

L.A. Property Owners Protest Taxes



The speakers' platform, at a business session at annual convention. Right to left: Board Chairman Floyd Morrow, making a point; LEAF President Dr. Wm. Filante (moderator); and Allen Hayward, waiting to speak.

Protesters "Mob" County Supervisors

More than 1,000 angry property owners jammed the Los Angeles County Hall of Administration on August 10, to protest their property taxes at a Board of Supervisors meeting (Los Angeles Herald Examiner, 8/11/76; and eye-witness report by LEAFer Michele Greenhill). Included among the protesters were representatives of several tax protest organizations, including The Boston Tea Party, Taxpayers United for Freedom (TUFF), and Howard Jarvis' United Taxpayers and Homeowners. The thrust of most of the objections was that property taxes should be limited on owner-occupied homes.

One small homeowner cried, "Why can't they shift the tax to big business and industrial property?" To which LEAFers Michele Greenhill and Wilbur Pereira replied that all business taxes are shifted to the consumer. The homeowner countered with: "We don't care; at least it will save us from being taxed out of our homes."

Another homeowner complained, "If the budget 'balanced' last year and the assessments rose so much, why won't there be enough additional income without a raise in the rates?"

Mike Greenhill replied, "We have protested at two different budget hearings the enormous rents the County pays on leased buildings and the unequal assessments on downtown vacant lots and slum buildings. These are often assessed as low as 10%, while good improved properties are assessed as high as 45%."

Supervisor Baxter Ward said, "We agree with you that assessments bear unequally on different properties and we have asked the Los Angeles County Grand Jury to investigate assessment practices in this County. "Supervisor Hahn also joined in this concept. He said, "We have made a trip to Sacramento to ask for some kind

Initiative Efforts In Colorado

LEAF Advisory Board member Dr. James Busey, Professor of Political Science at the University of Colorado, reports on a recent attempt at an initiative proposition in Colorado, to exempt all improvements from taxation, making up the difference by increased taxes on land values. This is taken from a paper Dr. Busey presented at the national conference of Georgist groups in Evanston, Illinois in July.

The initiative was sponsored by the Taxpayers of El Paso County, a large taxpayer association in the second largest county of Colorado. The constitutional amendment required 63,040 signatures to qualify. Unfortunately, only 12,000 were secured. We give below some of the highlights of Dr. Busey's report:

1. The campaign should have been started earlier. The law allowed six months, but the taxpayers' group

tried to do the job in two.

2. "We started from too small a base . . . We should have developed strong multi-organizational support.

3. "Paid advertising was useless. Readers' letters engendered some interest; but paid advertising in newspapers did no apparent good at all.

4. "We got more signatures where there were more people. The best places to circulate petitions were in busy shopping centers and downtown streets.

5. "We needed more help. We did not have enough people to carry petitions, and this was a consequence of our late start and our small base.

6. "Certain organizations were our natural supporters. Our best support came from realtors not involved in land speculation, people in the construction industry, citizens' taxpayers organizations and politically.

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Editorial

The Property Tax: Good and Bad

The average homeowner, if asked what was good and bad about the property tax, would answer, "It's all bad--because it's too high." Most LEAF members, on the other hand, would recognize that the property tax is not one, but really two taxes: one on improvement values, which are individually produced; and one on land values, which are community produced.

