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Christmas
and a
Happy
New Year

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STATEWIDE HOMEOWNERS ASSOCIATION

AND HELP

REDUCE TAXES

Statewide Homeowners Association works for:
Equalization of the Property Tax
Fair Assessments
Lower Taxes For Homeowners and Businessmen
Elimination of the Personal Property Tax
Tax Relief for Aged Homeowners

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Mail to Membership office, Homeowners, 953 Eight Avenue, San Diego 1, Calif.

I enclose $__________. Bill me later__________

California
HOMEOWNER

DECEMBER 1965 3-569 TWENTY CENTS

SNOW IN CALIFORNIA

EDITORIAL:

Homeowners groups all over California are fighting little brush fire wars of planning, zoning, freeways. While winning some of these small battles they are losing the war, the real war for better government, lower taxes, real representation of the people.

If the Homeowners of California, and indeed, all over the United States, want to preserve the beauty of their communities, to fight the concrete monsters, (freeways,) to really have a voice in their government, they MUST work for reform of the elective processes.

Currently the government is being run by special interest groups who can contribute the large sums of money necessary for the long and expensive campaigns. A candidate has to make "deals" to support the tremendous expenses of getting elected. Senator Maurine Neuberger of Oregon recently announced that she would not run for re-election in 1966, stating that the campaign was going to be too expensive. "I do not want to be beholden to some group for campaign money or to go begging from friends and relatives," said this lady Senator who has faced this problem in the only honest way she feels capable of facing it.

WE MUST LIMIT THE TIME OF CAMPAIGNS AND THE AMOUNT WHICH CAN BE CONTRIBUTED.

A time limit of 6 weeks per campaign, with a limit of say $5,000 for a city election, $10,000 for a county election, $15,000 for a state election and maybe up to $50,000 for national election would put all candidates on an equal footing. With a limit on the amount which any contributor can give to one candidate, we would stop a major portion of the bribery and corruption bred by large contributors to campaign funds.

With this limit of time and money the voters would be forced to study the issues and find out about the candidates for themselves. **An informed electorate cannot help but bring about better government!**

California Homeowner Magazine
Volume 4 No. 6 December 1965

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On our Cover: Mrs. Roma R. Turner of Glendale uses great quantities of spun fiber glass to turn her home into a holiday scene each year. A welcome but startling sight to Californians are the banks of snow for the Christmas season.

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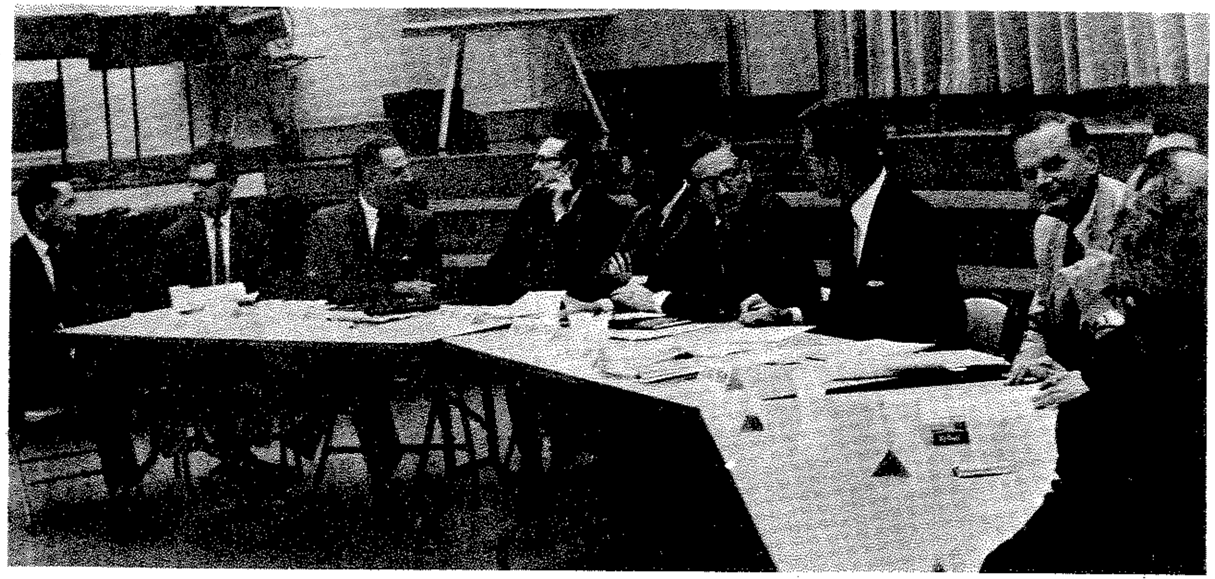


Left to Right: Professors Neidercorn and Zink of Valley State College Economics Department; William K. Wittausch, Economist; John Malone, Field Director of the Home Builders Association; Lawrence Williams, Economist; Albert Zoraster, West Valley Chambers of Commerce; Anthony K. Ellsworth, Richard Nevins, State Board of Equalization; Gilbert Beezely, Mortgage Banker; Philip Brown, Professor of Planning. Edward Hankins, Apt. House Owners Assn.

HOME OWNERS AND VALLEY STATE COLLEGE HOLD TAX SEMINAR

Pity the Poor Tax Payer

Statewide Homeowners and the Valley State College in Northridge co-sponsored an inquiry into the tax problems of local governments on Saturday, August 28th. The Music Audiiorium of the new and attractive college in the San Fernando Valley was a perfect setting for the gathering of economists, planners, businessmen and homeowners who participated in the discussion.

As announced by moderator Tony Ellsworth, the purpose of the tax seminar was to find better sources of local revenue.

"We believe that there are taxes which are doing damage to the economy," said Ellsworth, we feel that the natural laws of economics demand that governments tax only the things which do not restrict the growth of the community."

"Today we find taxes imposed on business, income, inheritance, houses and lands, trees, products of industry in every form and on the use of motor vehicles, even on the food necessary to sustain life." stated Ellsworth, "we must examine many of these sources of taxation to find which are regressive and which will stimulate business and the building and improvement of the community."

Pointing out that local governments are now tremendously overlapping, with an area like Los Angeles having 87 municipal governments competing with a county government, the first suggestion was that waste and inefficiency be eliminated to cut down on the need for taxes. Some agreed with this suggestion but it was pointed out that the biggest demand for government services are on the local level and if we wish the finest schools, the biggest parks, the cleanest and most beautiful cities, we must be prepared to pay for them.

