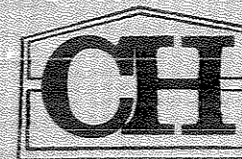


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CALIFORNIA HOMEOWNER

MARCH 1966

TWENT

TAX REFORM / Who Pays More?
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American Rationalist, independent free-
thought journal. Free sample copy. Box
1762, St. Louis, Mo. 63199.

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Living, Lane's End Homestead, Brooks-
ville, Ohio 45309.

ORGANIZATIONS

Erie Land Tax Assn., (ELTA) 2217 Penin-
sula Dr., Erie, Pa. Send for free informa-
tion on what Erie citizens are doing to
get land value taxation.

Southern Student Organizing Committee
(SSOC) Box 6403, Nashville, Tenn.
Working on political and social issues.
Send for free information.

Incentive Taxation Committee of Cali-
fornia, 1106 First National Bank Bldg.,
San Diego 1, Calif. The organization for
business and professional people who want
to eliminate the business inventory tax,
machinery and equipment tax, personal
property tax, and who want to improve
the California property tax structure.

San Francisco Committee to Reform As-
sessment of Private Property (SCRAPP) 26
O'Farrell St., San Francisco 2.

Graded Tax League of Pennsylvania, 710
Bakewell Bldg., Pittsburgh 19, Pa. Write
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LETTERS TO THE EDITOR

Dear Sirs:

As you have printed articles on urban renewal we are sure you would be interested in a new approach to that problem, new to the United States, but tried and found effective in New Zealand, Australia and other countries.

We have prepared a series of letters explaining this approach and will send them to any municipal official connected with planning the future of the cities. The prospect of living in a better and brighter America and saving the billions of dollars now being spent on urban renewal is the motivation behind these letters. We sincerely feel they will help explain how a better taxing method will give incentive to private renewal.

If you would like to receive them, or if you wish them sent to anyone concerned, please let us know.

Steven Cord
Professor of History and Economics
Graded Tax League of Pennsylvania
710 Bakewell Building
Pittsburgh, Pa. 15219

* * *

As former members of your organization we thought you might be interested in the following little problem that has amused the residents of Seattle since we arrived here.

Seems the local assessor shocked the owner of Namu, a killer whale, with a tax bill for \$335. \$300 of this, the assessor explained, is for Namu's "true market value" of \$22,750. The remaining \$35 was for fire protection, as Namu is wintering in a cove in Kitsap County and must pay the Kitsap County Fire District assessment.

Ted Griffin, owner of Namu, pointed out that the salt-water cove he resides in is generally regarded as fire-proof and that Namu has his own fire-fighting equipment, his blow hole. As for the established price, it was conceded by the assessor to be an "educated guess." Sound familiar?

Bob and Elizabeth Burbridge

* * *

Mr. E. Robert Scrofani

May I thank you and the Statewide Homeowners Association for your letter congratulating me on receiving the Liberty Bell Award from the San Francisco Bar Association. It was certainly an honor for me to be chosen for the Award, and I appreciate your kind comments and good wishes.

Please express my thanks to the members of your fine association.

With warmest personal regards,

Thomas J. Cahill
Chief of Police
San Francisco

* * *

Dear Sirs:

Received my first copy of *California Homeowner* magazine the December issue, and found it interesting indeed. I was interested to see that you agree with my views on land and economics and am enclosing a reprint of an editorial from the *Syracuse Herald-Journal* which I wrote. Feel free to use all or part of it in any way you

deem fit, I would welcome your comments on it, "pro and con."

If you could use it, we will send you a set of the "Advanced home studies economics course offered by the University of Economics Foundation, 101 Park Ave., N.Y. 10017. Might be material you would find helpful. Very best wishes and good luck with your organization and warm regards to all who are helping you.

Jeremiah F. Enright
Liverpool, N.Y.

* * *

Your editorial calling for reform of the elective processes in the December issue of the "Homeowner" was both interesting and thought provoking.

I understand that England has a limit on campaigns and on contributions, which seems sensible. There has been a board of inquiry formed here which undertook to study the practicable way of enforcing election expenditures and limit campaign periods. There was also a revision of the distribution of electoral districts so they will correspond to actual distribution of population.

Several bills have been read but I believe they are still under debate.

Pearl Parnell
Toronto, Canada

* * *

Your editorial on the limit on campaign funds was interesting to me as an English expatriate as England has had such a limit for many years.

The great advantage of a limit to what may be spent by a candidate at an election is that the election can no longer be bought. Under present conditions a good "rich'un" will always beat a good "poor'un."

In Britain the amount that may be spent is limited to one or two pennies per head of the registered electors in a constituency. The per capita amount varies as more travelling expense is required for rural districts. In addition, the political parties may not spend more than a certain amount on a national basis. A year or two ago the Communist Party—with tongue firmly planted in cheek—declared that the cost of the Party leaders' appearances on national television must be counted against the miniscule amount allowed in their local campaigns. They didn't get away with it!

Each candidate is allowed to each person in his constituency a postage-free mailing which also levels the opportunity between the contestants.

In the U.S. we find the paradoxical situation of hundreds of thousands of dollars being spent to win a \$20,000 per year job. Inevitably, the candidate accepts large donations from people with special interest in privileges that can be provided by the office-holder.

In other words, the bought election leads to the bought politician.

Graft, anyone?

Harry Pollard
Los Angeles

California Homeowner Magazine

Volume 5 No. 1 March 1966

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Coming up: Next issue
The Costs of Urban Renewal
Are Assessors Corrupt?
The Consumer Story

REAL TAX REFORM

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WHAT TAXES DO

A Seminar in San Francisco



Francis J. Carr, Tom Sherrard, Harry Pollard (Moderator) Speaking, Ronald B. Welch, Board of Equalization, and Roy Davidson, Director of Resources Research.

Taxes worry you? Cheer up. You are not alone. One hundred and fifteen tax experts from San Diego, California, to Juneau, Alaska—25 of them from Marin—held a seminar Saturday, Jan. 15 on the side effects of taxation. Attended by Assessors, county supervisors, city councilmen, planners, school superintendents and school board members, the seminar stimulated what a concluding speaker called "a new skepticism of old assumptions" and called for fresh thinking on the seminar topic, "What Taxes Do."

Among the seminar's challenges:

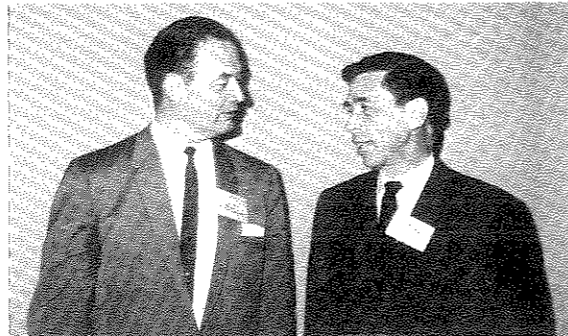
- Taxes are not all alike. There are two basic kinds: the kind that raise prices by hitting production, and the kind that lower prices by hitting monopolies. "The things men make," said Dr. Duval B. Jaros of Greenbrae, "get scarcer if you tax them, and their price goes up. But natural monopolies like land are fixed in supply. Tax land and there's no less land—indeed, those who hold it on speculation are quicker to offer what they have for rent or sale."