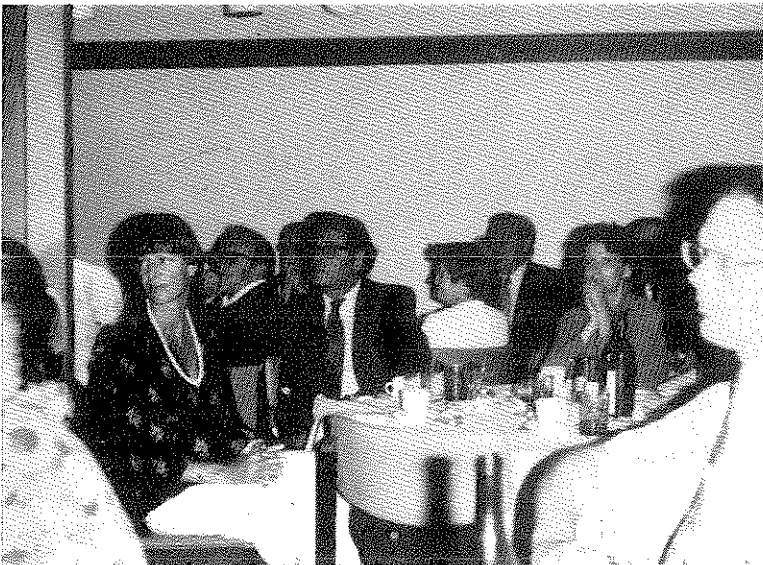
So far, so good. But what really makes the property tax burdensome? In many cases it is the improvement component. Let's take an example. Say that Mr. and Mrs. Average Homeowner have recently purchased a fairly new, suburban home for \$50,000. In such cases, it is not unusual for the improvement value to be four or five times the land value. Say the ratio is 4:1. The respective values would then be: house, \$40,000; land, \$10,000. Let's stick to California's assessed values, which are supposed to be 25 percent of full, market value. The respective assessed values would be: house, \$10,000; land, \$2,500, for a total assessed value of \$12,500. To simplify, let's say the tax rate is 10 percent. The burden of the property tax would then be: tax on house, \$1,000; tax on land, \$250. With improvements taxed, it's clear where the real burden lies. It is also clear that older, blighted, vacant, and slum sites are paying a much lower share of taxes, proportionately.

What would happen if local revenue were collected entirely from community-produced site values? Depending on the relative total ratio of land to improvement values, the tax rate would probably have to be increased between two and three times. Let's say it was increased as much as three times. The land-based property tax on Mr. and Mrs. Average Homeowner would fall from \$1,250 to \$750.

Not every homeowner, of course, would fare proportionately. But the majority of them probably would benefit. Obviously other landowners, whose land values represent a larger proportion of their total property values than improvements, would pay considerably more. But this would tend to encourage a modernization and/or redevelopment--more in keeping with the highest and best use of land.

One detail we have omitted in this example is the effects of a homeowner's exemption. But, to simplify, let us assume that it would be the same with a land-and-building-based property tax and with a land-only-based property tax. The results would then cancel out.

If more homeowners realized the pecuniary benefits of a land-based property tax, LEAF would have more members, and be farther along toward our goal. How about telling them?



A few of the diners at combined Henry George School--LEAF banquet in San Francisco on July 3rd, listening intently to banquet speaker.

Letters to the Editor

Dear Editor:

A good LEAF chapter activity would be letter-writing sessions to politicians and publications. People like to do things together, and letters do have impact.

Steven Cord

Dear Editor:

I am writing a book called THE ONLY WAY TO REDUCE TAXES, and from time to time I write brochures, folders, and other material for LEAF. In this connection, I could make good use of copies of the California HOMEOWNER, issues prior to Fall, 1971 (Vol. 10, No. 3).

I'll gladly send postage to anyone who has some of these early issues, and would be willing to contribute them to this cause.

Sincerely,

Morgan Harris

3959 Shedd Terrace

Culver City, Ca. 90230

Dear Editor:

At the August 12th evening taping session at NBC for the Property Tax broadcast which occurred on August 14th, I directed a question to Los Angeles City Councilman Bernardi:

"I don't want to throw the baby out with the dirty wash water. Do you feel, as I do, that the present property tax is really two taxes; one, a bad, disincentive tax against buildings, improvements, inventories and personal property, and the other a just and fair charge against the location values created by the people as a whole, rather than by titleholders to land, as such?"