The question was asked, "What are taxes used for and is the money spent efficiently?" It was the consensus of opinion that they are not spent as wisely as they could be, but it was also stated that placing the taxes on proper sources was an even more important question.

One economist suggested that we separate local spending for services, each to be supported by its own tax. Roads and all maintenance should be supported by the gas tax, with some left out for Rapid Transit. Local services such as sewers, trash pick-up,

Left to Right: Tony Ellsworth, John Malone, Albert Zoraster listen to advice during the lunch break.

A scorching August day did not bother the panel, as the small auditorium is air-conditioned, but when lunch time came, instead of sitting on the benches in the patio, they wisely stayed inside. After lunch they listened to a talk on water by James C. DeHaven, of the Rand Corporation, co-author of a text book on water problems. (This will be fully reported in the next issue of California Homeowner.)

should be supported by levies on those who use them. Property taxes should support local services and schools. Another panelist then pointed out that the property tax now contributes 88 per cent of all local tax revenues, city, school and county, with 51 per cent of this going for schools.

A professor of planning pointed out that schools are a second major reason for industry and homeowners to settle in an area, with business and job possibilities first. "Education is the key to jobs," he said, "and a major part of the invironment of an area. if we accept this, then we must be willing to pay for better schools for a better local invironment."

One economist suggested that education be supported by a separate tax, but on what? A discussion of bond issues brought out that they cost $4. for every $1. they bring into the school building program and are bad local finance. The moderator asked "Why is it that when the school system buys a piece of land for building schools it pays top price, yet when the city taxes that land it is found to be taxed very low. Why cannot the schools see to it they are receiving all the revenue from the property tax they are entitled to, or do they like to have the assessor undervalue local land, thus entitling them to apply for more funds from the state?"

This is another form of subsidy, brought out another panelist, we subsidize the automobile through road building, we subsidize water and agriculture therefrom. We subsidize the landowner through consistent underassessment of land and slums. Every homeowner pays at least $25. per year more in taxes to make up for those who gain exemptions in one way or another.

"That is one disadvantage of underassessment," said the planner, "but the worst is the forcing of urban sprawl. The assessor should work with the planner to discourage the growth of slums and encourage improvement, instead of the opposite as they are now doing."

"Every mile that we stretch our roads, sewers, water supply and other services cost the taxpayer much more money," brought out another panelist. "We should stop subsidizing land developers by supplying services to subdivisions 40 miles from the heart of the city."

A professor warned of the growth of the urban community, stating that the census bureau predicts it will double in the next generation. "Costs will go up, he said, regardless of how efficient our governments become, we must find ways to meet these costs."

Some suggestions for raising additional income ranged from user taxes, charging for parks, toll roads, night harness racing, gambling in undeveloped areas along California-Nevada border to bring some of revenue lost to Las Vegas, lotteries and the bed tax. All of these were discussed and rejected, mostly because they were regressive taxes.

"We are the richest nation in the world, said one professor, "yet we do not tax wealth. We contribute our tax money to an Indian Maharaja in the form of economic aid to his state, but the state does not tax his wealth. There should be some form of tax on riches which do not produce."

A representative of the State Board of Equalization stated that the income tax was the easiest tax to collect.

A chamber of commerce representative said the income tax hits business too hard, as it takes away the capitol needed to operate.

brought out that it is merely passed on to the already overburdened consumer, thus raising the costs of goods and services

A discussion of the sales tax and adding to inflation.

It was agreed that those who benefit from community services should pay for them, that local property tax reform is one of the most urgent problems and that taxes should promote growth, not penalize it.

Left to Right: Philip Brown, now at University of Hawaii, Marilyn Stout and William Wittausch.

THE GREAT WATER STEAL

BY MARILYN STOUT

Real estate development is the millionaire-making industry in California.

Now it's all right to become a millionaire, but some California land developers persuade uninformed people to vote upon themselves bonded indebtedness 'til the year 2037 and beyond to under-write costs, while **they** pocket the profits.

A bill S. 294 introduced into the United States Senate January 6, 1965 by Thomas Kuchel allocates costs for water development to taxpayers ten ways, yet benefits are concentrated in the hands of a few people.

First indication this trend was afoot came May 7, 1959 p. 6886 **Congressional Record** in debate in the United States Senate when Senators Wayne Morse of Oregon and Paul Douglas of Illinois showed that the following corporations were attempting to receive water for vast desert holdings, yet escape obligations of reclamation law: SEE PAGE 9

Reclamation law of 1902 provides that funds from the sale of public lands be used for construction and maintenance of irrigation works for reclaiming arid and semi-arid lands of the west. Reclamation law also provides, at the insistence of President Theodore Roosevelt that any one who wishes dams and aqueducts built by taxpayers and who wishes to receive water through these facilities must first sign an agreement with the Department of the Interior agreeing to sell off all lands in excess of 160 acres at pre-water or desert prices. Roosevelt maintained that if dry lands were going to be developed at public expense, that the public should benefit. Good solid citizens should own these lands — 160 acres each. Land should not be bought dry by speculators, improved with water at public expense, and be sold for speculator's profit. Nor, as in the case of the 90,000-acre Irvine Ranch, should it be reclaimed from desert at public expense, be leased for profit, yet be eternally owned by the Irvine Company.

