

And even now, with all your wear and tear,
'Tis pitiful to think I must resign
You to the friendless grave, the patient prey
Of all the hungry legions of decay.

But you must stay, dear body, and I go;
And I was once so very proud of you!
You made my mother's eyes to overflow
When first she saw you, wonderful and new.
And now, with all your faults, 'twere hard to find
A slave more willing or a friend more true;
Ay—even they who say the worst about you
Can scarcely tell what I shall do without you.

—Cosmo Monkhouse.



VALUATIONS FOR TAXATION.

Abstract of Address by Lawson Purdy, President of
the Department of Taxes and Assessments of
The City of New York, at the City Club,
Philadelphia, January 21, 1911.

Philadelphia is fortunate in having assessors who are well paid as compared with assessors in other cities, whose tenure of office is reasonably certain, and who have no more work to perform than assessors in most other cities. I am not sufficiently familiar with local conditions to say whether they are sufficient in number or not. While these conditions are reasonably satisfactory the law governing assessments is very far from satisfactory. So long as assessments are made in one lump sum, without separating the value of the land, it is impossible fairly to analyze the assessments even when they are well made. There is a general impression in Philadelphia, as I gather from the newspapers, that assessments are not made at full value. It would be rather extraordinary if they were, for there are very few cities in the country where an honest effort is made to comply literally with the law, which everywhere requires assessment at full value.

Full Valuation.

It is sometimes said that equality of assessment is the object desired, and that it is immaterial whether equality is reached on a basis of full value or some percentage of full value, and often there is great objection to an increase in assessments from some ratio of full value, say 75 per cent to the full 100 per cent. It is hard to understand why such objections are made where assessments have no bearing on taxes, as, for example, in the city of New York, where the tax rate is derived mathematically from the budget previously determined and the taxable base fixed by the assessment. It is easier to understand such objection in Philadelphia where the tax rate has become a habit and expenditures are limited by the money raised by this arbitrary rate. It would seem, however, that this habit is not a good one, and that it would be better to change to the budget system in

Philadelphia than longer to endeavor to make assessments conform to the needs of the city. A tax rate which varies from year to year in accordance with the budget and assessed values has a salutary influence in checking a too rapid increase in expenditures.

Where assessments are made at some percentage of full value the proceeding is necessarily arbitrary and secret, for sworn officers are unable publicly to state that they have disregarded the law and assessed at a fraction of what the law requires. An arbitrary assessment at less than full value gives no certain standard of comparison, and taxpayers are unable to determine whether their property is fairly or unfairly assessed. It was common in the city of New York prior to the time when assessments were made at full value to answer a complaint of over-assessment by the inquiry whether the property was assessed at more than it was worth. It might have been assessed at only 80 per cent of its value and yet the assessment may have been very unfair as being 30 per cent more than the average. I have observed the great advantage which ultimately came from the mere brutal doubling up of assessments; on the average assessments in that territory had been probably at not more than 50 per cent of the value of the property; they were doubled, and errors came to light which had been concealed under the low ratio. Thus a piece of property formerly assessed at 75 per cent of its value was now assessed at 50 per cent more than it was worth, whereas property formerly assessed at only 30 per cent of its value was still far below its selling price. Persons who had never complained because they did not know that they were injured complained bitterly when their property was assessed at 50 per cent more than they could sell it for. This resulted in appropriate reductions of property which was over-assessed and the discovery of cases of under-valuation, which would never otherwise have come to light.

Assessors often object to assessing property at full value because it gives them a great deal more work to do, for the very reason that assessments are more closely scrutinized, the standard is known to all, and over-assessments are promptly attacked. It is generally safe to say that property is not well assessed when there are no complaints. Fair assessment should be a live issue all the time, and it will be kept a live issue when an honest effort is made to assess all property at market value.

Separate the Value of Land.

