

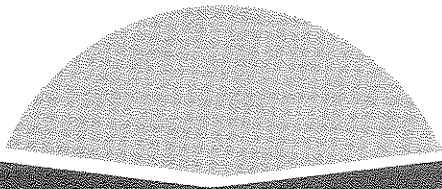
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CALIFORNIA HOMEOWNER

ORANGE COUNTY SHENANIGANS
Supervisor Allen's Report

MORE MONEY FOR SCHOOLS
San Diego Report

ASSESSORS BREAK THE LAW
U.S. Report—Roy Wenzlick

6945

THE U.S. ATTACK ON POVERTY

Poverty has not suddenly become fashionable, but it has suddenly become fashionable to talk about poverty.

For example: Recently, in the space of about a week, the Saturday Evening Post had a cover article on America's poor; a New York Times columnist made reference to the subject; George Meany and other labor union officials made suggestions what to do about it, and President Johnson, according to headlines, "Launches Drive to End Poverty in U.S."

Since then everyone has gotten into the act, including Nelson Rockefeller and Barry Goldwater. Now every candidate for public office, every editorial writer, every columnist, and every citizen who takes pen in hand to write to an editor, takes up the matter of poverty. And everyone has a solution to poverty, which seems to be, find the poor and bail them out with public funds.

Poverty Not New

Poverty in the U.S. is not new but for the past 20 years, since the war, we have been content to refer to the poverty of those in other countries, and pretend it no longer existed here. For humanitarian and foreign policy reasons we poured billions of dollars into Europe, Asia and Latin America, and while we did not entirely neglect the U.S. needy, we gave the impression that poverty was a minor or passing vice in America.

We boasted about our affluent society, our rising incomes and standard of living, our new homes and big cars, swimming pools and color television sets. The popular magazines and newspapers hardly mentioned that not everyone enjoyed these amenities or had big bank accounts.

But now, in early 1964, U.S. poverty is in the news, and it is "in" to discuss it. Where only a few months ago it had been swept under the rug, now a person as eminent as the President of the United States, and other eminences who want to be President, talk openly about poverty.

Poverty does not help any individual, community, state or nation, and it is a good thing to get discussion of it into the open, because then we can try to eradicate it. If the fact of poverty is ignored, solutions for its abolition will be ignored.

What Solutions?

With all the recent publicity about poverty, what are some of the solutions suggested?

The Saturday Evening Post, using pages and pages of text and pictures to show 30 million Americans are poor, had nothing to recommend as a solution.

The labor unions, at their recent national convention, said automation was the "real curse" and recommended a national planning agency, a commission on automation, passage of the federal 11 billion dollars tax cut bill, increased federal expenditures, reduction of the work week, and increases in pay.

Thomas J. Watson Jr., chairman of International Business Machines Corp., has urged trade expansion between U.S. and western Europe as a deterrent to unemployment by automation. He also suggested federal tax incentives to companies to move new plants into chronically depressed areas.

As to automation, Dr. Procter Thomson of Claremont Men's College said it is not a menace because invention increases the real income of a community and the demand for products, and as workers are displaced they find employment in a number of other industries if they retrain or move to another location.

The Senate subcommittee on employment and manpower was told by Lawrence A. Hyland of Hughes Aircraft Co., that, in effect, expanding technology can solve the growing unemployment problem, and technical transition can create jobs. This solution came down to government funds, perhaps 10 billion dollars annually, to develop new processes and products in the defense, government and commercial sectors of the economy. It was said this will put displaced persons to work in idled plants. Hyland said industry could not do the job, but that government must intervene, not to manage the economy, but to counsel and finance the process of technological conversion of the plants.

Poor and Well-off

U.S. Secretary of Labor Willard Wirtz agrees with Dr. Robert Hutchins that the nation is being divided into two groups, the poor and the well-off. Wirtz says national job trends threaten to place millions of American workers on a "human slag heap," even in prosperous times. He urges increased efforts to attain full employment through strengthening the national economy, but does not say how it should be done.

President Johnson's solution is federal spending. According to Laurence H. Burd of the Los Angeles Times: "Under its anti-poverty label the Johnson administration will dust off and refurbish a number of federal welfare and pump-priming bills proposed by President Kennedy and still languishing in Congress."

"To these Mr. Johnson will add proposals of his own to direct special federal attention and funds to various economically disadvantaged groups . . ."

Tax Land Value

Many other authorities, businessmen and economists, including House & Home magazine, Raymond Moley, Walter Packard, Dr. Hutchins, and Statewide Homeowners Association, urge at least one basic reform in the war on poverty, and that is the removal of the property tax on improvements and personal property, and the shifting of the tax to land values. This would stimulate building construction and the expansion of industry, thereby creating new jobs, and reducing property taxes for most homeowners and businessmen. This has worked where it has been tried.

In justice, it must be mentioned that several other views are current concerning poverty. A recent article in National Review states that most poor people wish to remain poor through choice. If this is so then there is not much hope for the children of these poor families, or not much opportunity for merchants to sell goods to these families.

Another view is a religious and metaphysical one that anyone can conquer poverty through mind and spirit, by merely accepting the bounty of the universe, believing in personal prosperity, and acting in practical ways.

In any event there are still no good arguments, in fighting poverty, against a sensible property tax structure which rewards incentive.

PUNISHING TAXES

(Continued from Page 3)

to us, and to none other. Likewise, what the community renders in terms of public utility — police service, fire service, light and power lines, streets, sewers, the like — must always be paid for by those who benefit from them. In full.

Nor are we a voice crying in the wilderness. Here and there, in growing numbers, the moral hero arises. In Southfield, Michigan, Mayor Clarkson was against the foolish taxing practices that would overwhelm the homeowner. In Cuyahoga County, Ohio, Ralph J. Perk, Auditor, has turned more than \$40 thousand from private landowners to Berea municipal and school district funds. These were values created by the community.

These are the real heroes of our time. There will be more, many, many more. Salute!

California Homeowner

Our Punishing Tax System

We must learn again that what we produce from our own labor belongs to us, and that those who benefit from community services should pay for them

By CLAYTON C. BAUER

Something rotten in American life infects every level of our society. Look at the spawn of our degeneracy: these beatniks, vandals, Vicuna coat gifftees, quiz scandal dupes, pregnant school kids, bought athletes, crooked judges, pilfering employees, industrial spies, and jerry-building contractors.

Almost without exception they justify their errant ways. "Everybody is doing it, doing it." They are the moral ignor-amuses of our vaunted Twentieth Century civilization.

Like juvenile delinquents who have to be locked up to protect the public they cannot tell between right and wrong.

Rascals, high and low, pass beyond the pale without ever knowing when they took the first shameful step.

A month's clippings from any American daily newspaper will reveal many of us as morally obtuse.

What's behind this spate of depravity? Are we all on a toboggan on a down-hill run and headed straight for hell?

No! No if—. But that IF is a big one.

The CALIFORNIA HOMEOWNER has probed this moral crisis with painstaking care. We can show that these symptoms of a mad, bad age stem from readily understandable tax practices.

With high-speed press and instant radio and TV coverage of news, every class of our people, no matter how poor, can sense the basic economic injustice. And they do. In their own various ways, sometimes sharply, often vaguely.

Perhaps a Manhattan slum family sees on its video screen a debate on some knotty international crisis at the UN. They may see the filled galleries, the marching pickets outside on the Avenue of the Americas, the city's bluecoats in attendance.

If this family knows recent history, it knows the Rockefellers owned the present UN site, as well as a sizeable slum area about it. The Avenue of the Americas was a grimy commercial street. How build property values in this grubby slum area, which was deteriorating rapidly? That was the Rockefeller family's problem.

The family has never lacked for smart operators. John D. Rockefeller founded the Standard Oil Company and acquired other valuable properties. Standard Oil was investigated and fined what was then an enormous sum, \$20 million, for activities in opposition to the anti-trust laws.

In other words, consumers were having to pay monopolistic prices for the oil they needed.

