

California HOMEOWNERS

September, 1972

What Homeowners Should Know About The Watson Amendment

(Proposition 14)

With so much controversy about Proposition 14, every homeowner should read this article by Dr. Norman Topping, beginning on page 3.



Dr. Norman Topping

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CALIFORNIA HOMEOWNER MAGAZINE

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What Homeowners Should Know About The Watson Amendment

(Proposition 14)

by Dr. Norman Topping

The tax amendment authored by Los Angeles County Assessor Philip Watson, which is on the November statewide ballot, purports to offer California's homeowners massive property tax relief. Is the proposal a real tax break for several hundred thousand homeowners, or is it another "tax hoax" and a cleverly disguised version of the original Watson measure - Proposition 9 - which voters rejected two-to-one at the polls in 1968?

"Under the Watson proposal," as the respected Sacramento Bee editorialized recently, "homeowner tax relief is a sham. If Watson really had wanted to provide relief for the homeowner he would have drafted the measure so property tax reductions would be given solely to homeowners rather than to the giant corporations and owners of income properties which generate 70 per cent of the property tax income."

OTHER TAXES AND CHARGES

The unfortunate conclusion reached by any number of analysts throughout the state is that the property tax reductions offered homeowners by the Watson amendment (about 40 percent on the average) are illusory. Not only will justifi-

ably angry homeowners not only lose any tax credits but any "paper" gains that may have accrued will be wiped out by increases in sales, income, service charges, and other taxes. The possibility that the proposed tax might have to be deferred until the underfunding of the amendment is resolved for voters to be wary again, at

TAX TRAP

Homeowners are caught in a revenue crunch by the "tax trap" contained in the amendment. The amendment sounds wonderful but the reality is anything but, to ease the plight of the income property owner in the

Homeowners must recognize that the Watson amendment will increase government revenue, caught in a revenue trap to use service charges more for all sorts of nuisance taxes. Under the amendment, all kinds of taxes cannot be used for income tax purposes.

HOMEOWNERS MUST BEAR

Homeowners should be conscious of the power of the assessor to raise taxes if it is left unchecked by the amendment. It is, for example, extremely difficult for a homeowner to appeal successful assessment, for he is at a disadvantage in an assessment hearing where the burden of proof rests on him.

Tax rate limits are no guar-

Dr. Norman Topping, USC Chancellor and President of the Southern California Rapid Transit District, is Chairman of Californians Against Higher Taxes, an organization opposed to the Watson tax increase amendment. It will be on Proposition 14 on the November ballot.

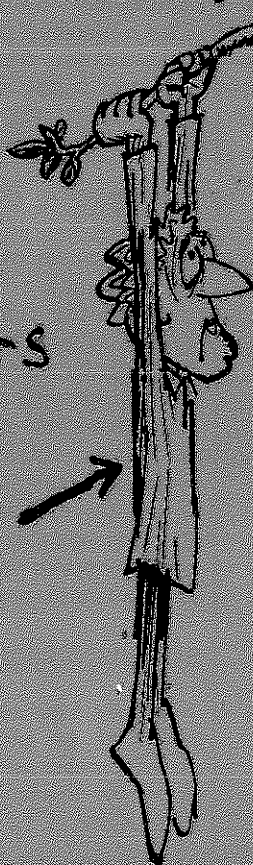
Large Real Estate
and Land Owners



Proposition 14



Homeowners
wanting
Less
Taxes



MR. WATSON.....DON'T HELP US

erty taxes unless they are accompanied by legal tools the homeowner can use to guard against unfair assessments.

Announcement of huge assessment hikes in Los Angeles County, despite a lowered property tax rate, demonstrate brutally the power of the assessor in every county of the state to "raise the revenue roofbeams" even where tax rate limits exist.

WHO REALLY BENEFITS?

If homeowners are not the real beneficiaries of the Watson tax amendment, as it is claimed, who profits the most?

The indisputable evidence, confirmed by statements issued by the non-partisan Legislative Analyst and the State Board of Equalization, is that major landowning corporations, Land Speculators, real estate syndications and wealthy landowning individuals get the major tax breaks under the Watson measure.

Proponents of the Watson amendment dispute the fact that homeowners pay only 30% of the property taxes in the state. It makes it harder to justify the minor portion of the "relief" which is so grandly promised to Californians. Like taxes, the truth hurts. (A survey of the 1970-71 property tax bills in San Diego County showed that of the total property taxes collected, only \$86,719,831.50, or 29% was paid by homeowners.)

INCREASES NOW-REDUCTIONS LATER?

What is equally disturbing to many homeowners, after reading the language of the initiative, is that the so-called "tax relief" is deferred for up to four years in many California cities (examples include Los Angeles, Sacramento, Bakersfield) over the allowable \$2 per \$100 assessed valuation. Steeper sales and consumer taxes, however, become effective next July. For every resident of the state, it is like saying, "Let the Homeowner Be Damned".

WELFARE PUT AHEAD OF POLICE AND FIRE PROTECTION

Passage of the Watson proposal would also have serious consequences for homeowners in terms of security in their local communities.

While welfare costs are mandatory, police protection would be halting funds under the amendment rate limits.

For that reason firefighters' union groups throughout the state are in opposition to the Watson amendment.

CONTROL OVER EDUCATION

Educational funding for kindergarten through the 12th grade is affected drastically by the amendment's provisions.

Homeowners should realize that control of school policy by the Board of Education will be shifted to the State and the County Board of Supervisors, thus injecting a political force into a problem that has been left to the home.

Community college funding will become an additional burden to the state. The proposal affords no alternative revenue. The continuing education of young people would be clearly affected.

TAX EXPERTS AGREE

Responsible tax experts agree that the broad outlines of a statewide property tax should be written into the Constitution. The Watson amendment, fiscal policy, should be written into the Constitution, thus diminishing the role of duly elected public officials.