- The circulation of land titles is a sterile process. "Money that circulates from one land speculator to another, said U.C. Professor John Henry Denton, "makes no jobs and creates no wealth."

Left, Jack Morrison, Supervisor of San Francisco with Floyd Morrow, Councilman of San Diego.



John Nagy with Professor John Henry Denton, Lecturer in Valuation and Law of Real Property, School of Business Administration, University of California.



THE POLICE GO TO SCHOOL

by Michele Har

What kind of Law enforcement?

For a country founded on civil disobedience, the United States seems quite worried about the incidents of civil disobedience today. Which brings up the question, What kind of police power and protection do people want?

Some people say that the Supreme Court and local courts insistence on the protection of individual rights has under-mined police power by overemphasizing due process. Yet, was not this the idea of the Constitution, to give full protection to the individual?

Is the role of the policeman today to "enforce the law" and maintain order in society? If so, then what does the policeman do in the case of the civil-rights demonstrators, who openly defy a law they feel is wrong?

Many maintain that the public does not respect the police or the law and that this stems from a lack of respect in society today for any type of authority. But one might ask, when was the public ever enamoured of the police or the law? The average citizens contact with the police is one level only, the traffic ticket, he cannot be blamed for not being happy with a system which gives him little recourse except to pay off and keep quiet about it.

Police departments all over the land have a growing awareness of the social ills that result in the cultural conflicts of urban society. They have created specialized units to develop better communication with the citizens of the community. They also realized, as a result of one incident touching off a riot in Watts, that the entire police department has to be carefully trained in the understanding of ethnic groups. San Francisco and Los Angeles have had these Police-Community Relations Programs in effect for over 3 years now and they are beginning to restore some of the citizens confidence and build up communications with the "pockets of poverty" or crime breeding areas of the large cities.

Most of the activities of these community relations departments are in the area of promoting goodwill, improving communications, talking to people in the neighborhoods, participating in Boy Scouts and other neighborhood activities during their off-duty hours and convincing school children that the policeman is a friend, not an enemy. In addition these programs have worked with minority newspapers and improved their public image through the only media which reaches many of the poverty areas.

The new police program work with the parents of proving the whole neighborhood, encouraging clean-up fix-up campaigns, they help the parents see the responsibilities in training children, trying to create civic responsibility in where there was little li to society in the past.

The police of Oakland, enlisted the aid of 60 p ministers and rabbis to with troubled people and prevent crime. This has brought about greater understanding between the clergy the cops. A program should be followed in all munities.

The annual crime rate nation has been climbing 10 to 15 percent per year California and especially Los Angeles County accounting more than its share. According to J. Edgar Hoover it costs American people \$600 each day to support the crime and crime prevention is to be hoped that police odds will continue to improve keep up with this great increase in crime. It is also to be hoped that parents will pay attention to the raising and disciplining of their children, now account for 17 per cent of all arrests.

B BOOK REVIEWS

MANCHILD IN THE PROMISED LAND BY CLAUDE BROWN

It took a couple of hundred thousand dollar Ford Foundation Grants for the learned sociologist to find out that the children of Harlem were deprived in so many ways that they could not comprehend the simplest sentences when sent to school. Claude Brown, an articulate graduate of the Harlem slums could have told them all that very easily.

This picture of the life and times of negro dwellers in the worst of all possible slums is shocking, horrifying and true. Written in the patois of the streets, in the hip argot used by the Negro to cover his fear and ignorance, this book lets the sheltered "whitey" see what its like to have a black face. It is not a pretty picture.

The book explains the need for help, but do "operation headstart" and the War on Poverty fill the bill? It is definite that the children must be reached and helped before school age. It is also true that the parents must be helped to find jobs and housing and more opportunities.

What this book brings out most strongly is that the corrective, the social, the educational institutions of today are not reaching these people, they are, in fact, helping to brutalize them further. The wrong attitudes about dope, the lack of understanding and communication with police, the poor comprehension of the students of present educational methods, overcrowding, profiteering by the few on the many and lack of voting power by the men have led to a system which few negroes have been able to break out of, Claude Brown is one of the very few who have.

The Great Discount Delusion

by Walter Henry Nelson

published by David McKay Co., Inc.

The merchandising scene has undergone drastic changes in the past ten years and the greatest changes have been brought about by the discount houses. In this book Walter Nelson, who has had experience in advertising, public relations and manufacturing firms, takes the reader behind the scenes for a survey of discount practices based on many years of Congressional hearings and many other sources.

The lure of the bargain is irresistible to most shoppers, and if they were careful shoppers who compared values in several stores, they might actually get an item at below prices listed either by the maker or by other stores. These items are usually "loss-leaders" and very few of them are available. Usually the so-called "below list" price is the result of an artificial and inflated price which is then neatly crossed off and the "discount" price put below in red to suggest a greatly reduced price. A careful comparison of these prices with other store prices will often find that the other stores sell at less than the discounted price.

"The Great Discount Delusion" itemizes the false advertising, the cheap merchandise turned out by often reputable manufacturers for the discount market, the false packaging, baiting-and-switching: This is the practice of luring customers into the store with name-brand merchandise and then switching them to a cheaper product with a larger mark-up.

Every shopper owes his pocketbook a glance at least at this book. It will save much time and money in the long run.

Where Science and Politics Meet

by Jerome B. Wiesner

published by McGraw-Hill Book Company

Wiesner, Dean of the School of Science at M.I.T. and formerly President John F. Kennedy's Special Assistant for Science and Technology, wrote most of this book while working at the White House. He tried to advise Kennedy, and Johnson after him, on the role of federal government in research, educational needs and science in foreign affairs, and the role of science and technology in our developing nation.

The first part is a remembrance of Kennedy as man and president and gives testimony to the vision of what Kennedy thought the world should be. Further chapters reveal what Wiesner feels science can and should do in our affluent society. He also goes into comprehensive Arms-Limitation systems and the Nuclear test ban, plus inspection for disarmament.



(Left) Dr. John Menz, Chief, Resource Economics Sec State Office of Planning, Department of Finance, State of California, with Francis J. Carr, Manager, Tax Dept., Pacific Gas & Electric Co.