The present Rockefeller heirs decided on a philanthropic gesture. They gave some of their slum land to the UN for a meeting site. Rockefeller publicists beat the drums in behalf of Rockefeller generosity and social progressiveness.

The municipality of New York was required to furnish expensive local improvements to the UN area. Homeowners had to dig into their pockets to pay for the Rockefeller gift.

What's that old saying? "When the Greeks come bearing gifts, beware?"

The Rockefellers, as might be expected, retained title to the rest of their slum areas. But with community improvement of the region, with increased traffic to and from the UN complex, land values rose sharply. The Rockefellers continued to pocket these land values, though they had done nothing to earn them.

Such incidents as these give rise to that widespread cynicism and rebellion against the touted old moral values of Jefferson's time.

We are a nation of 190 million souls. But when we allow thousands or hundreds of thousands to pocket land values which communities have created, we sanction a fundamental moral wrong.

Worse, this injustice makes for the condition whereby the "poor get poorer and the rich richer." The homeowner who adds a bedroom for the baby that is coming is taxed heavier. The scamp who charges a black or Puerto Rican householder an unGodly rent because he is "unstable" and likely to damage his verminous tenement gets off with a token tax on his site. The builder cannot afford to buy lots or pay for monopolized timber, steel and other construction materials. Merchants, service people suffer with the basic trades. Booms and depressions alternate, with crazed real estate speculation finally setting off the bankruptcies that sometimes impoverish even the most constructive multi-millionaires.

When we let skyscraper loom beside the ugly tenement house, limning the awful imbalance between the taxed and the untaxed, we invite the complete moral dissolution that is now marking our civilization in ever blacker terms.

We must, all of us, learn anew that what we produce from our own labor applied to natural resources belongs of right

(Continued on Page 2)

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STATEWIDE HOMEOWNERS ASSOCIATION

stands for

A prosperous economy—jobs and profits—through a strong free enterprise system.

Equalized property assessments, improved assessment practices.

Tax relief for homeowners.

A sensible property tax structure which does not penalize initiative.

Good planning and zoning.

More Money For Schools

Homeowners Association Sponsors Survey of California School Financing by Property Tax Equalization

First Report Shows San Diego County Schools Could Collect 23 Million Dollars More Each Year By Proper Assessing

Local support of California public schools is dwindling. There is resistance to higher school tax rates, bond issues, and tax overrides. To find out if more public revenue for schools can be raised through true equalization of property assessments, Statewide Homeowners Association is sponsoring a study of assessments in representative areas of the state. The study is made possible by a grant from Basic Economic Education, Inc., a California non-profit foundation.

The increased reluctance on the part of local taxpayers to support schools has been accompanied by a clamor for federal and state assistance to education. The locally assessed property tax has been the mainstay of public school finance. But many public officials now believe this source is exhausted. A gradual shift to federal and state aid to meet larger school expenditures means a smaller proportion of revenue raised from taxation of land and improvements and a larger proportion raised from sales, excise, license, income and other levies.

The main purpose of this investigation is to determine the potential of the property tax in financing California public schools. The economic effects of alternative methods of raising revenue will be examined. Within present legal and statutory requirements, the extent to which county assessors are making equitable assessments for various categories of property will be determined. Finally, graphs and tables will be prepared relating current property tax yields and projected revenue from equalized tax assessments to present and anticipated school budgets.

Assessment figures in five or six counties have already been examined. Preliminary reports of the survey deal with San Diego County. The complete report, which will present findings from nine different counties, will be available about February 15.

San Diego County school districts could collect more than 23 million dollars additional annual public revenue if all prop-



Assemblyman Richard Donovan of Chula Vista, right, receives report on school financing containing San Diego County figures from John Nagy, president of Statewide Homeowners Association.

erty in the county were assessed at an equal ratio. San Diego Unified School District could collect more than seven million dollars of this.

A summary of the findings states that homes and improved commercial properties in San Diego County are assessed from 20 to 25 per cent of market value, but that suburban acreage and poorly improved property is assessed generally at only from 1% to 15% of market value.

The study related the actual selling price of 122 parcels to the latest assessment, and then projected these figures to city and county based on U.S. Census Bureau estimates of the amount of vacant land in the area, and the report's own estimate of the amount of poorly im-

proved property.

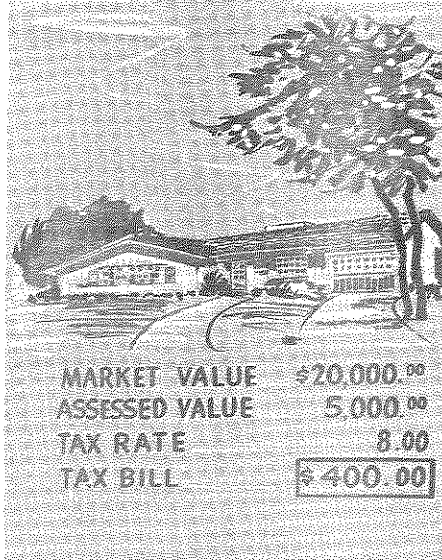
The report says, "There is ample evidence that local financing is adequate to meet school needs if the property tax, which has been the mainstay of local school support, is administered in accordance with state constitutional provisions."

The report also states, "Unequal assessments have placed an unfair burden on most of the homeowners and owners of property with high levels of capital development."

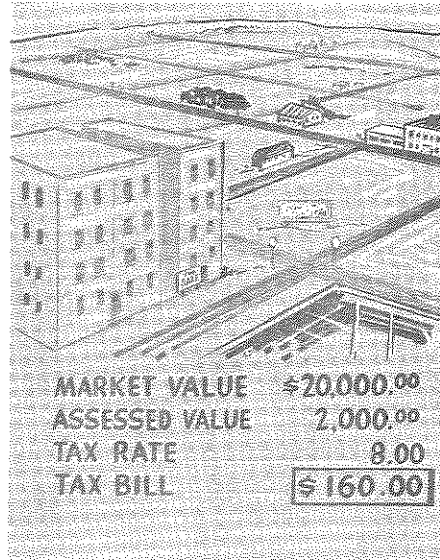
The survey is being conducted by Resources Research with a staff of five headed by Roy Davidson. Davidson was formerly on the research staff of the National Education Association, Washington, D.C.

WHY HOMEOWNERS' TAX BILLS ARE TOO HIGH—

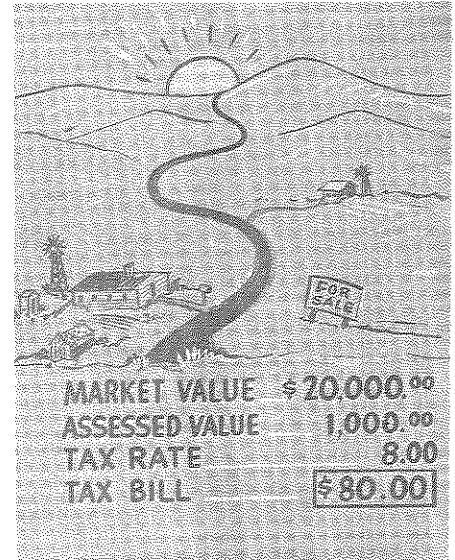
They Are Paying Taxes For Land Speculators And Slumlords



HOMEOWNER



SLUM



VACANT LAND

School Board Urged To Act

Nagy Makes 4 Recommendations

The San Diego Board of Education was urged to ask Governor Brown to put the matter of equalized property assessments on the call of the special session of the Legislature which begins in February, "so that teeth can be put into the law governing equalization."

The request to the school board was made by John Nagy, president of Statewide Homeowners Association, in a January 21 hearing by the board to receive the preliminary report of a study on financing California schools. The report said that San Diego city schools could raise more than seven million dollars additional each year, and San Diego County schools more than 23 million additional, if all property owners were assessed the way homeowners are assessed. (See the illustrations above.)

The board was also urged to ask the San Diego County assessor for his official assessment ratio, to ask the 4th district

member of the State Board of Equalization to provide leadership and influence to "compel the county assessor to equalize assessments so that the educational needs of this school district can be met with the present tax rate," and draft a resolution to the School Board Association asking for support at the state level for action on this matter by the Legislature.