NO OVERALL RELIEF FOR HOMEOWNERS

The major reason the Watson amendment should be rejected this November is that it does not really provide genuine tax relief for homeowners. In fact, the Watson amendment is a tax increase against homeowners for the benefit of the interests who get the major tax breaks.

The middle income homeowner should not succumb to the suggestion of such an unworkable and expensive amendment by Assessor Watson.

The Watson amendment is a tax increase upon homeowners, who should vote decisively. ■

An Editorial

California Homeowner does not have editorials on a regular basis, but we find it necessary to speak out on an issue which is vital to the State of California. The Watson Initiative, which will appear on the ballot as Proposition 14 is such an issue.

TOTAL TAX RELIEF IS NEEDED

Homeowners, farmers and businessmen have for years been clamoring for relief. Most complaints have been against the property tax. The reason property tax is locally imposed, locally collected, locally spent and locally controlled. It is the only tax close to home to complain about.

Other taxes, such as sales, excise, gasoline, income and many others are levied in Washington or at the state capitol, or both. Through the years local governments have learned to hold the line on that portion of the budget which is levied locally, while they have gone "hog wild" on the budgets which require federal funds.

A perfect example is the case of the San Diego County Board of Supervisors whose chairman recently announced a 22.8 cent cut in the property tax for the coming year. (He is facing a tough re-election try in November.) Last year the total budget will increase from \$288 million to a record high of \$310 million, yet, the chairman boasts of the tax rate reduction which applies to only half of the budget. Last year this same Board of Supervisors spent \$13 million piggy backing away at the budget, cutting a proposed 69 cent increase in the rate to a 19 cent increase. In contrast, when that portion of the budget is considered which required state or federal funding, the question was not "how much we cut", but instead, "Are we getting all we're entitled to."

The attitude toward spending makes a 180 degree turn when the local government is looking at property tax money, compared to state and federal funds. In the recent election campaign for County Supervisor, a City Mayor, while criticizing the incumbent for increasing the property tax rate of the county, boasted about the amount of federal funds his City was able to acquire, to which the incumbent responded boastfully that the County too benefited from federal funds instrumental in securing.

The whole attitude seems to be that, "It's bad to spend property tax money because the taxpayers complain, but, it's good to spend state and federal money because it's FREE, or at least, nobody complains when officials spend and waste those funds".

MORE STATE FUNDS, LESS LOCAL CONTROL

Proposition 14 is not a tax relief proposal, it's a tax shift. It has been known for years that revenue imposed locally and collected locally was controlled locally. It is also well known that funds from the state or federal government are usually earmarked, or controlled, by the granting agency.

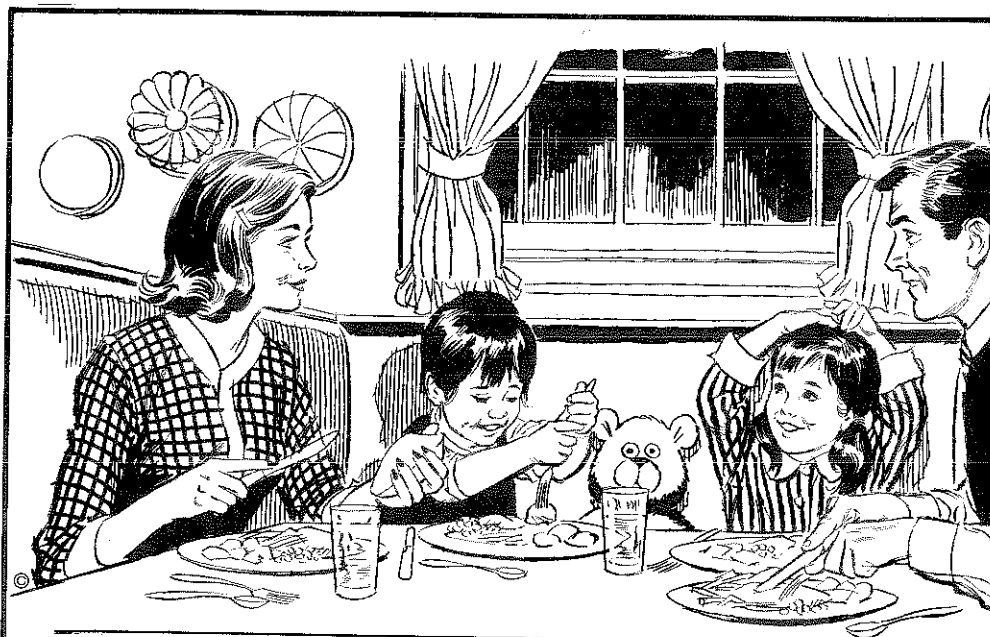
If, in fact, Proposition 14 reduces locally collected property taxes, it is still questionable, by shifting all welfare costs and the major portion

costs to the state, it can be expected that total control over welfare and control over schools will also be shifted.

Many of the decisions now made locally by school districts will now be local problems. Since funding will be a state problem, so will the decision be a state problem. At the present time the problem of funding, because of increased property taxes, causes much unnecessary spending to be curbed, the attitude being that only worthwhile spending will be tolerated by the taxpayer. No such considerations are given state and federally funded programs.

THE EFFECT ON HOMEOWNERS

Watson says that Proposition 14 would reduce the overburdened homeowner's property tax load. That may be true, but, what Mr. Watson does not tell the homeowner is that his new and increased state taxes will be more than the property tax reductions.