The Great Water Steal

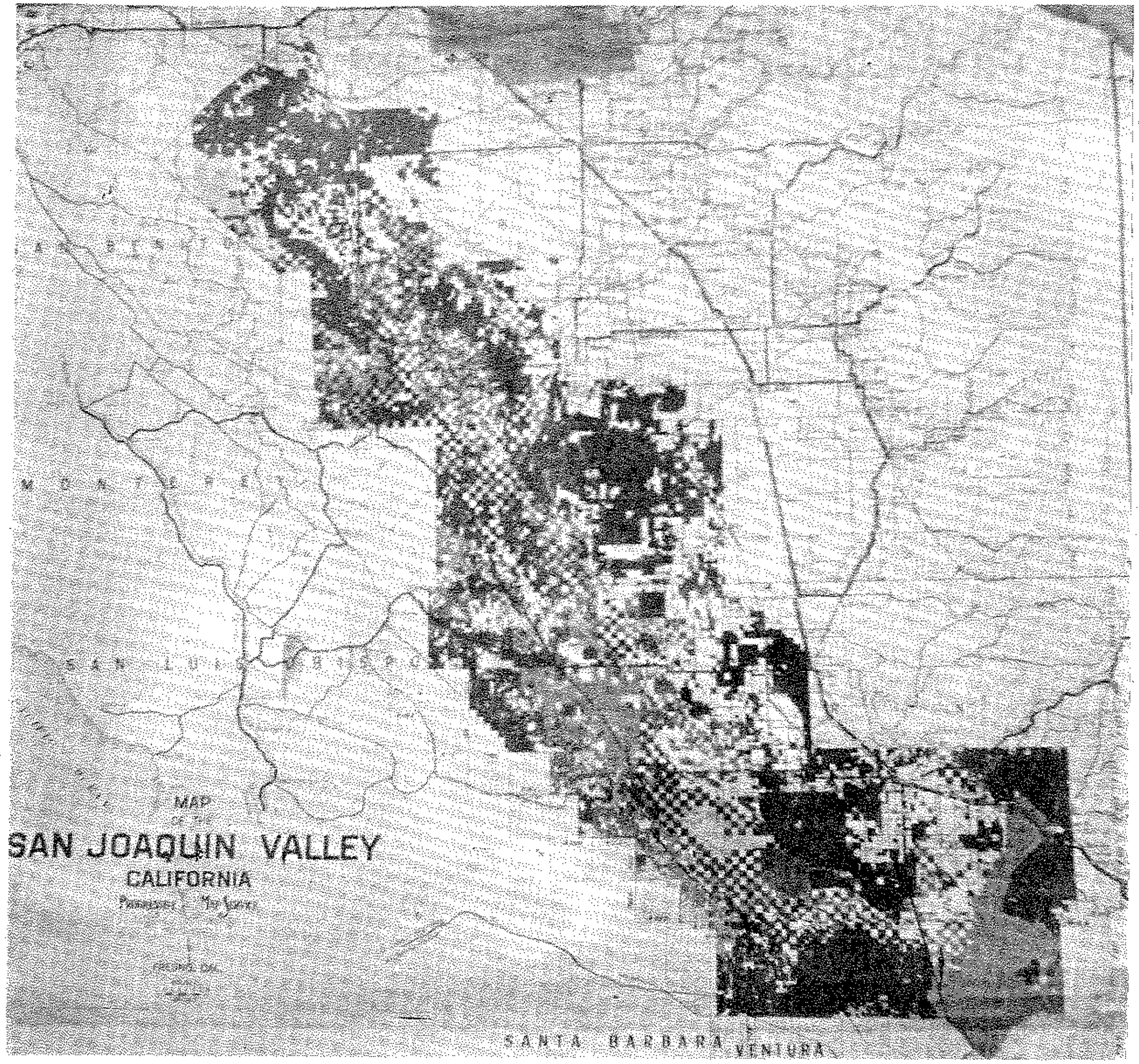
In defending Theodore Roosevelt's 160-acre limitation, Senators Morse and Douglas pointed out that each acre would increase in value $1500 as soon as publicly-developed water hit those deserts. That would be an increase in land value for Kern County Land of $525,000,000 and more than $252,000,000 for owners of the **Los Angeles Times.** Senator Morse asked: "As one pauses in this debate to refresh his memory about great scandals in the field of natural resources in history: oil steals, Teapot Dome, the great land frauds of which powerful economic vested interests have been guilty, I should like to ask the Senator from Illinois if he thinks this is going to be a great water steal?" Senator Douglas said it would be a public catastrophe. Congress stood with Morse and Douglas against Kuchel and Engle of California and upheld the 16-acre limitation.

To avoid the 160-acre limitation, California developers adopted the oldest device known to special interests: "states rights." Concealing facts about who pays and who gets, they persuaded Californians to pass a one billion seven hundred and fifty million dollar general obligation bond measure to build the Feather River aqueduct to carry water from federal facilities to their vast acreages. It is not federal law they operate under, but state law, they say, adding: Department of Interior should give up federal taxpayers funds and still not enforce the 160-acre limitation.

But another important objective of developers was to get additional financial assistance from taxpayers at the state level. Developers speak loosely about "free enterprise" sharing the costs.

Adolph J. Ackerman, a financial consultant hired by the state of California was the first to ask who is going to pay for dams and aqueducts that bring water to desert acreages: "Is this project, as conceived of the type that money can be successfully raised by voluntary investment from

You Are Underwriting Costs For Millionaire Real Estate Developers



Dark areas and checkerboard Southern Pacific Railroad Land Co.
Middle is Kern County Land Co.
Southern dark areas owner is Tejon Ranch.
Map and figures prepared by George Ballis

Why Are Your Property Taxes High?

the savings and accumulated resources of the thrifty, or will it be forcibly extracted from the pockets of taxpayers?"

Pity The Poor Taxpayer

The answer came from a second set of financial consultants hired by the State of California: Dillon, Read, and Co. Inc. New York, N.Y. From page 24 paragraph 2 Dillon Read report: "The contractors for the water to be delivered by the program will be municipal corporations, water districts, and similar public agencies **with local taxing power,** and that as suggested by the state department of Water Resources, at least part or all of the aqueduct charge may be recovered by these contractors **through the levy of taxes on real estate within their respective jurisdictions."** The answer: funds to water vast holdings of a few incorporated individuals will be forcibly extracted from the pockets of taxpayers.

Dr. J. W. Milliman, co-author of **Water Supply, Economics, Technology and Policy** published by the University of Chicago Press, has been studying the financial problems of the Metropolitan Water District, he says:

"Three-fourths of the cost of the Feather River Aqueduct will be paid by the Metropolitan Water District. MWD's payments to the state over the life of the contract will probably approach $6 billion. Total tax levies within the MWD for the years 1929-1964 now approach $478,000,000. Tax support is 4 times total revenues from water sales which only approximate $140,000,000."

If past policies for paying aquequcts are followed, taxpayers within the MWD will be paying unjust amounts of big land developers bills on their tax and water bills.

In the next issue of Statewide Homeowners magazine the positive suggestions for conserving water **and tax funds** as told by James C. DeHaven of the Milliman team at the State wide Homeowner's tax conference at San Fernando Valley State College Aug. 28 will be published.