The board voted to consider the report and the recommendations by Nagy.

Nagy also told the board: "Statewide Homeowners are of the opinion that local services have a direct relation to local land values, so if community values are determined by the services provided to it, is *not unreasonable* to demand from these values, the costs of the services in the form of a property tax.

"WE DO THINK IT IS *UNREASONABLE* IF ALL PROPERTY IS NOT TAXED AT THE SAME PROPORTION OF ITS MARKET VALUE. The laws governing assessments are very clear on this subject, but not very strict, and that's what we want to do something about. Homeowners definitely pay more than their share of the property tax. It is not our wish to pay less than our share, we merely want other classes of property

owners to pay at the same level that we are paying.

"A homeowner in San Diego County with a \$20,000 home is assessed about \$5,000. With a tax rate of \$8 per 100 assessed valuation his tax bill would be \$400. On this we have no complaints. But a *slum property* owner, also with a market value of \$20,000, is assessed about \$2,000. And at the same \$8 tax rate he pays only \$160 in taxes. This we *are* complaining about, and feel that *you should too*. An owner of *vacant land* with the same value of \$20,000 is assessed about \$1,000, and at the same \$8 tax rate he pays only \$80 in taxes a year. This we think is terrible, and we are of the opinion that here is where our problems are in the property tax support of not only the schools, but the city and county as well.

"We want more funds for schools, not less. Help us achieve these aims. Your board is entitled to the funds that unequal assessments are cheating you of. The San Diego Unified School District could increase its tax base by over 190 million dollars if speculative land and slums were assessed at the same level with homeowners."

ORANGE COUNTY SHENANIGANS

Assessments Punish Homeowners and Industry, Give Tax Break to Land Speculators

By JOHN NAGY

Supervisor Alton E. Allen of Orange County has struck a blow for homeowners with a report which indicates assessment inequities in that county.

Allen, elected from the fifth district of the county, promised voters he would look into alleged unequal assessments against homeowners, and has done so in a 115-page report, with tables and photographs, which shows that the average assessment on the vacant land parcels cited in the report is 5 per cent of market value.

In another study, also conducted by Allen's office, in Water Works District No. 4 of Orange County, it was found that new homes in the district were assessed from 22 per cent to 28 per cent of purchase price.

Grand Juries in Orange County have been aroused for years over charges of unequal assessments. The 1961, 1962 and 1963 Grand Juries all made references to assessment inequities, but since the criticisms were broad and general, the assessor's reply to the Board of Supervisors was, "No such inequities have been, or are, pointed out."

In addition to the Grand Jury reports, Allen's office received more than 100 visits, letters and telephone calls from complaining taxpayers regarding assessment inequities. As a result he initiated the study in Water Works District No. 4, and then this general study of 69 cases throughout the county, using primary, not secondary data. These cases are actual recorded sales of property in the open market, with sales prices then compared to assessments.

Allen says in his report: "Inasmuch as the sale of a piece of property is one of the soundest indications of fair market value, it would certainly appear that sales prices should be given greater consideration in determining assessed valuation."

Compare this to the opinion of Hugh Plumb, Orange County assessor who said sales price of land is not an indicator of market value since many sales are to speculators who "pay more than market value" for land. This is the same as saying that when you buy a dollar item you insist the seller take \$1.50 because you want to "pay more than market value" for it. Is there anyone who pays more than things are worth to him? Mr. Plumb's statement is merely an admission that some assessors do not know what

market value is, and are making little effort to find out, as required by law.

The California Constitution states, "All property . . . shall be taxed in proportion to its value," and, "All property subject to taxation shall be assessed for taxation at its full cash value." California courts have held that "full cash value" is the same as market value, which is what a parcel is sold for, or could be sold for, and further, that "it is the assessor's duty to see that valuation placed on various kinds of property shall be in proportion to worth of such properties . . ."

Let's go into Supervisor Allen's conclusions because they are important, and perhaps from this report there may be some facts for the 1964 Orange County Grand Jury to work with.

Allen says the State Board of Equalization report that Orange County's ratio of assessed valuation to full cash value is 23.8 per cent does not mean there is equal assessment in Orange County as between homes, vacant land and business property. On the contrary, Allen's study tends to prove that Orange County assessments discriminate against homeowners and businessmen.

"It seems obvious from these 69 cases," he says, "that there is ample justification for raising the question as to whether adequate consideration has been given to fair market value in determining assessed valuation, especially on bare land. This is particularly true inasmuch as all of these parcels of property have actually been sold in a free market."

"It is equally obvious that a failure to recognize fair market value in determining the assessed valuation of property that is adjacent to and affected by urbanization, works a hardship on industry, commerce and homeowners who are then obliged to pay that portion of the tax burden which properly should be borne by the owners of the property



SUPERVISOR ALLEN

that has been under-assessed."

Orange County has experienced extremely rapid growth, with a 250 per cent population increase in 10 years, "shifting the whole economic basis of the county from a rural agricultural economy to an urban and more highly industrialized economy," Allen's study says. "It presents problems that must be faced. One of these problems is that of keeping our assessing practices in step with the rapidly increasing property values brought about by this urbanization."

Keeping assessments current on vacant land is apparently what the Orange County assessor has not done, and what the Grand Juries and complaining taxpayers were concerned about, although it seems that assessments are being kept up to date on Orange County homeowners and businessmen. Thus the homeowners and businessmen are paying on today's values and the land speculators are paying on the values of perhaps 10 years ago.

"Urban demands call for urban concepts that are sophisticated and progressive. Failure to recognize this results in inequities which benefit some taxpayers at the expense of others."

What does Allen's investigation of 69 random cases show?

1. The mean average was 8.52 per cent of assessed valuation to the fair market price. Fifty per cent of the cases fell below 5.55 per cent, only three cases were above 22 per cent.

2. The mean average of the property was 12.54 acres. One half were parcels of five acres or less, seven parcels were greater than 25 acres.

3. The median sales price of land per acre of the cases cited was \$13,250. Ten

California Homeowner

parcels sold over \$25,000 per acre, ten sold for \$5,000 per acre or less.

4. The average assessment on vacant land parcels was 5 per cent of fair market value.

Here are some of Allen's samples:

Parcel 14-160-11, consisting of 6.18 acres of land on east side of Grand, 969 feet south of McFadden in Santa Ana, assessed now for \$930 an acre, sold on November 15, 1962 for \$15,858 an acre. According to law the assessment should be about \$3,700 an acre.

Parcel 56-300-5, half acre lot and residence on Laguna Canyon Road, Laguna Beach, house assessed \$890, lot \$1,560, total \$2,450, sold April 16, 1962 for \$25,000. According to law should be assessed \$6,250.

Parcel 74-062-24, consisting of 9.55 acres north side of Anaheim Road, 660 feet west of Blue Gum in Anaheim area, assessed now for \$730 an acre, sold September 18, 1961 for \$11,000 an acre. According to law should be assessed about \$2,900 an acre.

And so on for 69 cases, including aerial photos of the locations.

This investigation was not, according to Allen, an attempt to upset, disrupt or change any long range master plan. The intent was not to deter property owners from putting their land to the highest and best use.

The investigation, he says, points out the disparity between assessed valuation and fair market value in areas where bare land, and in some cases improved land, in urbanized areas, continues to be assessed at a low fraction of real value.

The San Diego County survey by Resources Research for Statewide Homeowners Association shows similar findings. Vacant lots and acreage, 41 parcels chosen at random, showed assessed valuation of 4.4 per cent compared to selling price or fair market value, while residences were assessed about 21 per cent of market value, slums at 11 per cent, and commercial property about 19 per cent.

San Diego County samples:

Parcel 141-340-10, Borrego Springs, assessed \$320, sold for \$3,500.

Parcels 143-251-04 & 05 & 06, three C zone lots on Hill St., Oceanside, assessed for \$7,550, sold for \$65,000.