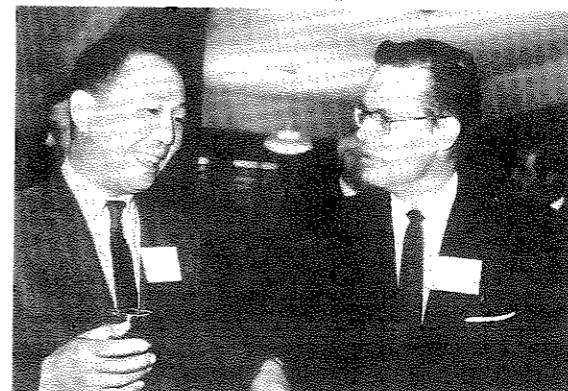
- Land speculators get extraordinarily favorable tax treatment, Denton said. Not only is vacant land under-assessed, but federal tax laws favor the man who sits on his land title and waits. Land speculation profits get favored treatment as "capital gains." Interest and property taxes are deductible.

- The profit motive is neither good nor bad but a vital social force that should be used to achieve socially desirable goals, according to John Menz of the State Department of Finance.

- Zoning, though necessary, is merely a negative, prohibitory tool, Menz said. Zoning can backfire by inducing speculation in the areas it favors, according to John Nagy, President of the Statewide Homeowners Association. He called for a property tax on land only to promote sound and effective zoning rather than speculation and sprawl.

- High farm taxes are caused not by over-assessment of farm land but by under-assessment of vacant lots, slums and speculative holdings on the city's fringe, Nagy said. Instead of tax favors, farmers would benefit from better assessment of vacant lots and fringe lands so that builders and speculators will not bid up land prices in bonafide farm areas.

(Continued on Page 9)

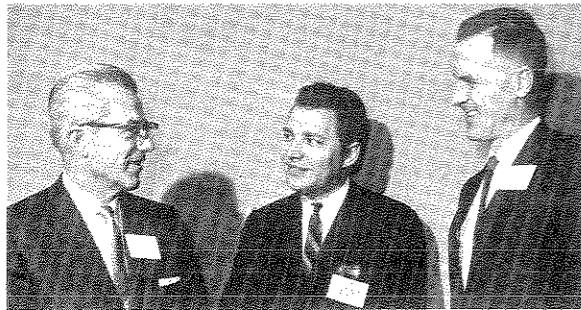


Robert S. Chang, Owner, R.S.C. Associates with Robert Tideman, Executive Secretary, Northern California Extension, Henry George School of Social Science.



Dr. Irene Hickman and Robert D. Goodier, California vision of Soil Conservation.

WAR ON UGLINESS SEMINAR IN OXNARD



Virgil Elliot, Director of Finance and Records for San Francisco with E. Robert Scrofani, Northern California Director of Statewide Homeowners, and Clyde Fisher, Director of Zoning for San Francisco.

Seminars do not solve a problem but they often point in the right direction for a solution. The recent seminar in Oxnard outlined plans for the Ventura County area to fight a "War on Ugliness." Participated in by the Ventura Chapter of the American Institute of Architects, the League of Women Voters and many civic officials from Simi, Ventura, Ojai, Santa Paula and Oxnard, the 210 listeners heard messages from three speakers with suggestions to help in the offensive against ugliness.

Art Seidenbaum, Los Angeles Times columnist and one of the organizers of the 9 county Regional Plan Association, dealt with the problems of environmental decay in Southern California.

John Nagy, President of Statewide Homeowners Association, cited the instances of bad planning which put 300 houses in the hills and suburbs of the city while downtown land goes begging. He called for wide tax reforms which would reward downtown land owners for fixing up their property, instead of penalizing them, as they now do.

During one of the afternoon seminars, Ventura County Executive Loren Enoch asked how to go about getting the owners of downtown business property interested in revitalizing the main streets of the city. John Nagy replied "Tell them that I will be speaking on taking taxes off improvements and personal property and see if they won't come." Enoch agreed that the owners needed an incentive to make their property attractive to the eye and this might possibly be the answer.

In the afternoon seminars were held on hillside development, signs and billboards, downtown revitalization, esthetic controls and on establishing an Architectural Board of Review.

At the end of the day Clint Ternstrom, of the firm of Ternstrom and Skinner, Architects in Los Angeles, said the real problem was to figure what man needs in relation to his environment and to his fellow man. He cited the efforts of San Luis Obispo and Fresno in renewing their downtown areas. He stated that the present generation is growing up on fake and ready



(Left to Right) James Guan, Camarillo Planning Department; Stanley Daily, Camarillo Mayor Pro Tem; Ned Chatfield, Camarillo City Council, and John Bishop, Chairman, Camarillo Planning Commission.

ANNEXATION

The night was so still
I could hear the trees pulse beat,
The bullfrogs poise
To catch flies, candle moth sails
With no lights to beat him down.
Gone, the whippowill
The pond is too near the street
And suddenly, noise!
Car backfires, a siren wails,
Now, my farm's in the town.

—Betty Lee

mades, fake orange juice in California, ready made clothes and food and he celebrates his birthday with a package mix cake. If we want to shape the destiny of this generation we must start now and do it right.

have read some of their pamphlets and found them excellent.

Second is Warren Carroll, writer and historian who has a book coming out on ten previous civilizations and their parallels to our own. He feels that the United States is on the threshold of the total state, that constitutional checks and balances have been blurred and a sure sign of this is the self-perpetuating power of the present government. When basic changes in the nature and policy of government cannot be brought about from outside government, but must be made from within the establishment, then we are in trouble, says Carroll. He has started a newsletter called *Freedom's Way* to explain his views and you can obtain it by writing to Box 2173, Newport Beach, Calif.

Our third gentleman who would aid the world

is Dr. Stephen A. Seymour, a practicing phys who made a 10-year study of 1,000 of the g est thinkers of all time and came up with rules and ideas on how to think and communicate which he made the subject of a book, "To Improve Your Thinking to Solve Your Problems." Dr. Seymour believes that people fail to neuroses and act irrationally because the not know how to think logically. He suggests "international language of logic" as the best for men to communicate and improve their relations with each other. He can be reached by writing to P.O. Box 24509, Los Angeles 90

Of course, the greatest progress towards betterment could be made if all the organizations trying to save and change the world would together, agree on a method for doing so, start working on the project immediately, agreeably.

TAX REFORM (Continued from Page 17)

out of the California economy, which at the present time is sorely needed right where it is, in the economic activities of the various communities. No homeowner or renter can escape the blow of an increase in the sales tax. The senate tax study showed that the average family with \$8,000 per year income would pay \$40.00 a year more if the sales tax would be increased 1 cent.

Chart 2 also shows that other miscellaneous increases would boost the annual bite to the average homeowner by \$25.00 and the average renter by \$20.00. The items included in this category are: increased tobacco taxes, income tax and inheritance taxes, and new taxes on property transfers and new sales taxes on many items now exempted. Thus, the average homeowner as shown on chart 2 would pay \$94.05 more in taxes to the State (the property transfer tax would be paid to the counties), while the average renter would pay \$87.25 more.

CHART 3

In summarizing charts 1 & 2, chart 3 shows a sad picture of the Unruh-Petris tax reform bill. The least that a homeowner would pay more is \$75.85. This is if all members of the family are non-smokers. If one member of the family smokes, the increased taxes are \$94.05, and if two people in the family smoke the increased taxes under AB-2270 would have been \$112.30. Renters would pay correspondingly more.