PROPOSITION 14 WILL CAUSE HOMEOWNERS AND RENTERS TO PAY MORE

For example, in a May 16, 1972 report by the Statistical Research and Consulting Division, State Board of Equalization, with an adjustment for the \$11 deficit in Proposition 14, homeowners would overwhelmingly pay more taxes. The report covered a typical married homeowner with two dependents. The man's earnings was from \$5,000 per year to \$17,500 per year. The figures are as follows:

Gross annual income	\$ 5,000	\$ 7,500	\$10,000	\$17,500
Market value of home	\$15,000	\$16,000	\$20,000	\$30,000
Net savings (loss)	\$ 18	\$ (71)	\$ (121)	\$ (399)

According to the above figures, it appears that instead of tax relief, Propo

14 would be a tax increase to the overwhelming number of homeowners more than \$5,000 per year. The reason homeowners would pay more than homeowners as a class do not pay the major portion of property taxes says homeowners pay 40% of all property taxes. Alan Post, Legislator says homeowners pay 30% of the property taxes. A San Diego State survey of the 1970-71 tax bills in San Diego County showed that homeowners actually paid only 29% of the local property taxes.

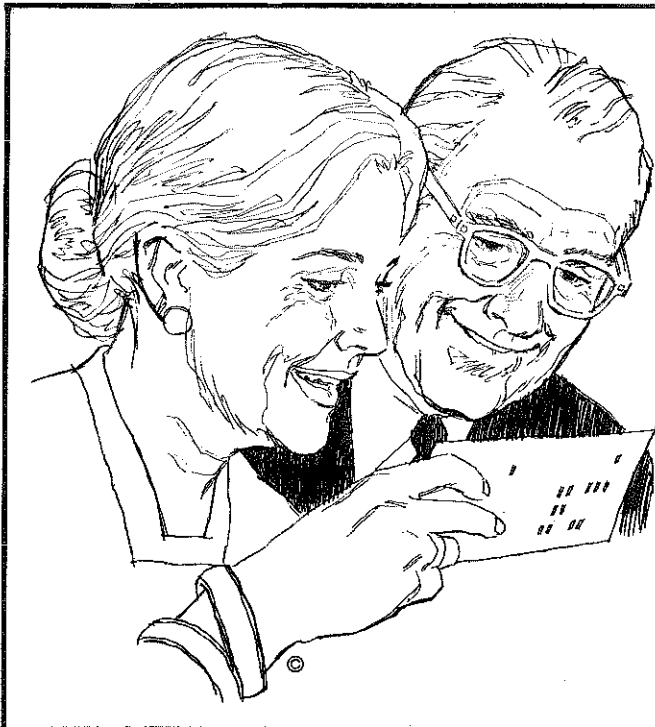
California Homeowner, believing that Mr. Watson is biased, will support Alan Post's and the University figures over those of Mr. Watson.

CHAMBERS of COMMERCE OPPOSE WATSON

The major metropolitan area Chambers of Commerce all oppose Proposition 13. Ordinarily a Chamber of Commerce has the health and welfare of a community as its first objective. Besides the many smaller community Chambers, the boards of the Los Angeles, San Diego, Oakland-Alameda County, San Francisco and California State Chamber of Commerce have all voted to oppose Proposition 13 on the November ballot.

SENIOR CITIZENS

Much of the propaganda for the Watson Tax Hoax decries the heavy burden on senior citizens and that the taxes are driving these people out of the state. That was a good argument and an accurate account of the facts during the 1970s.



UNDER PRESENT LAWS, SENIOR CITIZENS ARE FUNDED UP TO 96% OF THE LOCAL PROPERTY TAXES IF THEIR INCOME IS LESS THAN \$10,000 PER YEAR.

PROPOSITION 13 DOES NOT REQUIRE THESE SENIORS TO PAY REFUNDS OF NEW OR ADDED TAXES THEY BE REQUIRED TO PAY.

campaign for the then Watson Tax Hoax, which went down in a resounding defeat but that argument is no longer valid. The proponents completely ignore SENIOR CITIZENS PROPERTY TAX ASSISTANCE LAW which was passed by the Governor this year. That new law allows a rebate by the state for senior citizens 62 years and over whose income does not exceed \$10,000. The rebate is based on a sliding scale of 96% for incomes to \$1,000 and 80% for incomes over \$9,500 but below \$10,000. The average senior citizen gets a rebate a month which, according to the schedule for assistance, gives them a rebate of 80% of their property taxes.

To these senior citizens, the property tax is now the best tax there is because such a rebate is given on any of the increased taxes which senior citizens must pay with the passage of the Watson Tax Hoax.

SPECIAL DISTRICTS

Propaganda for Proposition 14 also states that there are too many special districts, all with taxing powers. Arguing that by limiting the combined taxes of such districts, the cost of government would be reduced.

Nothing could be further from the truth. Special districts are voted for by a majority of those in the district. It is always a special need that exists in the district are willing to pay for. If they want that service and are willing to pay for it, they certainly should have the right to it.

What really runs up the costs of government is when somebody else provides you with a service which you don't want, nor do you need, and you have to pay for it. If the people in BOON DOCKS community want a fire house, who is willing to pay for it, who is Watson, or anybody else, to tell them they can't have it. Isn't it better to allow these districts so that any community can have what they want, if they are willing to pay for it, instead of these costs of government wanting everything under the sun so long as somebody else pays for it?

For example, BOON DOCKS community may only have 20 structures. Some people would argue that no fire district needs to be formed because the cost would be more than the protection is worth. Therefore, at any election to form a fire district the proponents would be defeated. On the other hand, if the County is not furnishing these fire houses in remote areas, every person in the BOON DOCKS community would insist to their Supervisor that a fire house was absolutely necessary.

The same example could be given for Sewer districts, Water districts, Parks districts, Cemetary districts and any one of the many other districts that are limited by SPECIAL DISTRICTS which Watson's Proposition 14 would limit. At the same time, the people who benefit from any of these districts are also the people who pay for it. And that's the way it should be. If more government services were paid for on those principles government costs would reduce considerably.

VOTE NO ON PROPOSITION 14

The Oil Companies and Land Speculators have given Watson a tremendous amount of money to put their tax relief measure over for them. Watson is confident that his propaganda will sway the voters.