Land Ownership Pattern on West and South Sides of San Joaquin Valley in Area Extending South From Los Banos to Grapevine and Including Fresno, Kings and Kern Counties in Vicinity of Proposed State Aqueduct

	Approx. Acreage	Percent
Kern County Land Company	348,026	8.7
Standard Oil Company	218,485	5.5
Other Oil Companies	264,678	6.6
Southern Pacific Company	201,851	5.1
Tejon Ranch Company	168,531	4.2
Boston Ranch Company	37,555	0.9
Government Land	192,762	4.8
*Other Private Holdings in Ownerships of Over 1,000 acres each	1,323,821	33.1
Private Ownerships under 1,000 acres including all city, county, state and subdivided lands	1,240,648	31.1
Total Acreage (approx.)	3,996,357	100.0

*See Table III for details.

TABLE II

Land Ownership Pattern on West and South Sides of Kern County in Vicinity of Proposed State Aqueduct

	Approx. Acreage	Percent
Kern County Land Company	348,026	16.3
Tejon Ranch Company	168,531	7.9
Standard Oil Company	112,275	5.4
Southern Pacific Company	45,141	2.1
Other Oil Companies	201,964	9.4
Government Land	122,732	5.7
Other Private Holdings in Lots of over 1,000 acres per owner	491,732	23.0
Private Holdings under 1,000 acres including all city, county, state and subdivided lands	647,164	30.2
Total Acreage (approx.)	2,137,565	100.0

ASSESSMENT REFORMS

By JOHN NAGY

Fractional Assessments Not Equal

There seems to be a cloud in the area of assessing and tons of written material about what needs to be done to clear the air.

The assessors themselves cannot agree on how to clear the air, when all that needs to be done is for assessors to obey the laws governing assessing.

The constitutional provisions which set forth the standard of valuation of property for the purpose of assessment for taxation in this State.

> "All property subject to taxation shall be assessed for taxation at its full cash value." Amendment to Section 12. of Article XI of the Constitution adopted June 27, 1933.

In addition to the Constitutional provisions, the California State Legislature has provided Sections of the Revenue and Taxation Code as follows:

> **"Value": "Full Cash Value": "Cash Value."**
>
> "Value," "Full Cash Value," or "Cash Value" means the amount at which property would be taken in payment of a just debt from a solvent debtor." Section 110.

Fractional Assessments Not Equal

Of course it is a well known fact that assessors do not assess at full cash value. Instead they use a ratio factor which is claimed to be about 25% of market value. The 25% figure is a popular one for assessors to mention because of the proximity to that figure that homes are assessed. Then too, the statewide average which is published by the State Board of Equalization has for years been near the 25% figure.

The fact of the matter is that the statewide average, as well as the countywide average from whence it is derived sheds very little light on the true ratio used by assessors.

For example, an assessor could assess one half the values in a county at 1% of its market value and one half the values at 49% of its market value and the county-wide average would be twenty-five percent. The 25% figure in that case would have no resemblence to assessment practices in that county.

An example of inequitable assessments is obvious in the assessment of land purchased by the State Public Works Board known as Rancho Montana de Oro. The property which is in San Luis Obispo County was purchased for $2.6 million. It was assessed at $118,150., or 4.5% of its market value. The homeowners are assessed at 25% of market value in San Luis Obispo County, which means that they pay 5 times more taxes on their homes than did the owners of Rancho Montana de Oro on each $1000 market value. The county-wide average in San Luis Obispo County last year was 22.2% of market value.

In San Diego County the City of San Diego purchased what was known as the Tourmaline Canyon property in 1963 for $13,259 per acre. That property was assessed at $201 per acre, or 1.5% of its market value. The Grossmont Junior College District, also in San Diego County purchased 134 acres of land at $4,000 and $4,500 per acre which was assessed at 4.4% and 1.8% respectively

Inventories in San Diego County are assessed at 34% of market value, while equipment and fixtures of business and industry are assessed as high as 200% or more. The reason for high assessments on equipment and fixtures is 'policy' not the 'law' governing assessments. The 'policy' is to allow no more than 40% depreciation, which means that the market value will always be presumed to be 60% of the original cost, even 35 years or more after purchase. For example, a piece of equipment 35 years old costing $10,000

With Everyone Calling for Assessment Reforms Nagy States, We Should Only Obey The Law as Written

having a market value of $500. would be assessed at $1500 or 25% of $6,000 which is 60% of the original cost. The assessment in fact would be 300% of the market value. The county-wide average in San Diego County for the past few years has been: 1960 — 22.8%, 1961 — 23.7%, 1962 — 24.8%, 1963 — 23.8%, 1964 — 23.9%. What do these averages mean? Nothing! What can be done about rampant inequitable assessments? Plenty!!

State Board of Non Equalization

To begin with, the State Board of Equalization is avoiding the task of equalizing assessments. They religiously send assessors letters commending them for their county-wide ratio, knowing very well that actually the assessments vary from 1% to 200% in many cases. **The State Board of Equalization could make those survey figures available to the public, or the District Attorney, or the Attorney General, or the various County Grand Juries, why don't they?**

They Just Talk, Talk and Talk

Officials are quick in pointing to the inadequacy of the law, yet they will not use what powers are provided.

In July during the hearings of the San Diego County Board of Equalization (the Supervisors) this writer represented 34 clients in an attempt to reduce assessments to 25% of market value. It was shown that inventories were assessed at 34% and equipment and fixtures as high as 200%. The Board made a mockery of justice and the assessor was not even asked to tell how his office arrived at their assessments.

Is it any wonder why industry is not keeping pace with population growth in California? Is it any wonder why warehousing is a booming business in states neighboring California? Is it any wonder that California's unemployment percentage is 32% higher than the national average? Is it any wonder that industry is prey to property tax consultants who offer relief from the oppressive tax burdens demanded of them? If industry was assessed at 1.5%, 4%, 6.7%, 8%, 10%, or even 25%, and all other property was assessed at 25%, they would not need property tax consultants to buy them a fair tax bill.

Attorney General Thomas Lynch has stated during the current tax scandal that about $200 Million was lost to under assessment due to illegal assessments on personal property. Why is there no mention of the $812 Million loss due to the underassessment of land holdings and slums?

If California is to survive with a sound economy, we must encourage industry with tax relief. The slogan in California is, "Invest in land and slums and make millions." Let's change that slogan to, "Invest in industry and make millions." We need the jobs, we do not need slums or vacant lots so let's stop subsidizing them with illegal low property taxes.