Parcel 448-142-03, Sands Apartment Motel, 5020 West Point Loma, San Diego, assessed for \$3,600, sold in 1962 for \$154,000.

And so on for 122 cases.

A big question is, what are the supervisors, city councils and school boards of the state going to do about under-assessed property in the light of binding fiscal needs, and a bigger question is, what are homeowners and businessmen going to do in light of the increasing tax squeeze?

Assessors Break Law Roy Wenzlick Says

Local assessors are breaking the law with their assessing practices in many, if not most, counties of the U.S., says Roy Wenzlick of St. Louis, one of the leading real estate analysts in the country. (Wenzlick used to have an office in Los Angeles, and spoke in San Diego last year at a gathering of real estate people.)

Wenzlick made his comments in *The Real Estate Analyst*, which his firm publishes, and also in the *Louisville (Ky.) Courier-Journal*.

Wenzlick's principal criticism of the generally illegal actions of assessors is that they under-tax raw land. The figures he cites for 15 sample parcels bear out the figures obtained by Supervisor Alton Allen in an Orange County survey, and by Roy Davidson in a San Diego County survey.

All the figures point to one conclusion: BECAUSE OF ILLEGAL AND BAD ASSESSING PRACTICES, SCHOOLS AND LOCAL GOVERNMENTS ARE SIMPLY NOT GETTING THE PUBLIC REVENUE THEY ARE ENTITLED TO. As a result schools and local governments try to increase tax rates, putting the squeeze on homeowners and businessmen, instead of requiring land speculators and slumlords to pay their fair share.

As an example of how undertaxed raw land is, Wenzlick cites the following actual assessments and real estate taxes per acre of vacant land sold in one assessment district of "a large metropolitan county" in 1959 compared with the assessments and taxes on the same properties if rulings of the state tax commission had been followed. Under state law, the table shows, the average vacant parcel should have been taxed 14½ times as much as it was:

Parcel	Assessed Value Per Acre		Real Estate Tax Per Acre	
	Was	Should Have Been	Was	Should Have Been
1	\$ 175	\$ 1,525	\$ 7.95	\$ 69.24
2	185	1,010	8.46	45.85
3	190	6,133	8.63	278.44
4	160	5,333	7.26	242.12
5	153	873	6.95	39.63
6	175	1,067	7.95	48.44
7	158	1,690	7.17	76.73
8	158	9,070	7.17	411.78
9	175	3,210	7.95	145.73
10	175	1,264	7.95	57.39
11	170	741	7.72	33.64
12	176	2,700	7.99	122.58
13	465	1,111	21.11	50.44
14	116	600	5.27	27.24
15	150	4,200	7.26	190.68
Total	\$2,791	\$40,527	\$126.73	\$1,839.93
Avg. per acre	\$ 186	\$ 2,702	\$ 8.45	\$ 122.66

Comments Wenzlick: "It is one thing for a speculator to carry vacant land at an average cost per year of \$8.45 in taxes. It is another thing entirely to carry vacant land at an average of \$122.66 per year in taxes. When vacant properties are assessed on the basis of fair market value it becomes impossible to hold them for appreciation for a long period."

The trouble, he contends, "lies in the failure on the part of assessors to assess properties on the basis of fair market value rather than on use . . . Land used for truck gardening or for farming is assessed on a nominal basis, while adjoining land developed into subdivisions is assessed more nearly in relationship to its fair market value.

"When property is assessed on the basis of use rather than on value, a (tax) discount is given to the person who keeps his land from its logical use and thereby hurts the community."

In contrast, Wenzlick points out, "When vacant properties are assessed on the basis of their market value, it becomes impossible to hold them for appreciation in value. A realistic tax policy of this sort would bring on the market a great deal of land which now is not for sale. And, as more land comes on the market, the high prices have a tendency to drop."

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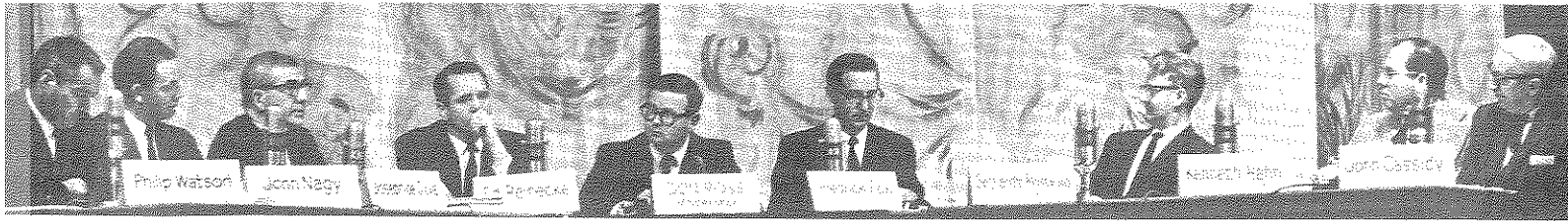
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TWO FORUMS ON TAXES



Mayor Yorty, KNX Radio Are Sponsors

Two Los Angeles forums, one called by Mayor Samuel Yorty and the other by KNX Radio, recently grappled with the questions of taxes, city finances and other city problems. Statewide Homeowners Association took part in both.

Mayor Yorty's Citizens Participation Conference at Civic Center was on, "Mobilization of Community Resources for a Better Los Angeles." KNX Megalopolis Forum in Van Nuys, also broadcast live, was on, "Taxation: How Much More: On What?"

About 1,000 persons attended the mayor's all-day conference and discussed

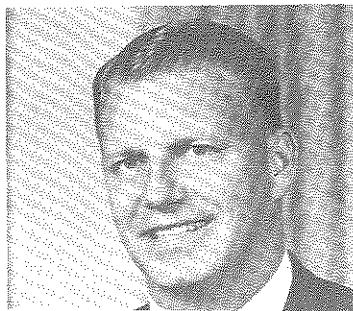
KNX—C.B.S. RADIO forum on taxes presented this lineup: From left—Los Angeles County Assessor Philip Watson; John Nagy, Statewide Homeowners president; Joseph T. de Silva, Retail Clerks Union; Ed Reinecke, Fedco president; moderator Don Ross of KNX; Dr. Frederick Fox, Los Angeles schools; Dr. Gerhard Rostvold, Pomona College; Supervisor Kenneth Hahn, Los Angeles County; Councilman John Cassidy, Los Angeles.



Supervisor Hahn



John Nagy, left, and Joseph de Silva



William D. Ross

community problems in various section meetings. The mayor's report of the affair said that property tax cuts, new means of attracting industry, and better public transportation were among the recommendations. One of the best suggestions to come out of the conference, by President William D. Ross of the Los Angeles Junior Chamber of Commerce, was for the mayor, city council and chief administrative officer to arrange a series of classes—a "school"—where citizens could learn about and discuss city financing.

(When the Los Angeles budget, the size of a large telephone book, was last being examined by the Council Finance Committee, no interested citizens were present. When the budget reached the



Mayor Sam Yorty of Los Angeles greets friend at Community Advisory Day conference.



Ed Reinecke

council, representatives of only three local groups were present.)

Ross made the point in his talk that ways should be found to interest more individuals and organizations in affairs of local government, and that business should take the lead in educating its own executives on government financing programs.

Mayor Yorty said recommendations made at the conference reflect concern of

citizens, and that every recommendation made will be considered. He said they will not be read and then forgotten. Many other suggestions were made in addition to those mentioned above.

The KNX forum had an eight-member panel, including Los Angeles County Assessor Philip Watson; Ed Reinecke, president of Fedco and member of the National Association of Manufacturers; Joseph T. de Silva, executive secretary of

California Homeowner

Retail Clerks Union Local 770, and John Nagy, president of Statewide Homeowners Association.

Many of the panelists predicted a rise in taxes because of a rise in demand for services, and Councilman John Cassidy said, "Citizens will get economy in government only when they ask for it." Supervisor Kenneth Hahn said people should stop asking for special services and should attend budget hearings. Mr. de Silva saw home ownership becoming more difficult, and Nagy said one solution is equalization of assessments to ease the burden on homeowners and forcing land speculators and slumlords to pay what they should. Dr. Gerhard Rostvold of Pomona College said that because government cost will increase there should be a local income tax. Reinecke said that the public is too uninterested to protest increases in government spending, but said those interested should tell their elected officials.