California Homeowner hopes he is wrong. Proposition 14 is bad for the homeowner, industry, business, education, wage-earners, government and the economy of California. But most important of all, the cost of government would go up.

Vote NO on Proposition 14 and tell your friends to vote NO.

Why I Am Grateful To America

Dr.

This article is taken from a talk made before the Exchange Club of speaker, Dr. Ivan David Franklin, Pastor of the Swedenborgian Church of refugee from Czechoslovakia.

In printing this article, California Homeowner does not intend to suggest is right in this Country and there is nothing to complain about. Previous er articles in this issue point out our own dissatisfactions. but, it is ref praise from a newcomer for some of our basic freedoms which many of us t because we have never lived in some other Country.

It reminds us of the story about the man who was complaining that he did until he saw a man who didn't have feet.

With tremendous joy I experience every morning; and with enormous happiness I go to bed every night; for the goodness of each day - now more than 1400 of them, days of freedom and dignity.

More than four years, my wife, son Tom, brother Peter and more than three years my father and mother are enjoying this country with deep gratitude. Perhaps I am the happiest of all the European immigrants including my own family: it was my dream since my early childhood to become an American and now nobody can deny that it was not a great dream. I am proud of my love and gratitude to America and I know why. My reasons are more than personal. I did not come to this country to become a capitalist; I did not abandon beautiful Czechoslovakia in 1967 and after one year, in 1968, the free and wonderful West Germany to become a politician in this country; I came here because I was convinced that only here, my family and I can open our mouths, our hearts and all our potentials and

live, not only exist, like a real dignity. My father, a pean Christian Mission (Brooklyn, New York) is able to preach again in his native Russian and Ukrainian among men in these United States years of forced silence in my brother Peter, a clinician can work in an American Hospital not only for his profession for believing in God and life only came to this country to family happy, but to make a contribution to the joy of others congratulate you for having city to make so many people happy and joyful.

I APPRECIATE THIS COUNTRY

I wish many of you would

yours. When I was working in W. Germany, after having had defected as a Czech refugee in 1967, I saw with my own eager eyes what it meant to be freed by Americans and be helped by American people and the government. I experienced the same admiration when later I met my Japanese friend in Boston who had the same insight into the American help and inspiration. Not everybody is enthusiastic about Americans in those countries but everybody is enjoying their freedom even of hating and envying America. I am not going to make commercials in selling America to you, but only to thank you for listening to my confession and to make you at least aware and confirmed in your usefulness and blessings that pour through you all over the world.

YOU ENJOY REAL FREEDOMS

Whatever was coming from America to our European homes before the War and after, was always a source of joy. But for me the vision of free access to all kinds of philosophies, religions; the vision of free and boundless propagation of the Lord's message and proclamation of His Truth was the most attractive reality. Now you will not be surprised by the fact that I chose to become first of all a Minister of the Gospel in this country although I am a Medical Doctor and I worked in Europe as a neurologist and psychiatrist. I believe that without knowing God you cannot know yourself, nor your fellowmen; without loving God with the totality of your being you cannot love anything or anybody.

This kind of belief is not compatible with being a doctor or a teacher in a socialist country. You are allowed to go to a Church or to confess what you believed but you are not allowed then to teach or hope to be promoted in your medical career, not to speak about being published. In the Soviet Union you would not be allowed to study medicine first of all and your children would never be allowed to enter a school of higher learning (college or equivalent). I cannot imagine that this is something new for you what I am speaking about, but this is useful to remember if we are concerned with real truth about our

freedom. And about Truth, quite essential. According to our concern we can decide about the freedom and life. For Soviets the being is ridiculously reduced; they are not concerned with peace or even their unreal communism. The whole history of the invasion of Czechoslovakia proved that they mocked any will of a people's will or the will of the working class. What they wanted was military power and destruction which they do not agree. The power of freedom as it is in our country. I realize that this is a lie and a propaganda which reminds us the War. But there is a tragedy in the old truths, a tragedy of information destroyed by the Truth itself. It is the Truth wins the war after losing some battles.

HERE ARE SOME PROOFS

I would like to have your proof from my own life and use some of the family had to go through.

I was born in Ruthenia, in the Carpatian Mountains, in Hungary before WW I and to find freedom when it was established by Edvard Masaryk, the first president of Czechoslovakia. I probably do not know that there was a philosopher and professor at the University of Vienna, Prague was for some time and married an American girl. He married the American democrat and planted into the ground of Czechoslovakia (named it Czechoslovakia). My father was of many minority groups but they were mostly descendants of Ukrainians. I belonged to the Russophiles. My younger brother was allied with Ukrainophiles. The masses and quite a lot of Hungarian nationalities, most of them Jews who hated each other most? Ukrainophiles. The two kinds

Do you think that Christians hated Jews more than themselves? Not in the least. The worst hostility was displayed among Greek Catholics and the Orthodox Church (Pravoslav). Of course, I had a terrible time as a child of a Baptist Missionary. Nobody was able to believe that I was not a "germ of Antichrist." Of course the democracy of a free Republic was impotent in generating some tolerance in this field of stupidity and cultivated ignorance. So when the danger of totalitarianism came into existence, nobody was concerned because everybody was busy with his little and stupid hatred. When the freedom, which was not used in a creative way, was lost, everybody felt embarrassed. And to make it even worse, we started to yearn for freedom promised from the East.

COMMUNIST FREEDOM?