> There is a movement afoot in California for real tax reform which would exempt all taxes on improvements and personal property. Proponents of the initiative are people in high places, among them are real estate brokers, bankers, businessmen and industrialists.
>
> Also being considered for the ballot is a Junior Unruh-Petris Tax Reform bill which would increase sales taxes, cigarette taxes and franchise taxes. This measure would fail for obvious reasons.

PASTORIZA, TALL IN THE ASSESSORS SADDLE

BY CLAYT BAUER

From Davy Crocket to Lyndon Baines Johnson, Texas, giant among American states, has always spawned men of nerve and energy to match its grand dimensions.

Who would expect to find their peer, maybe their superior, in a stuffy Houston tax assessor's office? Yet, on the evidence and the heritage he has left, Joseph Jay "Joe" Pastoriza may well have been the tallest Texan of them all.

A curious reader, Joe chanced on a book by a fellow printer which explained the paradox of poverty side-by-side with wealth and progress.

Overnight, Joe Pastoriza saw the prime forces of his city revealed. In Houston, the power to tax was the power to destroy. But that power, by general consent, could be the power to build.

For the most part the subsidized rich of Houston were sloughing off their share of property taxes. They tended to become ever richer. Yet somebody had to shoulder the burden. At the very bottom were the myriad poor. They could not afford to resist. They not only had to pay their own taxes, but the rich man's too. They lived in holes not of their own contriving; no matter what they did, they could not climb out.

Houston's forward progress, Joe saw, could be smothered by this very wretchedness.

Than and there, Joe Pastoriza vowed he would dedicate his life to building Houston into a great city. A system of fair taxation would be his means. To fight so unequal a battle, one man against a vast system of privilege, defended with fierce emotions, he must himself find a way to earn a fortune.

Joe realized he could not hope to save a fortune out of wages. Like most successful businessmen he must gamble. The one thing he knew best was printing. Joe set up his own printing establishment. He worked early and late, years passed. The Pastoriza fortune took on heft.

Joe was forty-nine before he was ready to do battle.

Would the voters take to his proposals?

A municipal election was due. The newspapers prated much about Houston's tremendous promise. Using Ben Franklin's device, Joe made a checklist of the city's good and bad features.

There were progress elements a-plenty. This was a city of doers. They'd widened the bayou to 100 feet, deepened it to 12. The cost was a whopping $2½ million. But Houston was to become a real seaport. This one improvement had hiked cotton traffic to $53 million. Area shippers could pocket an additional $6 million on cotton alone.

To build big, Joe Pastoriza saw, you had to think big, like Ol' Davey Crocket in his breeziest moments.

Not that Texas wasn't building, oh, no! To satisfy the maws of those rusty trampships, no less than seventeen railroads stretched hungry arms to a deep and bountiful hinterland. Cotton jounced portwards from as far away as Oklahoma, three million bales a year. Cut lumber — $40 million worth — lent piny aroma to the city's wharf area. Seven mills spewed forth polished rice worth $6 million. Muckers radiated trenches for oil pipe lines. Houston was on the move. But every previous boom, Joe knew, had ended in crushing depression.

Clouds now darkened the Houston commercial outlook. Tax assessments were in a mess. More than 300 factories were producing over 275 products, yet their $53 million worth of output was in jeopardy. Eleven thousand jobs depended on a stable tax system. But Houston's taxes were exacted in insane and chaotic fashion.

There was no slightest pretense of tax equality.

Everybody seemed hellbent by lies or bribery to escape his taxes. Many properties were not even entered on the rolls. Over the years myriad changes had been made with March hare madness.

Clearly, Houston must founder soon on such gross mismanagement. The deeper Joe dug into the sorry affairs of the Finance and Tax Commissioner's office, the angrier he became. He knew now he could do much to push this city into a splendid future simply by installing scientific and honest business procedures in the assessor's office.

Joe tossed his hat into the political arena.

Pastoriza stated his views with a plainsman's bluntness. His aim was to shift taxes off wages, personal property, their buildings and improvements. He stressed honesty and efficiency in the tax office. He left voters in no doubt of where he stood.

The city had been taxing its resident's personal property. Residents, under Joe's needling, were quick to sense the nuisance and unfairness of such taxes. The voters made Joe their easy choice.

The chaos in the tax office was even worse than he had guessed. Hundreds of buildings were not on the tax rolls at all. The rolls for 1911 had to be closed within a few weeks. Perforce Joe burned midnight oil. He equalized the land value assessments for many business blocks. He boosted land assessments to near 50 per cent of full value.

First rumbles began to issue from the raft of land speculators.

Joe smiled grimly. He adopted a unit-value system for the 1912 property rolls, extending it to all city lands. Cries of distress rose from land speculators and slum owners. Joe refused to play the role of bull-headed tyrant. He worked continually with two public-spirited committees, representing the Chamber of Commerce and the local Real Estate Exchange. Before long, Joe had first accurate and scientific assessments.

Property owners could sense, for the first time, that they were getting a fair shake from their finance chief. They made their pleasure known to Joe.

He held land assessments to 70 per cent of market value while depreciating the values on buildings and improvements. This forced needed land into its highest and best use, thus helping Houston to make the most of its advantages.

Before Pastoriza took office in 1911, the assessed valuation for Houston's land was $46.9 million. The city counted its improvements as worth $14.5 million. In a single year, with Joe's reforms, the value of land jumped to $61.4 million. Improvements remained about the same due to the policy of depreciating assessments on improvements. Overall, the city's coffers benefited by an extra $14.2 million. Yet homeowners and business men could count real tax savings.

The speculators continued to moan and snipe at Joe's reforms. His term was but for two years. Now he had to weigh his political chances.

Joe laid it on the line for Houston's voters. "I don't want a job. I am running on this taxation platform and no other . . . I trust you will not misunderstand me. If you like the plan, re-elect me if you don't, vote against me."

Crocket could have said it no better. This was strong talk and as fair as a bluebonnet. Voters returned Mr. Pastoriza with the greatest plurality ever given a candidate to his office.

Joe was elated. The whole town felt expansive. The city at this time chose to stretch its bounds to twice its previous area. The assessor promptly extended his assessment policy to all the new acquisitions. The speculators were appalled. Slum rents had been declining as new housing went up and unearned profits were getting scarcer.

He smiled often now. He had accomplished, virtually single-handed, the greatest tax reform in United States history.

What about that vow he had sworn long ago, to lead his beloved Houston into commercial and cultural greatness by means of a fair-to-every-citizen tax system?