I took a gamble that Mr. Bernardi would have expressed more favorable reception of the idea than he did, although by reference to New Zealand, etc., he did indicate an understanding of the principles. Later, when the session took at least a few minutes break, Mr. Bernardi spoke about the idea, expressing the opinion which I, too, hold, that increased values created for example by zoning decisions ought to accrue to the public rather than private persons.

Wilbur E. Pereira

LAND FACTS ---

From a brochure of the International Independence Institute

***Almost two-thirds of the privately held land in America is in the hands of five percent of the people.

Homeowners Protest

of a bill to give the small homeowner some form of tax relief."

County Assessor Watson defended his office's practices by saying, "This office has been investigated three times in the last ten years, and no one has come up with anything we are doing wrong. We are simply a reporter and recorder of the market prices. The real problem is the budget and the supervisors are responsible for that. I have ready another tax initiative which I will start soon."

J.J. Daniels then said, "We were allowed only 2 days to protest the budget and then we were cut off before we could finish our testimony. The constitutional amendment to roll back the salaries of all Calif. elected officials to the 1974 level will be entered again soon and this time we expect to qualify it."

A state assemblyman then spoke up and said, "We will enter a bill to shift the taxes if someone will tell us where to shift them. Are the citizens in favor of a tax limit on homes only?"

Linda Cooper, leader of another protest group, and member of Senior Power, said, "We want the budget re-opened and we want a reduction in all items on the budget, plus a cut in salaries and budgets in all departments."

County employees were aroused by this statement, with one of their spokespersons saying, "We intend to storm the Board of Supervisors again next year if we don't get our raises. In addition, the doctors are going on strike again in all County hospitals."

Our own Michele Greenhill then said, in response to the suggestions enumerated above, "We did all these same things in 1964 amid dire predictions of tax revolts. We also filled the hearing room that time with irate taxpayers. Have we had any tax relief since then? Will hell freeze?"

Los Angeles County Supervisors, after confrontation with the irate taxpayers, took an unprecedented move to seek permission from the State of California to overturn the budget adopted in June. Property owners had given the supervisors petitions with 6,000 names, stating, "We have to live within a budget, and you will have to reduce your budget." It is necessary to get the State Government's permission to change the County budget, inasmuch as counties are an administrative arm of the State.



A discussion during a convention break among 'behind the scenes' workers. Left to right: Morgan Harris, Cathy Covell, Evelyn Friend, Glenn Weeks (front) and Dr. Wm. Truehart.

PROPERTY TAX "RELIEF" IN CALIFORNIA LEGISLATURE

The following is excerpted from the Los Angeles Times (8/12/76). The assembly leadership working with Governor Brown, will send all proposals for property tax relief to a major interim study to be conducted by the Assembly Revenue and Taxation Committee. This committee is headed by Assemblyman Willie Brown, Jr. (D-San Francisco), who introduced a constitutional amendment into the Legislature a number of years ago, at the request of the late Sydney G. Evans. Mr. Brown, incidentally, recently told LEAF Board Chairman Floyd Morrow that he would be willing to do this again.

The study will be conducted in the fall, by which time Brown said the State Supreme Court should have made its final ruling on the long-standing Serrano vs. Priest school finance issue, and overall reforms affecting school districts as well as cities and counties can be drafted.

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minded individuals.

7. "We found no Georgists but made some . . . we never encountered a person who had previous contact with the idea, but potential signers who asked questions became quickly educated."

8. "We had a terrifically appealing idea. Our simple idea proved to be hugely popular with almost every one who came in contact with it."

9. "We will do it again. All of us are enthusiastic and positive about the starting of the campaign afresh in preparation for the election of November 1978. We will propose the same question but will revise the format of our campaign to accommodate itself to the lessons we have learned."

How to Join

It's simple, just check the membership level you desire and fill in the form below. Send it to LEAF's national headquarters or turn it into your local branch.

