzed to determine whether one kind of taxpayer is being favored and why. The appeals system should be simplified and published in local newspapers at least once a year so an average homeowner can compare his assessment with others. Mr. Simon concludes bravely, "you will undoubtedly run into resistance and be branded as 'trouble-makers' but do not be deterred. An aroused public may be your greatest ally."

This is not a venture for the uninitiated. Students of Henry George who have followed the citizen tax reform activities in California, Michigan, Ohio, Pennsylvania and New York (Long Island) as noted in HGN, will have had a good preliminary outline of what Mr. Nader's groups will be doing. It would be fruitless or worse for someone to attempt an investigation of city assessment practices without some such background plus a keen interest in fiscal matters. Property taxation is a complex and technical subject. It challenges students and researchers but it calls for professional coaching.

When Ralph Nader says, "Improved assessment practices and administrative reform can result in clear benefits to the average homeowner—the only method of securing this reform is for the citizenry of each locality to demand and work for a change," he certainly merits our response.

His first newsletter lists four books as supplementary reading material. Among them are two whose authors are known to HGN readers: *Economics of the Property Tax* by Dick Netzer and *Property Taxation U.S.A.* by Richard W. Lindholm.

The Vanguard

When newspaper clippings arrive from out of town in support of LVT it feels a little like the long overdue HG liberation movement. The visit to Southfield, Michigan, last month of five of Alberta's high ranking government officials was a straw in the liberation wind.

When the HGS conference met in Calgary in July it was pleasant to have the honorable Fred C. Colborne, Minister of Municipal Affairs, present as a speaker, but no one had any illusions about his interest in land value taxation. Judge James Clarkson, on the same program, spoke strongly of the tax program in Southfield during his administration as mayor, and it was clear that he hadn't given up on it even though the mayor who succeeded him threw the system out and started making concessions to large companies. That caused a deficit which had to be made up by small homeowners with a 27 percent tax increase.

It's hard to ignore something that has attracted attention all over the U.S., and Southfield has been plagued with visitors who came to see if it really happened like that, and just what was the computer method set up by Clarkson and Gwartney?

Then in October for the first time a group of officials came from Canada. The Provincial Minister of Alberta, Fred C. Colborne, having had a long talk with Judge Clarkson in Calgary, arrived with his executive assistant, the chief Provincial assessor, an assessment commissioner, and an intergovernmental officer of Edmonton. They came primarily to study the results of the tax reform directed against vacant land. The computerized tax records were of secondary interest.

Alberta has a modified form of site value taxation. They assess at 65 percent of market value on land and 40 percent on improvements, compared

with Michigan's current requirement of 50 percent across the board. Alberta's population of approximately one million is served by a Provincial budget of \$1 billion, Michigan's budget is of similar size for a population of about seven million. No sales taxes are levied in Alberta which receives some 25 percent of its revenue from nationalized minerals and 19 percent from a federal income tax rebate.

The Canadians' visit at high government level was duly reported in the Southfield News and Observer, as were the various storms raised by homeowners who finally appreciate and understand the reform that Mayor Clarkson had to fight for so hard eight years ago.

The local tax talk in Southfield these days is about re-zoning some of the residential property now assessed at \$7,000 an acre. Offers have risen as high as \$60,000 an acre in anticipation of the zoning change. Is someone suggesting a return to Clarkson's system to wash away the 27 percent equalization factor? If it could be readopted without anyone losing face some think it might happen. If so it would be a vindication of partial LVT. And if just a little could make a small city great imagine what complete LVT would do.

A few miles away in Ada, Michigan, a one-man educational campaign has turned the subject of property tax into one of surprise and general interest.

Benjamin F. Smith campaigned for the office of assessor in his township. Being an engineer he is loaded with facts not always easy to follow. But he and his wife have had this whole land value thing all wrapped up for a long time, and in his numerous newspaper interviews it all came out.

The first bombshell was about rich land speculators whose property he said was underassessed as much as \$27,000. This was more than the township's share of the county welfare budget of \$23,000. He made the point that many, his opponent included, were being supported on "welfare." Among other troublesome facts he exposed the payment of \$60,000 for two tracts of land in 1968 carried on the assessment rolls at \$16,400, far below the township's assessing level of 43 percent of market value. At the outset he publicly corrected the assessment on his own property stating that it was being "subsidized" at \$300 a year at the expense of other taxpayers. This was unacceptable to the present supervisor who said the change wasn't possible without correcting all the other assessments.

Oh yes—Ben Smith lost. Somebody else will be supervising Ada's assessments, but he'll have to live with all the questions raised by that brash young 57-year-old engineer. What he learned in the campaign, he said, is that "people are more up-tight on land than on sex."

AN ODE TO THE ASSESSOR

To find a value good and true,
Here are three things for you to do:
Consider your replacement cost,
Determine value that is lost;
Analyze your sales to see
What market value really should be;
Now if these suggestions are not clear,
Copy the figures you used last year.

(Author unknown)