Joe needed a horse-and-buggy now to gauge the size and growth of his town. The ship canal had been further widened to 150 feet, deepened to 25 feet. Big ships sailed grandly through the prairie to the Gulf. Everywhere the hammer and the saw banged and rasped. Building construction rose from 1,916 in 1911 to 3,199 in 1913. Their values climbed from $3.6 million in 1911 to $5.4 million in 1913.

He had done more than anybody else in his city to multiply improvements, beauty.

"The effect . . . ," crowed Pastoriza, "has been magical." In proof whereof he rattled off tax statistics, assessments, bank clearings, and population increases. Proudly, Joe pointed to Houston's jumping pay rolls; they were about to pass the $10½ million a year mark.

An impartial visitor, R. M. Haig, confirmed Joe's boasts. "The citizens," wrote Haig, "of Houston are proud of their many large buildings." Yet Houston practiced height limitations.

Land speculators and slumlords continued to yowl for Joe's head. Pastoriza promptly issued his famous defiance. The voters had chosen low assessments and equality for all taxpayers. The speculators wanted a return to the system of special privilege for the rich and unfairly high taxes on the poor.

Joe later ran for mayor, won handily, died in office. And his heritage of courage and progress lives on. Today Houston ranks as Texas's biggest city, with over 938,000 in 1960. Only five other American cities are bigger.

The present Mayor, Louie Welch, is in the Pastoriza tradition. Like Joe, he is concerned with Houston's slums. In an interview in Nation's Business (Sept. 1964) he said, "If you put a high enough tax on slums, they become too costly for their owners to keep them that way. We're raising taxes and the screams are going up. But we're appraising

Louie Welch - Mayor, Houston

land at its highest and best use. So, we'll make slums unprofitable."

The Houston assessors periodically revalue property to keep up with building and improvement and constantly rising valuations. A gigantic improvement program is under way and has been accomplished without Federal funds. The revenue from this rising value is returned to the city which created it.

The traditions of a city have a great deal to do with its subsequent growth, the low unemployment figures and rate of industrial growth in Houston attest to Houston's present vitality. So call the roll of Texas's greatest heroes, Crocket, Bowie, Houston, whom you will. For vision, courage, moral stamina, or heritage, Houston's famed assessor and Mayor, Joe Pastoriza, stands with the tallest.

Californias will find many similarities between the assessing problems of Houstons assessor of 50 years ago and the present assessment scandals in California. There are always certain favored friends of unequal assessment methods who are powerful enough to beat down the attempts made to equalize the system. There is currently a move to do away with the property tax completely and substitute some form of local income taxes. For who pays and who benefits from this substitution read the Tideman article on page 18.

CANDIDATE WINS ON PROPERTY TAX ISSUE

Floyd Morrow, San Diego attorney, won election to the San Diego City Council in the November election by an overwhelming majority. His campaign made an issue of the inequity of assessment practices against home owners and small businessmen. He also went on record in favor of tax relief for industry in San Diego, stating that he believed the greatest single deterrent to new business settling in the area was local property taxes on plant, inventory and equipment.

EXPERTS WARN AGAINST FREEWAYS

Almost from the start, it was apparent that the government's program for 41,000 miles of new highways (scheduled for completion in 1972) would have to be expanded to accommodate an auto population increasing at a net figure of 2,000,000 cars per year (total vehicle population by 1975: 111,000,000). Only in the wide-open spaces will there be room to maneuver. In the cities, the grim prospect is for bumper-to-bumper existence in 1975.

To counter that threat, traffic experts warn:

Don't depend on freeways and superhighways. They're expensive (the annual government outlay for highways is already 11 billion dollars a year). They're impractical for big-city traffic (the Los Angeles freeway complex is a classic example). They fill up almost as fast as they're built.

Keep the commuters on rails. By 1975, nearly three-quarters of the population will live and work in metropolitan areas. To move them from home to job and back will make today's commuting problems look simple. According to one estimate, a rapid-transit line can carry 30,000 people an hour; about 12 lanes of superhighways would be needed to do the same job by private automobile. Chicago's Congress Street Expressway reserves one lane for a rapid-transit line that, operating at one-fourth capacity, carries four times as many passengers as four lanes used by cars. In other cities—San Francisco, Washington, Philadelphia, Toronto, Cleveland—dramatic new ideas are being tried or will be tried to cope with the overwhelming traffic flow. The major emphasis will be on rapid-transit systems.

City tax and renewal study urged

San Francisco must have a study of its property tax setup, if maximum use is to be made of the Community Renewal Report, E. Robert Scrofani, Northern California director of the Statewide Homeowners Association has said.

Scrofani, a member of the Mayor's Advisory Committee for the CRP, said "San Francisco depends more heavily on the property tax for its revenues that do many other communities of the state."

The Community Renewal Report makes quite clear the need for such a study, Scrofani said. The report states, "In its future renewal efforts, the City must recognize the effect of taxes on land and improvements . . . The tax upon land and improvements is a local government instrument of significant influence upon investment . . . Increasing the ratio of land tax to property tax in an area of the City is implicitly or explicitly an expression of the desire of local government that no activities with less than a given earning power per square foot occupy that space. A tax on land serves as an incentive to employ the land productively rather than hold it for speculative purposes. As a result, land taxes provide local government with a major instrument for encouraging the private market to embark on renewal and land upgrading activities."

The report, Scrofani said, also pointed out that the inventory tax is higher in San Francisco than surrounding communities thus contributing to San Francisco's loss of industry. The tax on land is going down rather than up, he said, thus further penalizing homeowners and businessmen who want to improve their property."

Scrofani urged an immediate tax study. The CRP says, "A careful study of the effect of various tax policies on industrial and commercial activities is an essential element of a successful renewal program."

One of the major factors in community renewal, said Scrofani is private efforts to renew. These seem to be penalized by our current system. The CRP report shows that the assessed value of the land on the tax rolls of the city has decreased from $401 million to $349 million between 1954 and 1963. Also the land as a percentage of the total ad valorem roll has declined from 30 to 25 per cent.

According to the report, Scrofani, said, "With this trend and the threat of a growing tax rate, owners will be reluctant to improve their properties lest the increase in taxes nullify the benefits of the improvements."

Since the value of the improvements is increasing and the value of land may be increasing with substandard property, Scrofani said this affects our older areas. Plus, it is difficult to get financing to improve privately the areas south of Market, the Western Addition and the Bayview.