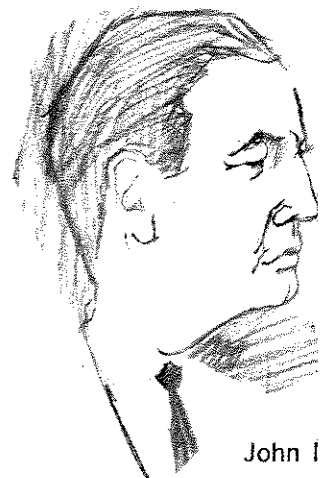
WHO PAYS MORE, WHO PAYS LESS?

It is obvious that homeowners and renters will pay much more taxes. And there is much to say for giving business and industry tax relief by exempting inventories. But how does one explain giving tax relief to slums and vacant land? Poor people do not own slums and vacant land.

It is difficult to explain to a

homeowner that he must more taxes so that XYZ corporation could have a tax cut, especially if XYZ corporation tributed \$19 million to stockers last year.

It is also difficult to explain why Mr. Slumowner should less taxes, especially if an Urban Renewal Program recently him \$1.5 million for the slums he had on Main Street last



John I

REPORTS FROM ALL OVER

Max Born, Nobel prize winning physicist, writing in the Bulletin for Atomic Scientist states that "during World War I the total number of people killed was about 10 million, 95% soldiers and 5% civilian. In World War II more than 50 million persons were killed, 50% soldiers and 50% civilians. During the Korean war, of the 9 million dead, 84% were civilians and only 16% were soldiers."

The trend in Viet Nam has already shown that we can expect this ratio to increase, and if one atomic bomb were to be dropped, the casualties would be more like 1,000 civilians killed for every soldier hurt on the battlefield.

Dr. George James, an adviser to President Johnson on health and medical programs has stated that the medical profession should stress preventive medicine and education more than they do now.

"For instance," he says, "the best surgeon in the finest operating room may save—if he is fortunate—1 out of 20 lung-cancer patients. But if we could educate children not to start smoking, we could save most of the 20 from ever contracting the disease."

Scientist Predicts Cannibalism . . .

Nobel prize winning scientist Dr. Albert Szent-Gyorgyi stated that man had interfered with death-control and so now must introduce birth control to compensate for the balance of nature upset by this earlier interference. He predicted that if world population growth was to continue its ever-increasing pace, the time will come when "men will have to kill and eat one another."

We hate to disagree with such a noted authority, but we believe the resources of the earth have barely been tapped. The oceans alone contain enough nutrients to feed the world, without farming. We do agree with the learned Doctor that "we should not leave procreation to blind instincts, a burden on the rest of society," but we do not believe he should scare people with such way-out predictions.

Victor Fisher, assistant administrator of the Housing and Home Finance Agency of the Department of Housing and Urban Development in Washington has informed local governments that

they must join some local planning association performing "continuous comprehensive planning" to qualify for federal matching funds for urban renewal.

Fisher also said that the area to be covered must be at least larger than Los Angeles County. The Southern California Association of Governments is a six-county organization which has been formed by the Southern California counties around Los Angeles. In Northern California there is the Association of Bay Area Governments to do the same thing, plan for the future.

What Can You Do To Help?

Operation Head Start has need of volunteers to aid in the pre-school education of the 11 million children in the United States who live in such unbelievable poverty that they have never seen a crayon or a picture book. Some have never sat on a chair, because what furniture was in their home was sold or pawned long before they came on the scene.

These children need training in the basic arts of communication, in using paper and crayon and in reading picture books, the normal things most children learn in the home.

If you have had that helpless feeling about changing the poverty rut so many Americans live in, call your local Board of Education or write to Volunteers, Head Start Project, Office of Economic Opportunity, Washington, D.C., 20506.

If there is hope for the world, and many people feel there is not, then it probably lies with the serious minded and extremely intelligent gentlemen who have headed three organizations dedicated to rescuing our freedom and improving the highway trends towards world brotherhood. Of course, there are 400 or more World Peace organizations, these are different, they might work.

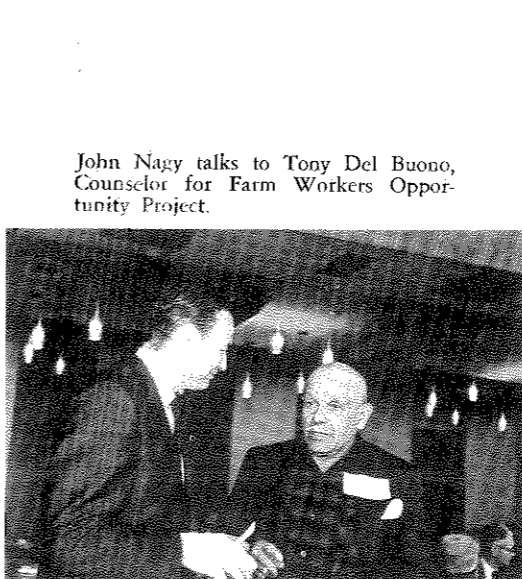
Frank G. Goble heads the first one, the Thomas Jefferson Research Center on Lake Street in Pasadena. They propose a national campaign to increase the quantity and quality of behavioral education at all levels in society. Believing that irresponsibility is the root cause of much of our social evils, the Center has developed a program to communicate dramatic new methods of teaching responsible behavior to parents, schools and organizations concerned with social progress. We



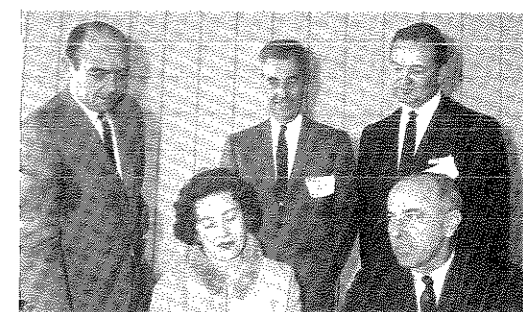
Helen Ahern, Camarillo Planning Commission, and Tweedy Rouce, Councilwoman of Camarillo, listen to John Nagy explain why taking taxes off improvements gives incentive for fixing up property.



Mr. and Mrs. Howard Leach, program committee members for the very well done seminar.



John Nagy talks to Tony Del Buono, Counselor for Farm Workers Opportunity Project.



Los Angeles Times Columnist Art Seidenbaum, left standing, with Kenneth Hess, president of the Ventura County Chapter of the American Institute of Architects; John Nagy, president of Statewide Homeowners Association. Sitting, Mrs. Nancy Walker, president of the Ventura County League of Women Voters, and Clinton Ternstrom, president of the Southern California Chapter of AIA.



Mrs. Maxanne Freie, Ventura City Councilwoman, with Mirland Severin of the Ventura Planning Commission.

