

BILLIONAIRE AND THE PROPERTY TAX

Joseph Zashin

A CLASSIC story by Leo Tolstoy asks the question—how much land does a man need. It tells of a peasant struggling to earn a living on a tiny plot. One day, he receives a most amazing offer. All the land he can traverse in one day—from sunrise to sunset—will be his. Determined not to waste a precious minute, he is up before the first rays of the sun appear in the east. He sets out at a rapid pace. The day wears on as he walks acre after acre. He continues his steady march. The sun gets hotter. He is covered with sweat. He loosens his collar, and goes on and on. Daylight wanes as evening approaches. He hurries along to get as many more of the acres before the sun sets. He presses forward despite his fatigue. As the sun sinks in the west, he, too, sinks to the ground. Exhausted, he expires. All of his tremendous effort has been in vain. All the land he needs now is the six feet to be buried in.

This story came to mind with the news of the death of Howard Hughes. A strange man of tremendous wealth. What are his holdings and in how many communities? Surely, the tax collector will be on hand. In Tucson, it is known that when he set up his Hughes Plant here in the early 50's, he purchased considerable desert land—some 20,000 acres or so—at what was then a good price for local sellers—\$100 an acre.

In the twenty-five years since, this land has lain fallow except for a small part sold in the last few years. It is a tiny part of the vaunted Hughes fortune, managed by one Summa Corporation, a

group of his executives. Local folk may have wondered why these acres have remained largely unused. Tucson has had spectacular growth, one of the fastest developing cities in the U.S. It expanded north and east and west. Only in the southerly direction in which the Hughes acres are, the area has not developed. And the few parcels that were sold brought huge prices—some at 40 times the original cost.

One local news story pointed out that this acreage represented almost 25 per cent of the total area of the City of Tucson. How inquisitive are the reporters, officials and taxpayers? How much property tax has this huge acreage been paying, or not paying all these years? Has this land been assessed at its full cash value—the price it commands in the market place? What has been sold, was to very knowledgeable builders and realty developers, and to the State of Arizona and Pima County as well. Is it a fact that the taxpayers of the community *actually subsidized* the billionaire by permitting the land to be grossly underassessed, in disregard of Arizona statutes?

Well, Howard Hughes is gone. What if the land had been assessed according to State law, had paid its proper share of taxes, and the community had received the additional revenue to help pay for the improvements needed for its growth? How much of a strain would this have been on Hughes or the Summa Corporation? Wouldn't this have made the acreage even more valuable? Don't so-called smart operators see this?

It's an old story, very old—and widespread and worldwide, in fact. A pity. It deprives the peasants, the poor, the ambitious, the hard-working of opportunities to put

Mother Earth to work to satisfy human needs. It holds valuable land out of production—for speculative purposes. The only defence a community has against this is its power to assess it for tax purposes. When it fails to exercise this it fails in a basic public trust. Such neglect permits the price of land to rise higher and faster than almost all other factors, giving impetus to inflation, and exacting a heavy toll from all. The land, instead of being a beneficent Mother Earth for all her children, becomes an instrument of distortion and inequity.

Somehow, the story always has the same ending—six feet, or six and a half feet for a big guy.