Both forums were extremely valuable in spotlighting public affairs and in advancing solutions to problems. We should have more, not less, forums, and more citizen participation in government. Mayor Yorty's mobilization of community resources is to be commended, and Statewide Homeowners, at any rate, will follow up with him the recommendations for property tax cuts and new means of attracting industry. KNX Radio, which has won many awards for public service, continues to be interested in homeowners and their tax problems. Their forums should be supported.

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LOS ANGELES COUNTY

Bodger Park Group Joins Statewide Homeowners

By MICHELE HAMILTON

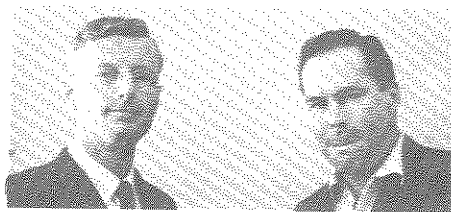
Helen Denney, president of the Bodger Park Community Association, informs us that their group has voted to affiliate with Statewide Homeowners Association. Let me be the first to wish Al Morganstern, Charlotte Scherck, Mildred Stander, Dea Cunningham, Dennis Miller, Virginia Gober, Judy LeVeck and some 450 other members of the Bodger Park group, (which is in Hawthorne) a hearty welcome to Statewide Homeowners.

For the benefit of other homeowners groups who might be interested in the benefits of affiliating with Statewide Homeowners, the fee for group membership is \$25 and this entitles you to our magazine and all news releases, plus classes in economics which explain our tax plan.

We also help groups with their local problems, which are mostly zoning fights up to now, but we write press releases, make appearances before zoning boards and city councils and send telegrams and letters to add our weight to the local groups in their battles. When the time comes to fight for our bill, ACA 20, then we will ask all of you to help us get it through the legislature.

Valley Meeting

At a meeting in the beautiful new Valley State College auditorium, January 5, we were invited to speak to representa-



Sanderson and McCarthy, right

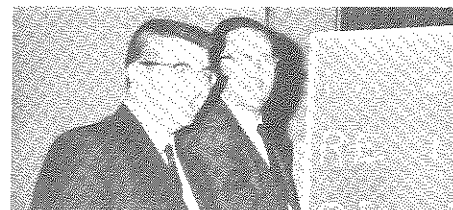
tives of five large homeowners groups located in the San Fernando valley.

Jack Motley, who is editor of California Homeowner magazine, spoke to the meeting about the Statewide Homeowners and the need for all homeowners to work together for best results. This particular meeting was called to organize the fight in City Council January 15 against a zoning change made for a large subdivision.

Peter T. Rice, legal counsel for two of the groups present, gave an excellent talk on a battle he had fought and won with homeowners groups in the Sunland and Tujunga area against a gravel mining operation which would have spoiled that

beautiful refuge of the asthma sufferers.

It was interesting to meet James Sanderson, president of the Federation of Valley Property Owners, an association of 14 homeowners groups which has been working together since 1953. Also present at the meeting was Jack McCarthy,



Wallace, left, and Aram

president of the Northridge Civic Association, organized since 1947 and publishers of a lively news letter called "The Wrangler." James Wallace, president of the North Valley Property Owners Association, was moderator of the meeting which formed committees to organize the resistance in City Council to rezoning of the Porter Ranch area.

Dr. Aram Active

Dr. Hartley Aram of the North Granada Hills Homeowners Association has been active in trying to preserve the beauty of the Santa Susana Mountain area, one of the last large undeveloped land areas near Los Angeles. In their petition to the City Planning Commission and the City Council of Los Angeles, these groups protested the application of the Macco Realty Company to subdivide 192 acres of the Porter Ranch into RS zone (7500 sq. ft. lots) and RE zone (11,000 sq. ft.).

As their petition read, "If the entire Porter Ranch were zoned as Macco proposes, there would result a population of 57,575 people in 4100 acres." This would place a tremendous overload on sewage facilities, schools, flood control and other city services, plus depreciating the property of the homeowners in the area who have large investments in estate sized RA zone (20,000 sq. ft.) lots and beautiful homes built to match the terrain without the ugly grading necessary when small lots in "pads" are built in hillside areas.

At the appearance of these groups in the City Council hearing January 15 their petition failed and council approved the rezoning. Of course you "can't win 'em all," but a really strong homeowners movement in that area would have given pause to some members of City Council.

Business Directory

Among the many members of Statewide Homeowners Association all over California are these individuals and firms who are Business Members, and who support the program of Statewide Homeowners Association for equalized assessments and tax relief for homeowners and businessmen. They are united with other members of Statewide Homeowners Association for a sound California economy and expansion of a free market system.

PATRONIZE THESE BUSINESS MEMBERS OF STATEWIDE HOMEOWNERS ASSOCIATION

AUTOMOBILE UPHOLSTERING & TOPS

Hillcrest Auto Top Shop
320 E. Washington Street
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187 North Marshall
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2302 Shelter Island Drive
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Harbor Boat and Yacht Co.
4980 Harbor Drive
San Diego

BOOK DEALERS

Lutheran Book Store
4834 Rolando
San Diego

North Park Hobby Shop
3944 30th Street
San Diego

BOOKKEEPING SERVICE

Bookkeepers Business Service
3460 Adams Avenue
San Diego

BOWLING APPAREL & ACCESSORIES

Valley Enterprises
399 N. Second
El Cajon

BOWLING LANES

La Mesa Bowl Corporation
7380 Parkway Drive
La Mesa

BOXES & BASKETS

Pacific States Box & Basket Co.
2315 Santa Fe Avenue
Los Angeles

BUILDERS

American Housing Guild
3247 Mission Village Drive
San Diego

CAR WASHING

Minit-Man Lippitt Inc.
1050 11th Avenue
San Diego

CARPET CLEANING

Pioneer Carpet Cleaning
4078 Hamilton
San Diego

CARPET & FURNITURE CLEANERS

Home Rug & Furniture Cleaners
1251 University Ave.
San Diego

COCKTAILS

Stardust Room
3089 Clairemont Drive
San Diego

CONTRACTORS

Long & Long Construction Co.
4019½ Chamouné
San Diego

EXCAVATING—GRADING

Mel S. Bergstrom
4616 Castelar Street
San Diego

INSURANCE

Midland National Life
Mortgage Protection Plan
3259 Wilshire Blvd.
Los Angeles 5

MORTUARY

Johnson-Saum & Knobel Mortuary
1408 Fourth Avenue
San Diego

MOTELS

Rancho 101 Motel
U.S. 101 Business—
6596 Pacific Hwy.
San Diego

Tappy's Alpine Motel
2337 Highway 80
Alpine

MOVING & STORAGE

El Cajon Van & Storage
141 S. Johnson
El Cajon

MUFFLERS

Midas Muffler Shops
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San Diego

MUSIC

Townsend Violin Studio
Violin, Viola, Cello
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3780 Fifth Avenue
San Diego

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944 Orange, Coronado
1266 Palm, Imperial Beach

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120 Orange Avenue
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702 "K" Street
San Diego

Change The Property Tax

By ROBERT M. HUTCHINS

(Dr. Hutchins is a distinguished American author and educator, and writes a newspaper column for the Los Angeles Times syndicate, by whose permission this article is reprinted. He is president of the Fund for the Republic, and the Center for the Study of Democratic Institutions, Santa Barbara. He is a director of Encyclopedia Britannica, former dean of the Yale University law school, and a former president of the University of Chicago.)

We may need a tax cut, but what we need even more is a drastic revision of our whole ramshackle tax structure.

Taxes should reflect and promote sound public policies. The real property tax, which is the main support of local, municipal and county governments, reflects and promotes almost every unsound public policy imaginable.

It encourages urban sprawl and land speculation. It thwarts urban rehabilitation, construction, investment in building and improving homes and orderly development.