"Our tax policies must conform with other public policies," Scrofani said, "otherwise they may be negated by the system of tax assessment and administration."

As a conference on taxes in California (at Claremont College, sponsored by ACTION, League of Cities, Time-Fortune, Life Inc.) said, "Planning can be futile if our local tax system encourages land speculation and often makes it more profitable to misuse and under-use land than to improve it for its highest and best use."

The CRP demonstrates that this is true in San Francisco. A tax study is now needed in San Francisco so that we may encourage private renewal through intelligent tax policies, Scrofani concluded.

Seven hundred people gathered at a Bernal Heights meeting in San Francisco to protest a suggested redevelopment program on this historic hill - formerly the Rancho of Senor Bernal and shown on maps as far back as 1860.

Here Bob Scrofani, Statewide's Northern California Director urges the group to use pressure and liaison to get what it wants from City Hall. The group voted against redevelopment and for full participation in plans for their hill.

Looking on are (rear) Howard McKenzie, President of the Bernal Heights Association; Supervisor Joseph Tinney, President of San Francisco Board of Supervisors; freshman Supervisor George Mascone (seated); Supervisors Bill Blake and Roger Boas.

THE AMERICAN PROPERTY TAX ITS HISTORY, ADMINISTRATION, AND ECONOMIC IMPACT

BY GEORGE C. S. BENSON, SUMNER BENSON, HAROLD McCLELLAND AND PROCTOR THOMSON

Starting with the premise that the property tax is essential to the vitality of decentralized government, the authors, all of Claremont College, made this study of the property tax under the joint auspices of the Lincoln School of Public Finance and the institute for Studies in Federalism. Anyone interested in financing local government should read this short (196 pages) but heavily documented book, a **must** for all politicians.

Dr. George C. S. Benson, President of Claremont Men's College, calls for sweeping reforms in the administration of the property tax. He says we should have larger assessing districts, equalized assessments, professional trained assessors, not elected officials, better pay for those who do the job.

Sumner Benson, currently studying for his Ph.D. in History at Harvard, traces the history of the property tax and shows how it declined in importance for a short time, but is now regaining strength and he feels will be easily able to act as the main support for local government. He shows how the Great Depression in the 1930's brought property tax limitation laws, exemptions for homesteads and personal property and other preferential treatment. World War II demanded an increase in revenue so rapid that even a healthy economy, concerned with exemptions could not have adjusted the property tax accordingly, thus the rise of sales and income taxes.

Dr. Harold F. McClelland, Dean of the Faculty and Associate Professor of Economics at Claremont Men's College, says that the shift in emphasis to the tax on real property rather than personality and the improvements in administration of the property tax can save the tax from oblivion, the end to which many politicians would like to consign it.

Dr. Proctor Thomson compares the effect of the property tax with that of a "perfect" tax on wealth and shows us the choices between efficient and equitable taxes.

Fractional Assessments—Do Our Courts Sanction Inequality?

Every homeowner who does not understand how assessments and budgets for city governments are figured should read this article in its entirety. Write to the nearest office of Statewide Homeowners and enclose 15c for mailing costs, for full reprint from Hastings Law Journal, University of California periodical.

BY ROBERT TIDEMAN

The law in California is clear, it says that "All property subject to taxation shall be assessed for taxation at its full cash value."

* Two cases taken to the California Supreme Court sought writs of mandate enforcing this constitutional command. Both were denied. After seventy-five years of violating the provisions of the constitution, the courts decided that "the long continued, systematic and intentional violation of the law somehow constitutes or has developed into a right in the assessor to violate the specific provisions of the law . . ."

In other words, if you break the law long enough, it bends, or becomes legal.

The Advisory Commission on Intergovernmental Relations pointed out that "Few officials feel under obligation to enforce the tax laws as written. In some states, in fact, compliance by the assessors with the constitution and statutes would cause general consternation. The average assessor makes himself a one-man legislature. He—not the state constitution and the state legislature—defines local taxing and borrowing power and determines the value of a veterans' or homestead tax exemption by the level at which he decides to assess property."

A major reason for the long continuation of the fractional assessment method is the power it gives the assessor, to do favors to large landholders by keeping their property under-assessed. This restriction of the taxing and borrowing power of his local government is then made up with pass-the-buck-taxation. The local government goes to the state for assistance, the state collects more taxes from non-property owners in the form of more sales and income taxes.

Undervaluation also shifts taxes to state-assessed utilities, but this too is passed on to the consumer in the form of higher rates for utility bills. Small property owners do not benefit from this tax shift because they find any property tax savings wiped out by the increase in sales taxes, income taxes and utility rates.

The political strength of fractional assessments lies in their capacity to shift taxes to nonproperty owners. The burden of sales and income taxes and utility rates is diffused over such a large number of individuals, whose income sources require such constant attention and diligence, that political organization on the basis of self-interest is exceedingly difficult. By contrast, property owners, particularly the holders of valuable central and peripheral land, are relatively small in number and can well afford to defend their interests politically.

THEY ARE AS AN ORGANIZED ARMY AGAINST A MOB.

*Michels v. Watson 229 A.C.A. 497, 40 Cal. Rptr. 464 (1964) and Hanks v. State Board of Equalization, 229 A.C.A. 520, 40 Cal. Rptr. 478 (1964)

Resorts Have Growth Problems Too

BY CLIFF BROWN

PALM SPRINGS SOLVES THE HIGH RISE CONTROVERSY

PALM SPRINGS, CALIF.—High-rise, a building style forbidden at Palm Springs until last year, is predicted to beautify the community as well as help to give it a year-around economy, according to Frank Bogert, long-time desert realtor and Palm Springs mayor for seven years.

The mayor commented that taxes at Palm Springs are now somewhat based on a seasonal economy. With the introduction of high-rise, more major buildings will be constructed near the heart of the resort. This, plus the growing popularity of year-around living at Palm Springs, will encourage more residents and businesses to occupy the desert 12 months of the year.

Sun Still Gets Through

The high-rise ordinance, permitting builders to construct hotels, apartment and office buildings, etc. to a maximum height of 100 feet, is actually designed to enhance the beauty of the community. "After all, Palm Springs' major industry is tourism; and the desert's beauty is one of the reasons for this industry," the mayor commented.