For a great many years the State of Massachusetts has enjoyed a good reputation for real estate assessments, and Massachusetts is one of the few States in which the separate statement of the value of land is required in all assessments in

both city and country. About nineteen years ago the State Board of Tax Commissioners of New Jersey was given power to order such a separation in assessments in New Jersey cities. They issued the order for first class cities, and gradually year by year enlarged the number of cities in which the rule was enforced. There is ample testimony from city officials and citizens of New Jersey that this change worked a very great improvement in city assessments. I am inclined to believe that the standard of assessment work in New Jersey cities is today superior to that that obtains in any other State in the Union unless it be in Massachusetts. Some New York cities are as good as the best, but in many of our cities in New York we adhere to the old alphabetical roll, do not separate the value of the land, and the results are what one can confidently anticipate under such conditions.

It is quite impossible to make comparisons of assessed values where the land value is not set down separately, without a painstaking examination of every parcel which it is desired to compare. When the values are separately stated it is possible to set down on every block, or wherever the value changes, the unit of value to a lot or per front foot, and then with these values displayed on a map comparisons may be made over a large territory by anyone at all familiar with the conditions. This display of the unit values on maps not only helps citizens to make comparisons and determine whether the work is fairly done, but it is of the greatest assistance to the assessor himself. I have known cases where an assessor made material changes in his own work when for the first time he saw it displayed on a map covering his whole district. When he had determined the values in the first instance, street by street, he had been too much influenced by some few transactions in certain streets, and when the values were displayed on the map he saw at once that certain streets were too low and certain streets were too high.

I am not in favor of the Massachusetts plan of setting down land, buildings and total in three columns, but greatly prefer the New York law which provides but two columns, one for the land and one for the total. Where three columns are used there is a tendency to over-assess buildings. In our rapidly growing American cities buildings often become obsolete in a few years, and although they are in good condition and would last a life-time their value is substantially gone. A building is never worth more than the difference between the value of the land and the value of the property as a whole; the additional column is an unnecessary labor as well.

True Considerations in Deeds.

During the last twenty-five years it has become the fashion to omit the actual consideration from deeds. This is a great detriment to the work of

assessors, does no one any good, and does a good deal of harm by making it easier for unscrupulous operators to obtain outrageous prices for land. The law should require that a statement of the actual consideration made under oath should be filed with the recording officer and by him delivered to the board of assessors for their use. It is said that some of these statements would be untrue; probably a few of them would be untrue, but the untruthful statements would appear at once by comparison with the truthful ones, and assessors would rarely be misled by this sort of falsifying.

Appraisal Company.

I have been asked to say a few words about the plan of hiring outside assistants to make assessments. If any man has special knowledge which would be useful to any board of assessors, there could be no objection to his temporary employment to aid the board of assessors, but I think it is most undesirable by any device whatever to farm out the governmental function of assessing property for taxation. What we all desire is the improvement of our law where it is defective and the improvement of the administration of the law. There is no royal road to such improvement; we must work out our own problem. If it were possible to procure a perfect assessment by paying outside parties to make it, I should be absolutely opposed to it because we would not be one bit nearer to doing our own work as it ought to be done. Assessments should be made annually, and assessing officers should be held to strict account for the way in which they do their work; they should be given the best law under which to work and the best tools with which to work, and be adequately paid. They must be competent to use their judgment in the field, and no office rules can take the place of intelligent field work either for land values or building values. Rules for determining the value of short lots, deep lots and corners are necessary, and if well devised are excellent aids to judgment, but no such rules can have universal application and enable the city to dispense with the services of men competent to apply the rules with judgment upon the actual conditions that exist. Rules for appraising buildings are necessary aids to intelligent appraisals, but these again cannot replace the judgment of the competent appraiser. No system of allowing for depreciation by zones can enable a clerk in an office to value buildings correctly. A man who knows the conditions and who knows how to make valuations must personally inspect the buildings and judge of the amount of depreciation that should be allowed for age and obsolescence. These objections to farming out assessment work are not based on any legal ground, but on the much stronger ground that progress cannot be achieved by such an artificial process.