Tax on Raw Land

The reason is that the tax is based on the market value of the property. Raw land has a lower market value than any other kind of real estate.

Therefore, the man who buys raw land and does nothing with it pays comparatively little in taxes. The more he puts into it, the higher his taxes. He is penalized for making raw land into a farm or a place to live. The more he spends on the farm or on his home, the more he is penalized.

The man who lets his property run down will pay lower taxes than the man who keeps it up. This is one of the causes of urban blight.

The speculator drives the prospective buyer in search of cheaper land farther and farther from the center of town. This is one of the causes of urban sprawl.

The speculator, by forcing up the price of land, puts a premium on squeezing the most housing into the smallest area. This is one of the causes of suburban slums.

The tax system almost compels the buyer of land to become a speculator. If he improves his land, his property tax will rise. If he improves it, and gets any revenue from it, his property tax and his income tax will rise.

If, on the other hand, he sits on the land, does nothing with it and finally sells it at a great profit, he will pay little by way of property tax and will be taxed on the profit at the favorable rates applied to capital gains.

The profit will result from growth of population and the development of the community.

The speculator can take no credit for it. His efforts, energy and sacrifice did not produce it. He is like any other monopolist who corners a good thing. All he has to do is to wait until those who need it will pay his price.

The New Tax

The remedy is absurdly simple. It is to take the tax off the improvements and put it on the land.

The owner would then be taxed on what the community had done for him in raising the value of his land. He would not be punished for what he had done to build up the community by using his land.

If the tax were on the land and not on the improvements, the incentive to gamble in land would be removed. We might then hope for sound utilization of our living and working space, a commodity that is getting scarcer every day.

DR. HUTCHINS AND HIS CENTER

By BROOKS ATKINSON

*Reprinted by permission of
The New York Times*

"I don't think I am pessimistic, but I don't see why I am not," said Dr. Robert M. Hutchins, president of the Center for the Study of Democratic Institutions.

He had in mind the general stream of life today. But he might have been referring to his own democratic institution, which tries to think objectively about the complex problems of our unruly civilization. The center is getting close to the bottom of the original 1952 Ford Foundation grant of \$15 million to the Fund for the Republic. All the fund activities are now concentrated in the center, which is housed in quiet splendor on Eucalyptus Hill overlooking the Channel, the Santa Ynez Mountains and the sweet city of Santa Barbara.

It costs about one million dollars a year to pay the staff and overhead of the research center, print the pamphlets and distribute the tapes on contemporary subjects. The bill for printing and distributing comes to \$250,000 a year. Two of Dr. Hutchins's associates are cheerfully pessimistic. W. H. Ferry, one of the two vice presidents, is never so ebullient as when he is predicting disaster. "We are on our way out," he says triumphantly. Frank K. Kelly, the other vice president, is equally exuberant. In a glow of geniality, he says he expects that the center will be dismantled and stored away in October, 1965. Attempts to raise money from general sources have not yet been success-

ful enough to scoop up one million dollars a year.

But Dr. Hutchins, a graver man than his vice presidents, cannot believe that the United States will not support the center, which he regards as of real value to the future security of our national life. "If you are headed towards a new political and economic situation, it would seem wise to think about it," he says. And that's what the center does five days a week. Now in his early sixties, Dr. Hutchins believes that the aim of living is education, that a genuine democracy is a community in which everyone is learning, and that our basic problem today is how to create opportunities for learning. Long ago he accepted as his major premise Aristotle's assertion that men of all kinds want to know. Having always acted on that premise, Dr. Hutchins expects that the center will continue to act on it because it is not only sound but essential. Disinterested thought seems to him the highest form of civilized life, and he is right.

Since the center has no political program, it cannot be easily described in a society that is always looking for the angle. A Roman Catholic scholar, Simon Scanlon, a Franciscan, has described it most graphically in a miniature magazine called *Way*. He compares the center to the medieval studium—an organization of scholars that stood between the people and the centers of power and interpreted the universe to both. The medieval studium was subsidized so that it could enjoy freedom from economic pressure. It also enjoyed political exemption.

What the center busily interprets lies in six basic fields: corporations, labor unions, religious institutions, defense, the mass media and the political process. Every working day Dr. Hutchins rings a bell at 11 o'clock. And for the next two hours, scholars on the staff and visiting consultants discuss, analyze and criticize papers written on these subjects. When a paper has survived criticism and discussion, it is printed as a pamphlet and sent—for the most part free—to institutions, organizations and individuals who may need such counsel.

About 140 pamphlets have been written and printed in editions of 25,000. Some of them, notably A. A. Berle Jr.'s "Economic Power and the Free Society," have been reprinted in editions of 100,000, because public response has been so great. The pamphlets have also grown into a long shelf of books that have been expended out of the original material and are issued by commercial publishers. The center has led the study of the effects of automation on society. Dr. Hutchins believes that the center can take a large share of the credit for alerting the United

(Continued on next page)

NEWS—

About Homeowners And Others



Composer Meredith Willson of "Music Man" (76 Trombones) and "The Unsinkable Molly Brown" fame, left, and Mrs. Willson, join Jacque Buroteau and Ned Washington, right, at presentation of the late Victor Young's music library to Brandeis University. In foreground are Oscar awards won by Mr. Young, one of them for "Around the World in 80 Days." Many well known Beverly Hills homeowners attended the ceremony at the home of the late composer, one of them being composer George Stoll and wife (right photo.) The Stolls are interested in ACA 20, the Homeowners Tax Plan endorsed by Statewide Homeowners Association for reducing taxes.



Ed Dow, president of Hacienda Heights Homeowners, left, and Red Ryder.



Assemblyman Don Allen Sr. of the 63d District, right, was guest of honor at a recent testimonial dinner. With him, from left, are John Nagy, president of Statewide Homeowners, and Mr. and Mrs. Edwin B. Cassidy.

DR. HUTCHINS

(Continued from Page 11)

States to the problems that automation creates.

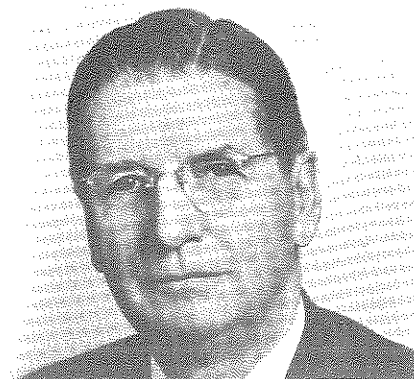
Personally modest, responsible, intellectually independent, highly educated in subjects affecting mankind, Dr. Hutchins

is an American of considerable stature. In public education he continues the American pioneer tradition. He finds the West Coast a congenial environment for applying disinterested thought to important public problems for the enlightenment of the nation as a whole.

Kilpatrick Retains Tax Reform Interest

Former Assemblyman Vernon Kilpatrick of Lynwood, the father of property tax reform in California, still retains his ardent interest in the subject, and in land value taxation.

Kilpatrick served in the Legislature from 1939 through 1962—24 years—on many important committees, and sponsored various pieces of significant legislation. The basic legislation on the needs of the aged and blind was introduced by



VERNON KILPATRICK

Kilpatrick, and as chairman of the Interim Committee on Crime and Corrections, he instituted an overhaul of state jails.

Kilpatrick has served on the committees for Natural Resources, Planning and Public Works, Constitutional Amendments, Education, Social Welfare, Transportation and Commerce, Water Problems, and Revenue and Taxation.

In 1959 Kilpatrick first sponsored legislation to allow untaxing of buildings and personal property, and in 1961 he introduced Assembly Constitutional Amendment 43, sponsored by 44 Members of the Assembly, to permit the same thing. When ACA 43 was sent to interim study, Kilpatrick was made chairman of a subcommittee to study it, and the study produced the Griffenhagen-Kroeger report showing the advantages of land value taxation.

ACA 20, sponsored by Assemblyman James Mills of San Diego in 1963 and passed by the Revenue & Taxation Committee, embodies the principles of Kilpatrick's earlier measures. Kilpatrick's bills on property tax reform, and his work for them in and out of the Legislature, are largely responsible for the great current interest in the subject in California today.