Who did not know what the Bolshevism meant? Many Russian emigrants were telling us the truth about Stalin and his kingdom of terror, hunger and death. But Germans and Hungarians who were our enemies were telling us the same truth. And this we didn't like. We wanted freedom from nationalistic oppression. We wanted peace and freedom, who doesn't want it? But why did we forget about the danger of communism? It was a kind of psychoanalytically recognized defense mechanism of denial of reality. We were hungry, we were tortured by nationalistic oppression, this present pain was the most important, it has to be relieved by all means. After all there was nothing possible to prevent our liberation by Bolsheviks in October 1944. We were overflowed by joy and gratitude. This joy lasted three days. Then I overheard what the higher officers of the Red Army, gathered in our house, were discussing about USA. I was horrified. In October 1944, more than half-a-year before the end of the war they were considering the undeclared war against America after Hitler's defeat. My country Ruthenia had to be a part of Czechoslovakia again. Everybody believed in the Agreement between the Big Four about the status of borders of our states. And what did happen? Czechoslovakia was still bleeding and dying in cramps of war when Soviets

were stealing a part of her to sign a confession of her Liberators and hated our people all over the country were stealing some canned food (if anybody knew that it was a secret where the Soviet government to Western Allies about it) who begged Russia for protection presented more than a million though there are not more millions in the world. So we nobody was able to save us and understand this kind of 'you will have more insight pair that threw a young Czech into the flames and horrible Helplessness in the face of giant political rape - this is

NO CHOICE

Czechs, Slovaks, Ruthenians and other nationalities the sort of freedom they are live in despair of helplessness is no hope that Americans condition and can plan something. Who cares? So write Here is your signature. You us that the will of people the hell and the devil has a

RUSSIAN PEOPLE KNOW

Do not think that the Russian stupid that they do not know dom is here when such as only allowed to visit Moscow come back home and nothing for her speeches and spit on the American people. She opportunity to realize her dream to lose my home, property, forever in a country which in order to have my dream forever, sweet home of liberty You can't imagine how we is until you have lived else

Saga of a Showdown

by John Carl Brogdon



THE LOS ANGELES COUNTY ASSESSMENT APPEALS BOARD

The ninth annual session of the Assessment Appeals Board will convene on September 25 in Los Angeles County. The 6,000 to 8,000 taxpayer-citizens who are expected to have filed applications between July 17 and September 15 will have their appeals scheduled, heard, and acted upon before this ninth appeals board session adjourns sine die in mid-1973.

The saga of this county's assessment appeals apparatus is replete with the classic confrontations of the West, including frontier justice, tax vigilantes, assessment roulette, bounty hunters, bonanzas, bushwhackings, showdowns, and the dispensation of justice.

"My taxes are too high!" exclaimed the Dons of Old California, threatened with the loss of their ranchos. And had there been a Tax Ombudsman, perhaps they would have fared better.

"My taxes are too high!" echoed the mini-Dons of New California a hundred years later, threatened with rising costs and shrinking purses. To protect the homesteads scissored from the old ranchos, they created the Assessment Appeals Board. And when it began sitting in 1964, these redoubtables flocked to the seat of government to protest the assessed valuations placed on those remnants of the ranchos that had become their castles.

John C. Brogdon, Mayor pro-tem, Culver City, is Senior Appraiser, Los Angeles County, Office of the Assessor. He is a former member of the editorial board of the International Association of Assessing Officers and a member of the publications committee for Assessor's Handbook.

FRONTIER JUSTICE

The only recourse a filed tax return had before 1962 was an appeal to the County Board of Supervisors on the first Monday of July as provided for in the California Constitution. Petitions were filed two weeks of that month. The board was empowered to raise or lower the taxes. It sat as a board of appeals until 1962 when it had been heard. They dispensed justice during a brief hearing that lasted less than mid-August in Los Angeles.

This remedy, hallowed by history, had by default, had been made obsolete by its vices so far as the business community was concerned. Not surprisingly it was attacked as archaic, and awesome.

Archaic because more appropriate to a pre-cultural economy.

Arbitrary because of the long and hearing periods.

Awkward because of the delay in having the county referendum process (in this instance, the referendum) of which it was the beneficiary.

Awesome because an assessment appeal just might become a political action once it was once painless and invisible.

Eventually, the Board of Supervisors, ledging a lack of time and a lack of interest, were glad to deputize this task to the newly created Assessment Appeals Board.

THE DEPUTY

The new three-man boards, acting as the deputy of the five-man Board of Supervisors, were able to assume this awesome authority because of the 1962 constitutional amendment approved by the people. This had told the legislature to authorize the governing bodies of counties whose population was "in excess of 400,000" to start up Assessment Appeals Boards.

While ten of the fifty-eight counties were populated enough to be eligible in 1962, not until 1964, and then only in Los Angeles County, was such an appeals board activated. But with the 3-to-1 approval of Proposition 12 in 1966, all of the 58 counties became eligible for assessment appeals boards.

In 1963, the last year that the Board of Supervisors convened as a Board of Equalization, 1,119 taxpayers had disputed their assessments. Assessment reductions had amounted to \$10.5 million. At an average 1963 tax rate of \$9.00 per \$100 of assessed valuation, this represented a tax saving of \$950,000. (This would be about 25% higher if the average 1972 tax rate was applied).

In 1964, the first year that the deputy board was on the job, it was besieged with more than seven times as many disputants as the Supervisors had had to deal with. But reductions had been only slightly higher at \$10.8 million, representing 3/25s of 1% of the county's 1964 assessed valuation of \$12.2 billion. Those who had feared the county's finances might be gutted by the new deputy's open-handed generosity breathed easier.

SHOWDOWN

During the eight-year life of the county's new appeals mechanism there have been 66,308 applications for assessment changes. While the posse of protestants filing applications at the first session in 1964 numbered 8,040, their numbers climbed to 17,172 in 1966, dropped to 5,213 in 1968, and surged to 10,151 in 1971.