THE PAYROLL TAX—A FRAUD *by Stanley Sapiro*

Los Angeles Mayor Yorty has prescribed another nostrum to cure the tax ills of the homeowner, a tax on payrolls in the city to replace the property tax. This proposed payroll tax is a curious animal for many reasons and a most unfair tax for the following reasons:

1. Corporate earnings will be entirely exempt.
2. Earnings from vacant downtown lands will be exempt so land speculation will continue to interfere with the growth of Los Angeles.
3. Earnings from stocks and bonds will be exempt.
4. Owners of prime locations in Los Angeles, such as those near new developments like Bunker Hill, will pay no taxes on their property but will benefit from the millions spent on Urban Renewal and the city improvements, such as streets, sewers, water, etc.
5. Absentee owners of Los Angeles land, who live in other cities, even other states, will receive income from the growth of Los Angeles, and pay no taxes in return.

THE ONLY PAYER OF THE PAYROLL TAX IS THE WORKING MAN!

The average homeowner will not only pay more under the proposed payroll tax than he would under present property taxes, but he will have to pay for an additional bureaucracy to administer and collect the tax. In 1960 the City Administrative Officer, Samuel Leask, estimated the costs of collection for the payroll tax at 3%, an extremely high ratio.

The 1960 investigation by the Los Angeles City Council was a very revealing document. It included the following items:

1. Under the present municipal income tax pattern, the well accepted modern principle of taxing according to ability to pay has been ignored. No distinction is made between differing income levels and family responsibilities. Under this system the heavier burden falls on the lower income groups. (P. 10 of Leask report).
2. The tax tends to fall somewhat disproportionately among different income groups. Wage-earner

families whose incomes are concentrated closer to a \$3,600 median pay the great bulk of the aggregate receipts. Moreover, the percentage burden is proportionately greater for low income groups than for those at higher income levels.

The fairness of any tax is highly questionable when "the great bulk of the aggregate receipts come from wage-earner families whose incomes are close to the \$3600 level." This is especially true when all of the truly wealthy sections of the community are specially exempted from payment of the tax.

The Los Angeles Chamber of Commerce has opposed the payroll tax each time it has been proposed by city government. As all consumer taxes do, including the sales tax, the payroll tax would impose an added burden on business in collection and accounting costs. Plus, as property owners, they know their tenants will have less money to pay rents and buy the goods the businessmen sell.

The great Scotch economist, Adam Smith, wrote in his book, *Wealth of Nations*:

"The middling and superior ranks of people, if they understood their own interests ought always to oppose all taxes upon the necessities of life, as well as all direct taxes upon wages of labour."

The beneficiaries of the payroll tax, the large landholders, include the Lantain Company, a New Jersey corporation which owns 11,000 acres of land in the Santa Monica Mountain area of Los Angeles. This corporation will make millions of dollars on their land after the city installs streets, sewers, schools and other public improvements, none of which the Lantain Corporation will pay for under Mayor Yorty's proposal. However, the workers, the carpenters, hod-carriers and common laborers working on the property will pay through the payroll tax. The Kansas corporation that was recently awarded the right to erect height-limit buildings on the tax subsidized Bunker Hill Urban Redevelopment will pay no taxes out of their huge rental receipts, but their tenants will pay.

A strange and unfair way to levy a tax, exempt the high income groups and tax the low income groups.

But let us bear in mind that even stranger taxes and laws have been enacted when the public has not cared enough to protest—to vote, or to pay attention to the antics of their elected representatives.

nessmen by \$812 million a year. That is how much slums and vacant speculative land holdings are undertaxed due to under-assessments. There are numerous examples which show homeowners paying four, five and six times the taxes that slum owners and land speculators pay on comparable values.

UNRUH-PETRIS TAX REFORM BILL

A complete breakdown of a bill with 238 pages is impossible in the space allotted for a magazine article, so only a few areas will be discussed, and only to the extent that it affects homeowners and renters.

Chart 1 (page 16) shows how much the taxes would be reduced for homeowners by the \$760 million property tax reduction. Chart 2 shows how the \$1.125 billion increase in consumer taxes will effect the homeowner and renter. Chart 3 shows the net effect of the reduced property taxes and increased consumer taxes as provided by AB-2270.

CHART 1

In analyzing chart 1, it is obvious that by eliminating the tax on inventories, thus removing it from the tax base, all other land, improvements and personal property would pay more taxes. Asessor Watson in Los Angeles County has stated that exempting inventories in his county could cost the average homeowner an extra \$60.00 on his tax bill, which is comparable to other metropolitan areas. Chart 1 further shows that exempting household goods would slightly ease the burden on homeowners and renters in unfurnished apartments. Claiming the measure re-

duces property taxes, and the authors knowing that homeowners would all pay more if only inventories and household goods were exempted, they cleverly calculated that by reducing school rates 25% homeowners then would not pay any more property taxes due to the exemption of inventories. Of course, they would not pay any less either, but the important thing was that they should not pay more. In chart 1, which deals with the \$760 million reduction in property taxes, we find that the average homeowner will pay about the same amount of property taxes he now pays. And the renter of an unfurnished apartment will now save about \$12.00 in property taxes.

CHART 2

Chart 2 covers the increased consumer taxes in AB-2270. If a homeowner or a renter smokes one package of cigarettes a day, his increased taxes @ 5c per package would amount to \$18.25 a year. If his wife or a child also smoked one package a day, the increased taxes for the family would be \$36.50 a year.

The proposed 3% tax on utilities, meaning water, gas, electric and telephone bills would amount to \$10.80 for a modest home, and \$9.00 for the average renter who pays his utilities excepting the water bill. The State would bill the utilities, which in turn would be reflected in the rates. The best argument for this tax by the proponents is that the federal government has reduced the tax on telephone bills. A very weak argument.

The 33 1/3% increase in the sales tax is the cruelest blow of all. The sales tax, of all consumer taxes, hits at those least able

to pay. It has always been considered a tax against the poor. Professor Harold H. Smead in his book, "Public Finance National Income" states the following in Chapter 14 on pp. 254-255:

"Hence we may conclude that the downturn is accentuated and the depression is made more severe as the result of the sales tax but that the upturn or prosperity phases are not subsequently affected and certainly not accentuated. We may conclude that this aspect of the effects of the sales tax tends to accentuate depressions in business although it is also reasonable to suppose that the necessity of including the sales tax in the price prolongs the depression in that it makes it more difficult to upward phase in the cycle."

and

"The sales tax tends to reduce initiative because the profit rate is reduced thus discouraging risk taking and also because in initiating a line of business activity there is an uncertainty to whether or not it will be possible to pass on the tax. Although these factors themselves may not have the effect of preventing new enterprises and industries they do tend to have a deterrent effect. This would aggravate the effects of any stagnationist tendencies that may exist in the economy. Added to this fact that the physical wealth of the community tends to be diminished because of the deterrent influence of capital formation, we can see that the effects of the sales tax are such that we cannot recommend a tax with equanimity."