Membership Form

You can count on me as a LEAF member at the level checked below:

- | | |
|---|--|
| <input type="checkbox"/> Regular . . . \$15 Yearly | <input type="checkbox"/> Friend of LEAF |
| <input type="checkbox"/> Sustaining (\$5. monthly) \$60. Yearly | <input type="checkbox"/> Contribution \$ _____ |
| <input type="checkbox"/> Contributing (\$10 monthly) \$120. Yearly | <input type="checkbox"/> Check Enclosed <input type="checkbox"/> Bill Me |

Name: _____ Branch: _____

Address: _____

City: _____ State: _____ Zip: _____

Land Reform Conference in Fresno in October

A two-day conference on Agricultural Land Reform in California will be held in Fresno on October 15 and 16 (Friday and Saturday), sponsored by the California Food Policy Coalition. Our notice came from the American Friends Service Committee.

The conference, the third in a series of six to be sponsored by the Coalition, will focus on the control and use of agricultural land in California. The Coalition wants to develop on-going issue-oriented task forces out of the work of the conference.

One issue which will be examined first hand is the federal Reclamation Act of 1902 as it affects the Westlands Water District, with conferees being able to visit the area near Fresno.

Those interested are invited to prepare and bring to the conference educational materials relating to their work and the concerns of the conference. Registration deadline is October 8. Registration fee will be no more than \$5, with conferees paying additionally only for simple meals and housing. For more information, contact: Mack Warner, Chairperson, Conference Planning Committee, 2160 Lake St., San Francisco, Ca. 94121.

News from Minneapolis

LEAFer Ruth G. Pearson reports the results of a meeting in Minneapolis, at the Unitarian Church, addressed by John Burger on May 25th.

The attendance was about 20. Dean Lund, Executive Director of the League of Minnesota Municipalities, was present. He is interested in LVT and how the graded tax is working in Pittsburgh. He is in touch further with Mr. Burger, and with LEAF's Vice-President, Dr. Steven Cord.

Included among members of the audience were a few members of the League of Women Voters, which, according to Margaret Euland, has been studying land use for several years. Ms. Euland deserves a solid round of thanks for her part in details of the meeting.

A Minnesota congressman, Arne Carlson, was unable to be present, since he had to be in Washington. But he did phone in his regrets, and said he would be in touch with John Burger on his return.

Mr. Burger plans a short class of three or four sessions, to study land value taxation in depth, and will have the assistance of Ms. Pearson and Ms. Euland.

Further activities, including meetings in the Unitarian Church, are planned for this fall.

Senator Behr's Property Tax Amendment to Be Introduced

New Leaf readers learned recently (in the February-March, 1976 issue) of a property tax amendment introduced into the California Legislature by State Senator Peter H. Behr, from Marin County. His proposal provided for repealing homeowner taxes on improvements, retaining the present level of tax on land values, with the latter increasing annually by the rate of inflation. Part of the lost revenue due to exempting improvements would have been made up by a 4 percent sales tax on owner-occupied property, due at the time of sale, and part by an increase in the State income tax, precised for homeowners.

In a recent letter to California homeowners, Senator Smith writes:

"The bill was defeated by the Assembly Revenue and Taxation Committee, but it will be re-introduced in December as SB1 and SCA 1 in the

new session."

The Smith bill was approved by the California Senate.

Adam Smith Said

(Chapter 11, *Wealth of Nations*)

Both ground-rents and the ordinary rent of land are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of the revenue be taken from him in order to defray the expenses of the state, no discouragement will thereby be given to any sort of industry. The annual produce of the land and labor of the society, the real wealth and revenue of the great body of the people, might be the same after such a tax as before. Ground rents and the ordinary rent of land, are, therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them. . .

Ground-rents, so far as they exceed the ordinary rent of land, are altogether owing to the good government of the sovereign, which, by protecting the industry either of the whole people, or the inhabitants of some particular place, enables them to pay so much more than its real value for the ground which they build their houses upon; or to make to its owner so much more than compensates for the loss which he might sustain by this use of it. Nothing can be more reasonable than that a fund which owes its existence to the good government of the state, should be taxed peculiarly, or should contribute something more than the greater part of other funds, towards the support of that government.

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