These roller-coaster totals belie the remarkable

year-to-year consistency in complaints, with a modal figure of 6,750, and an average of 8,288 cases. The size of the problem has not varied significantly except for a decade by extensive upward revaluation combined with sharply increasing property values in such earth-shaking events as

The size of this annual problem is in perspective by the number of protestants in all counties from 1958 to 1963 was also be pointed out that 40% of assessed valuation and population in Los Angeles County, with its citizens scattered over its 4

These citizens rode in from the county because they wanted maverick the valuations of the municipalities. Optimists have been that the geographical extension of the appeals board permitted by Proposition 12 for the property taxpayer could be what the lawman did for the Old Frontier.

BONANZA

While that fraction of the population enough to seek redress have reductions of about 40%, these typically awarded reductions. About 1 in 7 of these reductions stigated by the three three-man boards dubbed by some The Tax Trauma, others The Traumatic Troika are made on the recommendation when a review indicates that the reductions are justified.

In 1970-71, nearly one-fourth of the applications were withdrawn prior to their scheduled hearings. 4,900 applications actually resulted in reductions.

While reductions were recon

sector in only 60% of the cases, these recommended reductions accounted for \$75.7 million of the \$80.7 million in reductions granted in 1970-71.

While these totals sound impressive, they are placed in perspective when placed next to the county's assessed valuation. In 1970-71, the total roll value was \$18.5 billion; in 1971-72, \$19.2 billion; and in 1972-73, \$21.1 billion. It is the ultimate size of this latter total that will be contested when the hearings open on September 25.

BUSHWHACKED

Some of those prospecting for an assessment decrease overlook the power of the boards to increase assessments as well. While such increases are infrequent, they are frequent enough to bode ill for those who know that their claim has none of the merits of the mother lode. And they are large enough (\$2,271,890 last year) to suggest that the abandonment of a claim not worth working may be the better part of valor, valuation, and horse sense.

ASSESSMENT ROULETTE

Almost twenty-five percent of all applicants become drop-outs, not even showing up for their scheduled "day in court". This would be prevented by the imposition of a nominal filing fee, refundable when an application is heard, but forfeited when an application becomes a "no show". This would lessen the premium on playing "Assessment Roulette", with many worthless claims filed simply because an applicant has everything to gain and nothing to lose. It is manifestly unfair that other taxpayers should have to subsidize these few "free-booters".

TAX VIGILANTES

During the early days of the appeals boards, its effectiveness was diluted by a spate of political fun and games. Political perennials from a few of the smaller jurisdictions, quick to scent and no less quick to exploit anything that might be parlayed into a political lift-off, made haste to

horse to become leaders of

These self-anointed taxvigils the county's plethora of (77 separate cities and 588 districts) to distract the venerable incumbents, and con public. While these would-be themselves as slaying dragons George, they appeared to be in the manner of Don Quixote the already considerable the assessment (value-setting) functions a success.

This confusion would complicate the Board's limited talk tax rates, fix tax rates; grant exemptions, eliminate quotient taxes, or reduce your of economic hardship. We two things: the market value and whether the assessed value that market value."

The Assessor, whose function sometimes envy his Auditor more exact entitlement of Value

BOUNTY HUNTERS

Initially the efficiency of image of responsible tax agencies were adversely affected by those with more clients than credible tribe, in hot pursuit of illegally collected a bounty of funds secured for their clients "Gold Rush" has been in with the application of the Whether recent changes in the eliminating the requirement rules of evidence resurrects open question.

While some critics have Appeals Boards have proved prospect than retrospect, though despite misgivings and shortcomings

periment in equity has proven more valuable than not. Valuable to the taxpayers because it has permitted more hearings, and has lengthened the average hearing time. Valuable to the Assessor because it has dramatically emphasized that market value and the 25% county-wide ratio of assessments to value are the only yardstick by which an appeal is measurable. Valuable to the body politic because it has heightened confidence in the equitable distribution of assessment burdens.

The chief concern now is whether the boards should remain appointive, with no more than nominal qualifications, or should be transformed into a career board with stringent membership standards.

CIRCUIT JUDGES

This new mechanism of redress having been created by public demand, it is not surprising that it should have been entrusted not to experts but to laymen. The initial effect was expectable, with the rules of evidence observed more in the breach than the performance, and with the Assessor or the applicant not infrequently being ruled for or against for the wrong reason.

As a result, the same strictures levied against the old system--that it was antiquated, arbitrary, awkward, and awesome--were levied against its successor, although for other reasons. The new, it was charged, is antiquated because its mandate for a citizen composition suggests a distrust of experts. Arbitrary because of dissimilar decisions on similar properties by different boards. Awkward because appointees of the County Board of Supervisors arbitrate the mechanism whose beneficiary is the county. Awesome because of the possibility that an appointee anxious for renomination to the \$100 per day post may prove susceptible to the subtleties of suasion.

There are those who would contend that a citizen board cannot merit public confidence in its competency without a marked upgrading of its membership standards. There are many others

who would contend that no and explicit the eligibility as membership remains se and appointive (or political hood of the board appointee iting the requisite judicial

While there has been some length of experience and qu dispassionate observation sis suggest that the Appea a viable entity only if tran pointive citizen board to a ed and protected by civil tended that this change is p ate now that its mandate ri a career service of Appeals cers, created to hear asses those counties whose super specialized function, shou as a division of the State o tion.

In any event, the advantage hearing officers acting as " rotation basis throughout th For one thing, it would im the decision-making proces uniform rulings. For anothe tige of county control gone citizenry of the county in tion should escalate. Final tant, public confidence in its be heightened. The Assessi relieves the County Board c arduous assignment, erects them and their most aggrieve through their power of nomin with patronage.

The immediate prospect is f Board to proliferate through long-term prospect is that throughout the country. In e be seen in retrospect that ti first nor the last time that ar impact has incubated in the lation exceeds that 43 of ti Union.