The 1 cent increase in sales tax would take \$350 million

(Continued on Page 19)

TAX REFORM

by John Nagy

WHO PAYS MORE?
WHO PAYS LESS?

The words 'Tax Reform' have for several years been used as a football by politicians, would-be politicians and do-gooders with special interests.

The 1963 Legislature appropriated about \$150 thousand for the Assembly and about \$185 thousand for the Senate to make a thorough study of California's tax structure during a 1½ year interim study. The committees were supposed to make recommendations for tax reforms during the 1965 regular session. Fortunately, no tax reform legislation resulted from the studies. The senate committee didn't even fake an effort for reform, although they did produce a good resume of our tax structure as did the assembly committee. The assembly committee came up with a monstrosity called AB-2270, or better known as the Unruh-Petris Tax Reform.

NO PROPERTY TAX RELIEF FOR HOMEOWNER

The measure (238 pages) had many good points, which by themselves could have passed. But as far as tax relief for homeowners was concerned the measure failed miserably, even though the good portions of the measure could have brought about more intra-county equalization.

INTRA-COUNTY EQUALIZATION

Intra-county equalization, if realized, would have reduced tax bills of homeowners and busi-

What Taxes Do (Continued from page 5)

● Slums, vacant lots and other speculative landholdings are grossly under-assessed in California. There are three reasons for it, said Ronald Welch of the State Board of Equalization: (1) Assessors are incredulous of the high prices paid for land, (2) land prices climb so fast assessors can't keep up with them, (3) Farm land interests put pressure on assessors to keep their assessed values down. Property owners have a civic duty to protest relative over-assessment, said Welch.

● Public utilities are not taxpayers but tax collectors, said Francis J. Carr, Manager of the Tax Department of Pacific Gas & Electric Company. They pass their property taxes on to their customers by way of higher rates, he said, in response to a question from the floor.

● Public utilities are over-assessed and over-taxed. The taxes are passed on to homeowners and industries, but speculators whose lands use no gas, electricity or telephone service get the benefit in correspondingly lower property taxes, said Robert Tideman of Larkspur, Executive Secretary of the Henry George School.

● Higher land taxes could yield revenue to purchase public open space, said Margaret Azevedo, member of the Marin County Planning Commission. Higher land taxes would also hold down acquisition costs, according to Tide-man.

● Enforcement of the present requirement that all property be taxed equally would shift more than \$800 million a year to land, said Roy Davidson, Direc-tor of Resources Research, who has made assessment studies in 12 California counties.

● County supervisors when they sit as a board of equalization have no legal right to reject a property owner's comparisons with other properties on the ground that they are not "similar properties, similarly situated." According to Tom Sherrard, attorney in the recent Canaan case, the Superior Court of San Diego has held that a taxpayer may introduce evidence of a general under-assess-ing of land.

● Equalization of assessments is a good political issue for aspiring candi-dates. Most property owners gain from more uniform assessments. A few big speculators lose. "I was called a 'single taxer'," said Floyd Morrow, newly elect-ed San Diego councilman, "but I was in the right place at the right time and I got the votes."

Other Marin speakers were John Blayney, planning consultant, and John Robinson of the Mill Valley Planning Commission.

CHART 1
PROPERTY TAX REDUCTION
(According to the provisions of A.B. 2270)

	Homeowner	Renter
Based on a \$20,000 home, assessed at \$5,000, with an \$8.00 tax rate per \$100 Assessed valuation.		
Present Property Tax	400.00	12.00 (on Household Goods)
Exempt Inventories	+ 60.00	+2.25
Exempt Household Goods	—12.00	—14.25
Reduced School Tax Rates 25%	—48.00	00
Totals for Losses and Gains	+ 60.00 —60.00	+ 2.25 —14.25
Property taxes after exemptions and reduced school rates.	400.00	(none)
SAVINGS IN PROPERTY TAXES	(none)	\$12.00

CHART 2
INCREASED CONSUMER TAXES
(as provided in AB 2270)

Increased Taxes	New Taxes	Homeowner	Renter
Cigarette 5c pack		(1 pkg. per day) \$18.25 year	(1 pkg. per day) \$18.25 year
Utilities 3%	Water Gas Electricity Telephone	Including Water \$10.80 (based on \$30 mo. total)	Excluding Water \$9.00 (based on \$25 mo. total)
Sales Tax (33 1/3% increase) 1% of sales		40.00 (based on \$8,000 income)	40.00 (based on \$8,000 income)
20% on Tobacco			
Increased Income Tax			
Inheritance Tax		25.00	20.00
Property Transfers.			
Sales Taxes on many of the items now exempted.			
Total Increased Consumer Taxes		\$94.05	\$87.25

CHART 3
NET RESULT TO HOMEOWNERS AND RENTERS FROM AB 2270 (If it had passed)

	HOMEOWNERS			RENTERS					
	Non Smokers	1 Pack Smokers	2 Pack Smokers	Non Smokers	Unfurnished 1 Pack Smokers	2 Pack Smokers	Non Smokers	Furnished 1 Pack Smokers	2 Pack Smokers
Reduced Property Taxes	(none)	(none)	(none)	(—12.00)	(—12.00)	(—12.00)	(none)	(none)	(none)
Increased Consumer Taxes	\$75.88	\$94.05	\$112.30	\$69.00	\$87.25	\$105.50	\$69.00	\$87.25	\$105.50
Net Increase	\$75.88	\$94.05	\$112.30	\$57.00	\$75.25	\$93.50	\$69.00	\$87.25	\$105.50

Citizens of California are lucky to have statutory rights to place a proposition on the ballot. There are three ways they can go about this, the initiative, referendum or recall. The initiative is an action to initiate a new law outside the legislature and enact it by vote of the citizens.

A referendum is an action to nullify an ordinance or statute. This submits a law already passed by the lawmaking body to a direct vote of the citizens for approval or rejection.

The recall action, which is to remove a public official from office by vote of the people, requires the signatures of a certain percentage of the registered voters and has a time limit of 45 days, plus 15 days for correcting the challenged signatures and to make up the insufficiency.

HOME OWNERS CAN WIN

The Vip, Inc. (Voters Interested in Progress), Veterans Political League, and several homeowner and citizen groups in Bell Gardens, a suburb of Los Angeles, used the recall to renew their city government. Feeling that expenditures were excessive and methods used for raising revenues were excessive and unfair, the citizens initiated a recall action in November of 1965 which finished in January of 1966. It succeeded in recalling one councilman, was four signatures short of recalling a second and thirteen short of recalling a third. During the course of the action the city administrator and building inspector of Bell Gardens found jobs elsewhere in cities with less dissension.

In January of 1966 some of these same citizens filed 600 signatures in a recall action against a councilwoman in Bell Gardens and citing a previous attempt to set aside 1,800 signatures in a controversial zoning action, which was decided against the council by the courts, the city councilwoman put her own name on the recall ballot for the special municipal election. She even commended the petition workers for their efforts and commented that she "wished these people were working with me." A good loser!