Kilpatrick follows closely economic and legislative news about property tax reform and readily assists those who seek his advice and help on the matter.

California Homeowner

Assessors Can Issue Lists Of Tax-Free Home Repairs

By E. ROBERT SCROFANI

Despite the contention of some assessors that they do not have authority to issue lists of house maintenance repairs that can be made without an increase in property assessment, the California legislative counsel, A. C. Morrison, says they can do so.

Two organizations with which I am connected, the San Francisco Committee to Reform the Assessment of Private Property (SCRAPP) and Statewide Homeowners Association, asked Assemblyman John F. Foran, "Is such a list legal under state law?"

The opinion of the legislative counsel was brief. He replied, "Yes."

Foran Asks

Assemblyman Foran asked further, "If the list is legal would it be legal for a city and county assessor to issue such a list?"

Yes, said the legislative counsel.

Because the Richmond city assessor already publishes such a list, and because other assessors said they had no authority to do so, Assemblyman Foran, at our request, asked the legislative counsel for an opinion.

We consider the opinion a victory for homeowners, and now we must persuade other assessors to follow the lead of Richmond.

We hope this opinion will have an effect on halting reassessment of houses whenever a building permit, no matter how small, is taken out. A homeowner should be able to keep his house in repair without having his taxes raised.

* * *

After the Peninsula Manufacturers Association charged that high taxes and unequal assessments are driving business and industry out of San Mateo County, County Assessor Ralph E. Woodman said a new program will result in equalized assessments by 1965-66. This is an admission, of course, that assessments have not been equalized. Year in and year out almost every assessor in California claims assessments are equalized, when it is obvious they are not.

William C. Hern, president of the Manufacturers Association, said, "An unfavorable business climate," resulting from higher and higher property assessments on San Mateo industries, is forcing business to leave the county. He asked county supervisors to do something about equalizing property assessments.

* * *

"Today, most cities are subsidizing

slums by under-taxation and discouraging improvements by over-taxation; and the federal government is making things worse by letting slumlords take big depreciation and by subsidizing redevelopment land purchases. Slumlords grow rich in their sleep."

I was privileged to tell that to the Assembly Revenue & Taxation Committee when I testified before them in San Francisco recently.

* * *

Here are some further quotes on property taxation:

Glen Park Property Owners Association—"Our city fathers are always suggesting that neighborhoods spruce up, paint up and improve their property, so they should consider this from a tax standpoint and encourage the citizenry to do so without fear of tax increase."

Eureka District Merchants Association—"Our members voted unanimously recently to support SCRAPP's efforts to encourage the improvement of homes and other properties without the fear of an increase in taxes and assessments."

Council for Civic Unity—"Homeowners should be encouraged and helped to upgrade their dwellings, with special tax relief to encourage rehabilitation."

Other similar statements of support have been made by Mission Neighborhood Centers, Upper Noe Valley Neighborhood Council, St. Mary's Park Improvement Club, Marina Homeowners Protective Association, Citizens Planning Committee, Monterey Heights Improvement Club, Sunnyside Improvement Club, East Mission Improvement Association, Twin Peaks Improvement Association, Peralta Heights Improvement Association, Richmond Renewal Association, and Arguello Park Community.

* * *

An article in the San Mateo County Teachers Association publication of January is headed, "School Finances and the Need for Property Tax Reform." It says in part:

"When the public buys vacant land (for schools) it pays full market value. The same land, however, paid only a

SOAK-THE-RICH

By JOSEPH S. THOMPSON

(Mr. Thompson, a member of Statewide Homeowners Association, is founder and honorary chairman of the board of Federal Pacific Electric Company, San Francisco, and president of the International League for Land Value Taxation.)

Bernard D. Nossiter, in a November, 1963, article in The Progressive magazine, (Madison, Wisconsin) titled, "A Tax Bonanza for the 'Well-to-do,'" plainly indicates that he is an adherent of the soak-the-rich policy, without giving thought to the right of some of us to be well-to-do.

I was speaking, on one occasion, in favor of making land rental the source of government income, leaving earnings in the hands of the earner, when a questioner asked, "How would you keep people from getting rich?" "I usually like to give a direct reply to questions," I said, "but this time I am too tempted to simply change your question from 'How—' to 'Why would you prevent people from getting rich?' I have a sister (Kathleen Norris) who got rich because people liked to buy her books. I got rich by building a manufacturing company from one thousand dollars capital to four million, because the users of our product chose to buy it against severe competition. Don't we all want to get rich? And why not?"

Nossiter should separate those who get rich through service from those who get rich through privilege—a thing that could be readily done by making land rental value the source of government revenue.

He should be fighting our asinine tax policy, not because it permits some of us to be well-to-do, but because it creates a Murchison, a Getty, and a Kerr (the late Senator), while it punishes a Henry Ford and a Thomas Watson.

Some years ago, the president of a large automobile manufacturing company told me that his salary of \$250,000, which he considered ridiculously high, had to be that high so that, after taxes, he would still be a little better paid than the men to whom he gave orders. His salary was, of course deductible as a

(Continued on Page 15)

fraction in taxes before the sale.

"California Teachers Association and other groups should ask for a full airing of the entire matter so that not only school financing but all public financing on the local level may be justly shared and administered in California."

Letters to the Editor

FROM LEGISLATURE

I have reviewed with interest the material in the CALIFORNIA HOMEOWNER and, as a member of the Senate Fact Finding Committee on Revenue and Taxation which is currently engaged in a comprehensive review of the tax structure of the State of California and its local governmental jurisdictions, I will be interested in any specific proposals which your organization may make to that committee.

It appears from the content of the magazine that the impact of your proposals must be analyzed, and I presume that you are prepared to advise legislators of how the tax burden would be redistributed if decreases in assessed valuation of improvements to property (and thus, decreases in tax collected from such assessed valuations) were effected.

Luther E. Gibson
State Senator, Vallejo

* * *

I am extremely interested in this subject (property taxation) and particularly in ACA 20. In general I favor this type of legislation. I am hopeful that this constitutional amendment will pass in the next session of the Legislature.

John Francis Foran
Member of Assembly
San Francisco

* * *

The article on ACA 20 was of tremendous interest to me as a member of the Senate Fact Finding Committee on Revenue and Taxation. I hope that we can do more work on this specific field as our studies progress.

Thomas M. Rees
State Senator, Los Angeles

* * *

As you no doubt know, I opposed the one-cent gas tax. It is my feeling that we do not need such a tax in Southern California, but rather that we need a reapportionment of the existing taxes.

William E. Dannemeyer
Member of Assembly, Anaheim

* * *

I read the articles in the December issue of CALIFORNIA HOMEOWNER before you called them to my attention, but I want you to know I appreciate your doing so.

Charles E. Chapel
Member of Assembly,
Redondo Beach

THOUGHT PROVOKING

May I take this opportunity to thank you for the CALIFORNIA HOMEOWNER. In going through the magazine I find many thought provoking articles. Your magazine presents something just a wee bit different from the usual run-of-the-mill journals.

Your material is instructional and not just a bunch of copy cat stuff thrown together. It shows originality, and certainly that some place there are those who want to return to things I have long been advocating, such as thinking for oneself.

There is much apathetic misunderstanding on the part of our citizens, and many of them are willing to accept government advice sold to them every day by entrenched bureaucrats. Citizens are frequently sold a bill of goods, such as bond issues, because of a fiction the bonds will finance needed improvements. Sometimes when the bonds are voted and sold, the improvements never completely materialize.

I suggest a way be found to insure that those who endorse a bond issue—usually persons of prominence—be constituted into an independent watchdog committee to see that the bond issue money is spent for the purpose intended and the project completed. This may sound controversial, but out of controversy comes a great deal of fine organization.

Don A. Allen Sr.
Member of Assembly, Los Angeles

* * *

ALASKA HOMEOWNERS?