STUDIES UNLIMITED but, NO TRANSPORTATION

by Gene Peters

Get

The Comprehensive Planning Organization of San Diego (CPO) was established to draw together regional transportation planning so that an integrated transit system will result. To date little has come out of the tap. Worse, the businessman who owns industry, the local aviation community, shippers, freighters and related firms were not even thought of in the major primary studies. If all transit funds will be geared toward people, transit chaos can result.

ARTHUR D. LITTLE STUD

To CPO's credit, they have attempted to get better information on needs, growth patterns and much of what has been done --- or is not basic transportation problems. An Arthur D. Little Study dated

ABOUT THE AUTHOR

Gene Peters is President and Co-founder of New World Aviation, one of the first Short Take Off and Landing (STOL) Research Institutes. He is a lecturer on air transportation planning, and innovator of over \$3.5 million in power development projects.

Also well known as the "Nader" raider of wasted tax money in minor programs. He has written several essays on the subject, among them "Pollution" and "The Good Ship Gehtto".

Peters is First Vice President, Southern California Chapter of Negro Airline, and one of only five black Americans who own or co-own an aviation firm in the United States. As executive officer of New World, he is an authority on county freight transportation, interfaced with surfaced systems utilizing concepts.

titled, "Air Transportation and Policy Study." That study, now gathering dust in our library, cost County Taxpayers just under \$45,000.00.

The "Little" study devotes much of its pages to listing the multitude of agencies involved and how this magnifies the management problem, then concludes the obvious idealistic solution would be to place military air routes and airfield planning, city airfield planning, county airfield planning and associated land management control all under one agency. The feasibility of this is remote.

The study lists major airports, project growth trends -- yet treats third level airlines and short takeoff (STOL) aircraft as rather unimportant to the area, but does say a STOL demonstration project should be initiated.

STUDY FUNDS A WASTE

Other CPO studies indicate an excuse to spend tax money just because it was available, for example: (a) A study of Express Bus Systems, \$100,000; (b) Study of Air Cushion Vehicle route from Downtown San Diego to the Bull Ring in Tijuana, Mexico, \$240,000; (c) Fringe Area Parking study, \$100,000; and, (d) \$200,000 to study bicycle paths around the City.

Wasted money? CPO was formed to ~~waste~~ spend FEDERAL FUNDS.

ONE MORE STUDY IS NEEDED

Since I have always believed that a person should not object or take issue unless he has a constructive suggestion which would be beneficial, I offer the following thoughts:

1. *We need a thorough study of what needs to be done. First, a study of how traveling habits of the public have changed in recent years.*

For example, the current bus system is 180 degrees off the traffic pattern. People are moving away from central areas. The shopping centers are following the people to the

suburbs. We no longer need a centralized system. The focal point in the transportation system is questionable.

2. *Apply the above to the new system of transportation.*
3. *Then determine what new transportation and shopping trends are expected.*
4. *Establish and develop a new system and future system.*
5. *Make sure that priorities are given to the travel needs of people.*

PROOF TEST

The proof testing of the new system is costly, but not nearly as costly as the old system. If the new system is not a unique but untested system, will the Bay Area Rapid Transit become a "White Elephant"? The proof test now. The money is spent on a system the public will not respond to. Future commitment to California should be made now if the funds are "FREE" from all governments.

SUMMARY

In Summary, I see a need for a systematic evaluation aimed at improving the range industrial and economic development.

Since growth trends show a dramatic increase, we must plan how this complex city can be handled by an economical and responsive system. If we fail to do this, we must give San Diego as a progressive city the same status as a progressive state.

At this point, looking back at the money we have spent on transportation systems, we have produced nothing, all we can do is get to do better in the future."

Is It Time to Reform the Property Tax?

(Reprinted from NATION'S BUSINESS, September, 1972)

"A weird combination of overtaxation and undertaxation," a conference of experts called it--one that provides an incentive "for what we don't want and a disincentive...for what we do want"

by Perry Prentice

Much too much nonsense is being spoken and written and believed about the property tax.

Not one taxpayer in a thousand, and not one businessman in a hundred, understands what is wrong with it. Even assessors charged with its administration are too apt to confuse it with an income tax--they grossly underassess land that is kept so underused or misused that it is earning too little income, and then grossly overassess land whose owners have put it to good use to earn a good income.

The one and only thing most taxpayers seem to know about property levies is that their bills keep getting bigger and bigger and bigger.

And indeed, property tax collections have multiplied by eight since 1939. But nobody seems to realize the reason: Over these same years local government costs have multiplied by more than 13.

Local government has become America's big-

gest growth industry, and so its costs.

There is another aspect that few taxpayers realize--its misapplication is the bane of blight in our cities, and in the suburbs that prematurely use up acres which should be left for years to come.

In too many tax districts land is taxed so heavily that there is no room in them unless they are given a direct or hidden subsidy (and often of different kinds of subsidy).

Conversely, land is taxed so lightly that city landowners are under no incentive to put it to good use and so they can afford to hold millions of acres now for orderly growth, off-

ABOUT THE AUTHOR

Perry Prentice, who was the second publisher of TIME, rounded out twenty years as Vice President of Time Inc. by serving as its "principal officer concerned with the problems of housing and urban development."

As such he organized the Housing Industry Presidents Conference, moderated 40 industry round tables that did much to clarify and coordinate industry action, and doubled as both editor and publisher of both Time Inc.'s magazines in the

can get tomorrow's prices today--thereby forcing developers to leap frog far into the boondocks to get land they can afford to buy.

SADLY UNWISE

Said the consensus of a round table conference of urban experts cosponsored by the Conference of Mayors, the Council of State Governments, the National League of Cities, the National Governors Conference, the International City Management Association and the National Association of Counties:

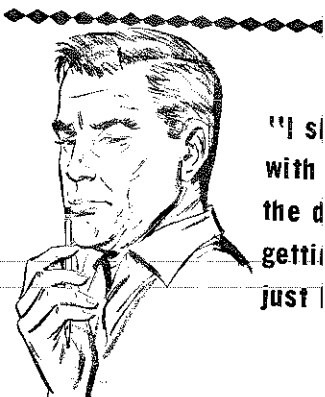
"Wisely applied, the property tax on which local governments depend for 87 percent of their tax revenue could be one of the ...fairest of all taxes; but as most cities apply it today it may be the very worst--a wierd combination of over-taxation, an incentive tax for what we don't want and a disincentive tax for what we do want.