"In fact, the high-rise provision should be entitled the 'Open Space Ordinance,'" Bogert explained, "because we still permit construction of only 40 units per acre. For example, if you build an 80-unit structure, you need two acres whether you build up or whether you build out and cover your entire area with buildings."

With building going up instead of out, more area will be available for green belts and parking. The possibility of creating a canyon of huge buildings has been eliminated by the 40-unit per acre regulation and by the shadow ordinance. "This ordinance prohibits developers from building structures which would cast shadows on any property other than their own," the mayor explained.

Resort Will Allow Light Industry

As a result of the city's coming of age as a year-around community, the resort's Economic Commission is currently studying the city's industrial potentialities with the idea to broaden its tax base.

"There are many, many industries which have expressed their wishes to come to Palm Springs. Because 220 acres at the city airport were recently zoned for an industrial park with non-smoke and non-nuisance manufacturing, the city's 12-month economy with a 12-month tax basis is in the very near future," Bogert commented.

Taxes Hold The Line

Taxes at Palm Springs, $1.98 per $100 assessed valuation, are lower than those of 50 per cent of all California cities. "And, this rate has been maintained for the last seven years," Bogert added.

Because 41 per cent of Palm Springs is open land owned by the Agua Caliente Indians, only the remaining 59 per cent of the city's 44 square miles is taxable. Consequently, Palm Spring finds itself in the unique position of having to provide clean up services, streets, and sewers for this Indian land while receiving no reimbursement.

"This situation is easing, however, because the high-rise ordinance is encouraging development on leased Indian land and taxation on the leases is permitted," Bogert said.

However, city fathers have had to be extremely conscientious to maintain the present tax rate due to this Indian land situation and the resort nature of Palm Springs.

"Some day there'll be a freeway coming through. If we were smart we'd buy land around here while it's still cheap!"

LOS ANGELES REPORT

by Michele Hamilton

Noted architect Richard Neutra has appeared at several meetings of planning and civic beautification groups recently. Each time he has told the citizens not to worry about density. "Density is something used to scare people," he said, "but density is not a people problem, it is a political and economic problem."

Citing the Bramaputra Valley in India as having the densest population on earth, he told a meeting of ABLE, the "Action For Better Los Angeles Environment" group, "It is one of the most beautiful spots in the world!" Organic life starts with density and "Urbanization" is simply getting people together according to Neutra, "The earth can support four times its present poulation with good planning."

Good planning is the key to the problem. In connection with planning and the attempt to save California from people pressure we have several new organizations. The "Regional Plan Association of California" which recently held a day long seminar in Los Angeles; The "Planning and Conservation League for Legislative Action," incorporating some 40 groups in Northern and Southern California interested in fighting freeways and for conservation and beauty; The" Pomona Valley Association for Better Planning and Zoning," which just won a fight against high density in the suburbs of Pomona; The "Advocates for Mass Rapid Transit" the "Statewide Transportation Advisory Council" and the "Citizens Committee to Save Elysian Park."

We might remind all of these groups that our present system of taxation encourages ugliness and slums and penalizes those who fix up their property with higher taxes. Each of them could send a resolution to their local city and county and state governments demanding a change in the levying of assessments which reward slums and rundown property and impose higher assessments on improved property. Tax laws should encourage and reward beauty and quality and discourage urban deterioration, not the opposite, as they now do.

We note a new crop of tax protestors this year. For their enlightenment we offer these statistics. Los Angeles County had 4,884 protests filed in 1964, 2,640 were reduced for a total of $18,434,-370. The 1965 information for Los Angeles was not completed, but San Francisco, which had few protests, had the following statistics:

Protests filed in 1964, 30 for a total reduction of $825,765. 1965, 24 filed, 13 granted for a total of $913,312. Does this mean that Los Angeles is badly assessed? No. It means San Francisco is so under-assessed that no one complains.

Mr. Irving Jacobson, Mr. and Mrs. Stephen Briggs and Mrs. Wesley Briggs, Mr. Eric Knight and Mrs. Richard Moser were some of the members of the Hollywood Property Owners filing tax protests at the assessors office in Hollywood.

REPORT FROM ORANGE COUNTY

BY DON KUCERA

The chart below shows how much more each agency on your tax bill is taking this year and what the approximate tax rate **should** be if spending had not increased by this percentage.

TAXPAYERS SCORECARD

TAXING AGENCY	INCREASED SPENDING BY AGENCY	1965-1966 TAX RATE SHOULD BE
Seal Beach Elementary General Fund & Bonds	11.5%	1.3797
Huntington Beach Unified High School Bonds	33.5%	.4120
Huntington Beach Unified High School General Fund	40 %	1.0750
Orange Coast Junior College General Fund	22 %	.4562
School Modification Aid	186 %	.0325
School Institution Tuition Tax	25 %	.0004
Seal Beach City	36 %	.9900
County Funds	14.5%	1.4900
County Library	18 %	.1559
Orange County Flood Control	15 %	.2600
Orange County Harbor	21 %	.0900
Metropolitan Water District	20 %	.1500
Orange County Water District	14 %	.0700
Orange County Water District Water Reserve	40.5%	.0852
Mosquito abatement	16 %	.0082
Orange County Municipal Water District	new this year	.1000

With no increased spending by the agencies, the approximate total tax rate this year should be 6.7555, compared with 8.3893, the actual rate, or a total 24% increase in overall spending the total assessed value of the county has increased only 13.4%.

If your tax bill is higher this year, Orange County Homeowners, it is because we have an honest assessor and a higher rate of spending. Some homeowners blame the assessor for higher taxes, forgetting that the tax rate is merely a matter of division by him. The Board of Supervisors make up the budget, the assessor then divides the total by the number of property taxpayers and comes up with your tax rate. If the county agencies, schools, flood control and other taxing agencies had held the line on spending, your taxes would not have gone up!

Orange County Assessor, Andrew Hinshaw, has attempted to follow the California Constitution and assess all property at an equal proportion of market value. This should have lowered your tax bill, but spending made it higher.

Golden West Homeowners, recently affiliated with Statewide Homeowners Association, has elected a new slate of officers. Taking office January 1, 1966, will be Bradford Mock, President, Mrs. Carole Reid, Secretary and Mrs. William Brazney, Treasurer.

John Green, former President and Mrs. Bobette Dannettell, former secretary, were given a warm vote of thanks from the membership for the hard work done for the organization during their tenure in office. A membership drive is currently under way with new members being given a subscription to California Homeowner magazine, among other inducements.