We should have land value taxation in Alaska, as Pennsylvania and Hawaii do, and as California and Michigan are trying to do. Can you help us?

The Alaska attorney general says a home rule city or borough in Alaska may establish land value taxation, but expresses doubts if ordinary cities or boroughs may do so. Our laws are vague there.

I will pursue it in the Legislature.

Yule F. Kilcher, Senator
Box 353, Homer, Alaska

Letters to the Editor are welcome. Please keep them short and sign name and address.

INTERESTED

We have learned that your association is advocating reduction or elimination of taxes on improvements and personal property. We are interested in exploring the idea of basing all property taxes on land value alone and would appreciate your sending any literature you might have on the subject.

Patrick Healy
American Municipal Assn.
Washington, D.C.

* * *

ACA 20

I read the CALIFORNIA HOMEOWNER with much interest and can very well go along with what you advocate. You should team up with the Incentive Taxation Committee of California, who are involved in the same effort. I wrote a lot of letters to legislators last year advocating support of ACA 20. I wish you every success.

Charles T. Menten
138 S. Flood Rd., Auburn

* * *

MAYOR CLARKSON

That was a nice story on Mayor Jim Clarkson and his land value taxation program in Southfield, Michigan. In 1962 he was successful in getting a one per cent depreciation in assessed valuation of all buildings in the city, and this year there will be two per cent depreciation in assessed valuation of all buildings (not land) in Southfield.

This is progress. Southfield people are not relying on an old law or even a new one. It's the realization that buildings depreciate.

Permissive legislation to allow un-taxing of houses and buildings in Michigan will be introduced in the coming session of the Legislature, and a fight will be made for it.

Bob Benton, 920 Ford Bldg.
Detroit 26, Michigan

* * *

FLORIDA HAS SUNSHINE?

Greetings from another "sunshine" state. You have a fine magazine.

I am a candidate for county commissioner here, and my main platform has to do with removing all taxes on improvements, and placing most of the tax on land, and re-assessing on a fairer value than is now employed. I will keep you posted.

Pat Imperato
5163 Sixtieth Way
St. Petersburg, Florida

California Homeowner

HOMEOWNERS WILL WIN

In the quest by homeowners and businessmen for a true equalization of property assessments, and for an improved property tax structure which does not penalize initiative, but leads to increased production and jobs and lower taxes, is there chance of success?

A thousand times yes. The chances of forcing assessors to acknowledge true market value of all property, to equalize their assessment ratios, to make people aware of assessment inequities working against homeowners and businessmen, and to overthrow both the system of elected assessors and the outmoded property tax structure are increasing day by day.

More and more surveys are being made and more of them are showing the tremendous under-assessment of land and slum property. More attention is being paid to slum conditions and poverty, and this will have the eventual effect of making people realize that property taxes are related to slums and poverty.

The schools are screaming for more funds, and not being able to obtain them from over-taxed homeowners and businessmen, school officials will finally go to work on assessment problems and the property tax in general.

LEASING LAND

Mission Bay Aquatic Park is the most spectacular achievement in the history of San Diego city government. If all government planning in California were that good, there'd be little cause for concern about the state's future. As yet far from maturity, the park's plan is carefully worked out to provide a bounty of "free" public park and water activities, made possible largely by generous leases to appropriate enterprises. Clearly, the success is due to the limitations thus placed on speculation. Which raises a question that ought to be faced: if all land were leased out by government, would there be fewer orgies of misspent energy producing disasters like downtown San Diego?—California Review, Vol. 1, No. 1, 1963, p. 29.

'CITY PLANNERS'

"... land speculators are the real 'city planners' of our time. They assemble a large area and then attract some major 'traffic generator,' preferably a department store, so that real estate prices will begin to climb. The local government all too easily goes along with the deal because it may mean a new source of easy taxes."—California Review, Vol. 1, No. 1, 1963, p. 19.

More and more legitimate criticism is being directed against assessors for not following the laws. Legal action to compel assessors to obey the laws is in the wind, and a few good court decisions against a few assessors will cause all of them to change illegal tactics overnight.

Political pressure against legislators, officials and assessors who uphold present assessment practices and property taxes is rising. New candidates who understand fundamental economics and property taxation are being sought. On every hand writers and speakers, including a U.S. Government Commission, are declaiming against obsolete assessment and property tax systems.

As Col. John Glenn wrote recently, "Ages of discovery and exploration have always been quickly followed by progress in ... law, economics, political science ..."

The time is not now, but it is certainly near, when a property tax system which allows assessors to aid and abet land speculators and slumlords, to the detriment of homeowners and businessmen, will disappear as feudalism and slavery did before it.

It there a chance? You bet there is. All the signs point our way.

INFLATION

Europe, North America and Japan are worried about inflation, according to reports from Paris and Brussels, reported in The New York Times Dec. 17 and Jan. 17.

The reports of monetary officials of 12 countries, including Common Market nations and Sweden, Britain, Canada, Japan and the U.S., said inflationary tendencies must be watched and cooperation continued on monetary policies. It was also stated that rising consumer prices plague most Common Market member states.

JOE THOMPSON

(Continued from Page 13)

charge against the cost of production, but the company's cost would have been equivalently lower if he and his subordinates were paid reasonable salaries (and permitted to keep them). The company would have been in a position to lower prices, pay better wages in the lower-wage levels, and pay higher dividends, or all three.

And dividends are the stimulus that brings investment which furnishes the capital so essential to the providing of the highly expensive tools of today. These tools create jobs through making avail-

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able material like strip steel, without which many industries could not operate and offer their products at today's prices, or at the lower prices which could be established if we were as intelligent in our taxation as we are in so many other things.

SENATOR IS LAND SPECULATOR

U.S. Senator George A. Smathers of Florida is a land speculator whose \$9,000 investment in Florida land in 1957 will return him about \$48,000 by the middle of this year. That's pretty good. Invest \$9,000 in land—do nothing—don't lift a finger—don't turn a wheel—don't give one job to another—just take it easy—and wind up with \$40,000 profit in eight years.

Now the businessman who invested \$9,000 in a small store or a garage or a restaurant in 1957 may also have made \$40,000 since then—that's \$5,000 a year for eight years. But that productive businessman had to sweat it out—long hours—hard work—paying the bills—keeping books—hiring workers. And if that \$9,000 store or garage or restaurant was started in Florida somewhere near the location of Senator Smathers' land, then the productive businessman not only worked to make \$5,000 a year for himself, but his work helped Senator Smathers make \$5,000 a year by not working, because if people and stores and garages and restaurants had not settled around the senator's land it would still be worth only the \$9,000 he put into it. It's people and business and activity that make land rise in price, not anything the land speculator does.

No matter if the businessman owned or rented his place of business, stiff property taxes would have to be paid. In California he would be assessed 25% on the building, up to 50% on inventory, and up to 100% on equipment. The land speculator, however, is assessed as little as 1% on the value of his land. Senator Smathers and other speculators can hold the land for years because the taxes on land are low. They can hold the land until businessmen and homeowners or schools or government bases settle around it and make it valuable.

Now land speculation is legal. It ought to be controlled by higher taxes on land, but except in Pittsburgh and Hawaii it is not. But, says The New York Times, "We think that the American people are entitled to know by what foresight Mr. Smathers came into such good fortune, especially as the land was not far from the Cape Kennedy complex."

Senator Smathers not only speculated himself, he gave parts of the deal to his assistant, Scott Peck, and to Bobby Baker, former secretary of the Senate majority. They each put in \$1,500 and took out about \$8,000 each—also by doing nothing—not lifting a finger—just taking it easy. Truly, land speculation is a good racket, except that it doesn't create jobs, and homeowners and businessmen must pay the taxes for the land speculators.

The Times says further: "When it is suggested that the committee should probe more deeply into these matters, we are curtly told that it is investigating Mr. Baker, not members of the Senate. That may well be the limit of its present authority. But the Senate itself should not be content with such an answer. Out of respect for its own good name it should see that these and other questions arising from the Baker investigation are relentlessly pursued and fully answered, no matter whom they may embarrass."



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