The Pomona Valley Association for Better Planning and Zoning, which plans a symposium on hillside development on the Voorhis Campus at Cal Poly March 4th and 5th, has had a long fight against high density in the hills around Pomona. Due to their efforts, in cooperation with the City Council, City Administrator and other civic groups in Pomona, the Phillips Ranch was modified from 12,000 living units to 7,000, with open space or parks around the schools and provision for a green belt around part of the subdivision, and eliminated filling stations. The officials of 14 neighboring municipalities, architects and planners will participate with this group in the historic conference on saving the hillsides from being raped by fast buck developers. Mr. William R. Dale, Chairman of the Department of Urban Planning at Cal Poly will be the chairman of the conference.

In San Francisco we have the first example of private planning by a neighborhood group for it's own area. The Eureka Valley Promotion Association hired a private planning firm, asked for the aid of the San Francisco Planning and Urban Renewal Association and succeeded in putting forth a better plan for their area. They were able to get the city to redesign a Senior Housing Project in the neighborhood and are looking forward to a subway which will be installed by the Bay Area Rapid Transit System. Arthur Middleton, President of the Association, says they hope to give the Eureka Valley a face lifting to up-grade the neighborhood.

There are ten associations in San Francisco who have by their diligence and hard work saved their neighborhoods from freeways or deterioration. We will tell you more about them in the next issue.

LAND LAND LAND

Good land available,
cheap;

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remote area.

Fine Climate
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UNDERPRICING HAS HARMFUL EFFECTS

In an arid region where water is costly to provide, a subsidy from taxpayers making water cheap to large-volume users encourages them to be wasteful and unconcerned with possible economies in water use. A likely and unfortunate result is development of more water-intensive, low-tax-base industries like irrigation agriculture. Whether under government or private auspices, whether directed to providing water supply, power, transportation facilities or consumer goods and conveniences, the interests of a region are best served by adoption of efficient projects.

IMPROVED ECONOMIC ANALYSIS OF PROPOSED WATER PROJECTS IS IMPORTANT

When total water use begins to approach system capacity, public administrators should think of better ways to use existing supplies as an alternative to building expensive dams and aqueducts. All capital costs should be included in the water price when dams and aqueducts are being justified and built. There should be no taxpayer subsidy.

Economic analysis of water projects should be improved. Too often, intangible, secondary or imaginary benefits chargeable to the taxpayer enter into benefit-vs-cost analyses, disguising the fact that costs are greater than benefits.

For most products, market processes occur automatically to bring about economic equilibrium and minimize waste. For example, while New York talks about "water shortage," it hardly ever has a food shortage. New Yorkers get potatoes from Idaho, watermelons from California, and bananas from Panama from thousands of suppliers, each looking to his private profit. In food marketing, price, competition and buyer resistance operate.

Water, however, seems short because it is handled like a "free commodity" by public agencies that place no premium on thrift. Government could eliminate imperfections in water law and its administration that prevent economic exchanges of water. Government could lay claim to all unappropriated water and distribute this water to the highest bidders.

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of

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Future Homeowners — Organization for young people 13-19.

TECHNICAL STEPS CAN SAVE WATER

DeHaven described a number of technical steps which with proper pricing, can save water:

1. Purposeful reclamation of sewage water will be the next most important source of supply for future as expanding population, agriculture, industry compete more avidly for the limited supply of suitable natural water. It would be wise to prevent direct human consumption unless the water has passed some distance through the ground, for example by artificial recharge.
2. Water loss by transpiration can be eliminated along with nonbeneficial vegetation, in and around reservoirs and streams.
3. Immense losses by evaporation from reservoirs in arid areas can be reduced by monomolecular films on the surface of the water.
4. Evaporation losses can be eliminated through use of natural and artificial underground aquifers.
5. Seepage losses can be prevented by lining canals and reservoirs.
6. Cloud seeding might be used to redistribute natural water supply.
7. Sea water conversion, while a possibility, is much overblown as a water source because it is handicapped by high plant construction and operating costs.



James C. DeHaven, author of *Water Supply Economics, Technology and Policy* with Hirschleifer and Mill with Marilyn Stout.

HOW TO PRESERVE WATER RESOURCES AND TAX FUNDS by Marilyn Stout

In the August and December issues of *California Homeowner*, we talked about profits made in real estate development by those who hold hundreds and thousands of acres, particularly those influential enough to trick ordinary middle- and lower-income citizen homeowners like us into underwriting costs through taxes while they pocket the profits.

We stressed the importance of existing law (President Theodore Roosevelt's Reclamation Law of 1902 containing the 160-acre water limitation) in restricting profits that can be gained from the public treasury. Again we stress the 160-acre limitation.

If the venerable Senator Carl Hayden of Arizona and all other Southwest politicians want national legislation to bring water from the Colorado, Eel, Snake or Columbia Rivers to the Southwest, the following language should be included:

"Nothing herein shall be deemed to exempt landowners from application of acreage limitation provisions of Federal reclamation laws, and such provisions shall be enforced by the Secretary of the Interior without exception. Such provisions shall also be applied and enforced without exception in connection with all water service contracts entered into pursuant to the authority granted the Secretary under this Act."

Without the 160-acre limitation, government becomes an agency for redistributing natural resources and tax funds from middle- and lower-income groups to millionaire developers. This kind of operation is not economically justified in the eyes of voters.

If water prices were not heavily subsidized by taxpayers, developers could not afford to irrigate vast acreages. In fact, stripping the water program of subsidy could be as effective in breaking up large land holdings as enforcing the 160-acre limitation. Replacing the Reclamation Act of 1902 with better legislation might be desirable.

Reclamation law 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. As a result, one of our most valuable resources—water—is being spent to reclaim one of our least valuable resources—desert land. The question arises: Will it not be better to leave arid and semi-arid lands in their natural state for recreational and national park purposes than to develop them into unnecessary housing subdivisions and surplus farm crops? We should want water reclamation, not land reclamation. We can do better things with fresh water than pour it on deserts. Our problem is the best development of water resources in relation to people, financial resources, ecology, and land.

This month we pass along important new ideas for conserving valuable water resources and tax funds from Hirshleifer, DeHaven and Milliman's book, *Water Supply Economics, Technology and Policy*, published by the University of Chicago Press. The following remarks from James C. DeHaven's short paper by the same title. Speaking at the Statewide Home Owners' tax conference at San Fernando Valley State College on August 28, 1965, Mr. DeHaven said:

WATER SHOULD BE PRICED PROPERLY— INDUSTRIAL USERS PAY LESS THAN COST

In Los Angeles and other large cities, large users of water are charged less than the cost of procuring and delivering a unit of water to them. Large water-using industries are not motivated by this low price to install water treating and recirculating equipment that could permit large reductions in their water use. As examples, depending on price, a steel mill may demand 1,400 to 65,000 gallons of water to produce a ton of finished steel; a steam power plant may use 1.3 to 170 gallons to produce a kilowatt-hour of electrical energy. Waste and inefficiency in the use of society's resources results from this pricing policy, because more highly-valued resources are needed to supply the extra water demanded at low prices than would be needed to install water-conserving equipment.

NEW YORK CITY USERS PAY LESS THAN COST

In New York City, 75 per cent of all water users are not metered. For those who pay a flat rate, the cost of extra units of water is zero, and there is no incentive to economize on use, fix leaks, or even turn off faucets. Competent studies indicate that repair of serious leaks in city mains and extension of metering could provide an additional water supply equal to the Cannonsville import project at a small fraction of its cost.

IRRIGATION AGRICULTURE PAYS LESS THAN COST

Irrigation agriculture typically pays low prices for water and uses huge quantities. In California, 90 percent of all water is used for irrigation. The Imperial Valley irrigator pays \$2 per acre-foot for water; the municipal user in Los Angeles pays \$80 per acre-foot or more. Yet, if 25 percent of Imperial Valley irrigators' water rights were purchased for transfer, the transferred water would equal two-thirds of all water used in the South Coastal area of California between Los Angeles and San Diego. Despite potentialities for transfers and pricing improvements, California is counting on costly new imports of water from the Feather River and other projects in the West.



For those who would understand the monetary and credit policies of our government, and indeed of most present day economists, the recent reissue of John Maynard Keynes "General Theory of Employment, Interest, and Money" in paperback form is a must.

First published in 1936, this book brought about the revolution in economic thought which resulted in such phrases as "deficit spending" the unbalanced budget, "gross national product" and many theories of government spending and manipulation of money and credit which have upset many and delighted the masses since 1938.

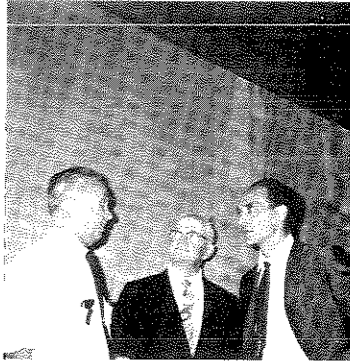
The Keynesian economist was not concerned with level of output, instead he asked, "Where do we stand with respect to plant utilization?" Are our machines and tools being used to optimum fashion? Are all who want to work gainfully employed?



John Nagy presents a certificate of affiliation to Golden West Homeowners Association president Bradford Mock, newest group to affiliate with Statewide Homeowners Assn.

Since you must be a member to take advantage of the bargain prices advertised on our back cover, the Statewide Homeowners Association reminds you that membership costs only \$2.00 for those wishing to sign up for the tour.

Send in coupon page 2.



The first meeting of a group which plans a budget study of Orange County. Phil Flesch of the Huntington Harbor Homeowners Assn., Lyle Benbenner of Leisure World a Mac Bangoy, Orange County representative of Statewide Homeowners. 27 Homeowners Associations have been invited to participate in budget studies with a view toward a better understanding of county government.

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Irene Hickman

REPORT FROM SACRAMENTO SACRAMENTO COUNTY SUPERVISORS MAKE HISTORY

January 10, 1966 was "V" day—victory for one aspect of the homeowners battle for fair and equal treatment by public officials. On this date the Board of Supervisors of Sacramento County—for the first time for any public agency—declined to purchase land that had been earmarked for the American River Parkway solely because of the disparity between the price to be paid and the value placed on it by the assessor.

The history of this unusual event is as follows:

Sept. 20, 1965 — An option was taken by the County Parks Dept. to purchase 8.091 acres of land on the North banks of the American River from A. Russell Gallaway for \$18,205, or about \$2,230 per acre.

Sept. 30, 1965 — A lawsuit was filed by Jack and Irene Hickman against the County Supervisors, the County Assessor, and the Assessor's bonding company charging unequal assessments of bare land and homes, and asking redress in the repayment to the County the equivalent of the uncollected taxes due to illegal underassess-

ment of vacant land. The Gallaway property was included in the list of under-assessed properties. The total amount of alleged undercollection of taxes was in excess of one million dollars.

November 10, 1965—The Board of Supervisors approved a resolution of intention to purchase the property and set a hearing date for November 29, requesting additional information regarding price.

November 29, 1965—The director of parks and recreation reported that the purchase price of \$18,205 was below the market price for similar land in that area. The discussion also disclosed that this property was valued by the assessor for taxation at \$80 per acre. At this disclosure, two of the Supervisors, James Phelan and Eugene T. Gualco, expressed displeasure that there should be such a wide discrepancy between the two figures. The matter was set over until December 13 for action.

December 13, 1965—The Supervisors were informed that if the purchase was not approved there would still be the option of \$1,275 to pay.

At this time Supervisor Phelan said, "I don't think we can sit here and buy property for \$2,250 an acre when it is appraised at \$80 an acre. We should go out and take a look at it." Action was again put off until the following week.

December 20, 1965—The same objections were raised by Supervisors Phelan and Gualco to the discrepancy between purchase price and assessed value. Phelan asked that the matter be postponed until the Assessor could offer some explanation of how he arrived at the \$80 figure for taxation. The motion for still another postponement was made by Gualco. "For the majority of the property owners of this County this is a crime," he said. "They (the property owners) didn't carry their fair share of the tax burden. I still would like to know why this disparity has existed." The Assessor, Richard Blechschmidt, was asked to appear before the Board on January 10, 1966 and justify his assessed value.

January 10, 1966—County Assessor, Blechschmidt, said that they had last appraised the Gallaway prop-

erty in 1961, and disclosed that the assessed value was not \$80 as had been earlier reported, but instead was \$59 per acre. "That is even worse," said Supervisor Gualco. The explanation failed to satisfy the Board and they voted unanimously to refuse the purchase. They also ruled that future options would have to be brought to the attention of the Supervisors before being exercised.

A number of Sacramento Homeowners were in the audience for this meeting, and heard Dr. Irene Hickman object to the same sort of discrepancy between purchase price and assessed value of another contemplated land purchase. The purchase price was reported to be about \$1,800 per acre for land assessed at \$142 an acre.

The picture in Sacramento County appears to be one of failure to keep up with the rapid increase of land values by the Assessor's office. It is generally conceded in this County that Assessor Blechschmidt is honest. He has kept good records in his office and upgraded them considerably since taking office.

But further improvement is

necessary, if the laws regarding assessments and taxation are to be heeded, and the homeowners are to be equitably treated.

If the Supervisors are taking note of the discrepancies, it is good. If they are noting that injustice and inequalities exist in taxation, it is better.

And if the trend continues as it is under the further stirrings of Dr. Irene Hickman, who is the Sacramento Area Director of Statewide Homeowners, it is the best yet.



"Very well. I'll run through it again quickly. You promised to see solutions to the problems of air pollution, mass transportation, water shortage, racial tensions, slum conditions, juvenile delinquency, filthy streets, unsafe parks, traffic congestion, the flight of industry, deficit financing, classroom shortages, and tired thinking at City Hall."