"It harnesses the profit motive backward instead of forward to both urban renewal and urban development. Too often it makes it more profitable to misuse and underuse land than to use it wisely and fully, more profitable to let buildings decay than to improve them or replace them.

"Too few tax levyers seem to understand that the property tax is not just one tax; on the contrary, it combines and confuses two completely opposite and conflicting taxes, and it would be hard to imagine two taxes whose consequences for urban renewal and urban development would be more different.

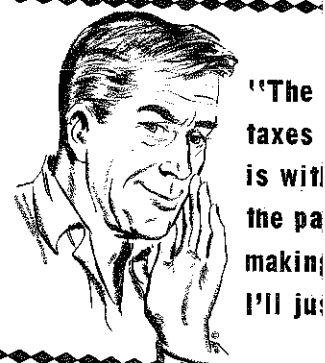
"One of the conflicting taxes...is the tax on the improvement--on what past, present and future owners of the property have spent or will spend to improve it. And it must be obvious to anyone that heavy taxes on improvements are bound to discourage, inhibit and often prevent improvements.

"The other levy...is the land tax--the tax on the unimproved location value of the site, on what the property would be worth if the owners had never done anything or spent anything to improve it...And it must be obvious to anyone that heavy taxes on the location cannot discourage or inhibit improvements; on the contrary...(they) could put effective pressure on owners to put sites to better use so as to bring in enough income to earn a good profit after paying the heav-



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"I don't want to sell as long as the value is still going up, but if I build, the taxes on the building will kill me."



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"You would think every city land heavily and tax improve all; but just the opposite is every city collects two or th money from taxes on improver on lands. In fact, many citie more heavily than the combin federal taxes on any other p

To pay for rising costs of local government, the author recommends increasing "too-low" taxes on land.

He contends this would do as much to stimulate urban renewal and development as reducing the "too-high" taxes on improvements.

industry except hard liquor, cigarettes and, perhaps, gasoline."

HOW BIG IS A 3 PER CENT?

A 3 per-cent-a-year tax on improvements--a rate exceeded in many hard-pressed cities--may not sound big compared with the federal income tax that scales up to 70 per cent and actually takes away almost 11¼ percent of consumer income. But it sounds small only because it is expressed as a percentage of capital, whereas the income tax--as its name makes clear--is expressed as a percentage of income.

The enormity of the improvement tax becomes self-evident when we restate it in income tax, sales tax and consumer tax terms.

First, in income tax terms:

A 3-per-cent-of-true-value levy on improvements is apt to tax away 75 per cent of the net income a new building could otherwise earn.

And now, in sales tax terms:

A 3-per-cent-of-true-value levy on improvements is the instalment plan equivalent of a 52 per cent sales tax; i.e., it will cost the improver as much as a 52 per cent lump sum sales tax would cost him if he could finance it at 5 per cent interest over the 60-year life of the improvement.

And finally, in consumer tax terms:

A 3-per-cent-of-true-value tax on improvements

will cost the consumer more consumption tax; i.e., it will per cent to the rent a tenant than 25 per cent to the carry must meet.

OTHER PEOPLE'S MONEY

Conversely, most tax-dilapidated tax-underused land so lightly can hold \$1 million worth of at a net yearly tax cost selling \$10,000 while its price is \$60,000! Such undertaxation is speculation by far the biggest of all tax shelters--a method that allows speculators to capitalize not only on their own investment but on the times-bigger unearned increase in "land" derives from the people's money that is needed to reach a reachable, livable and richly

(Around New York, investors payers to pay the proportion added police and fire protection, streets, water supplies, sewers, hospitals, etc., is itemized by the Association at \$20,000 per acre, roughly \$80,000 per acre. This is a subsidy, enabling a speculator perhaps, 20 times what he pays

Taxpayers may find it easy to pay heavy taxes on improvements for themselves but for everyone else must understand that increasing taxes is just as important, for at least two reasons.

1. There is no other tax by which improvements could recover the revenue by reducing the tax on improvements.
2. Increasing the too-low taxes as much to stimulate urban renewal as reducing the taxes on improvements, for it would cost less in tax reduction on improvements than heavy taxation on land.

An eight-year study covering Milwaukee indicated a startling

ments were untaxed and the whole weight of the city's 4-per-cent-of-true-value property tax were shifted to land: The arithmetic of property ownership would so change that, with no urban renewal subsidies whatever, it would be profitable for owners of all the vacant lots and obsolete buildings now preempting so much valuable Milwaukee land to erect buildings that make better use of the sites.

3. Unless land is taxed quite heavily--and this means much more heavily than it is now taxed--any reduction in the levy on improvements would be capitalized overnight into higher land prices.

Why? Because land on which you can erect a lightly taxed improvement is worth a lot more than land on which any improvement will be heavily taxed.

Today's almost universal underassessment and undertaxation of land is the No. 1 reason why the Douglas Commission found land prices

in this country soaring 6.1% rest of the price level. It is why St. Louis, where the price is in even more trouble than property tax is so high.

It is the No. 1 reason why the property tax is close to so crazily high that a 50%-quite ordinary suburb, 15 miles of Switzerland costs more than 1 reason why, on the fringe zoned residential sells for Hendon, \$168,000 in Ham Ealing and \$192,000 in Wim

It's also the No. 1 reason per cent of new homes being day have to be land-thrifty and why private enterprise of 45 per cent to 80 per cent ket there.

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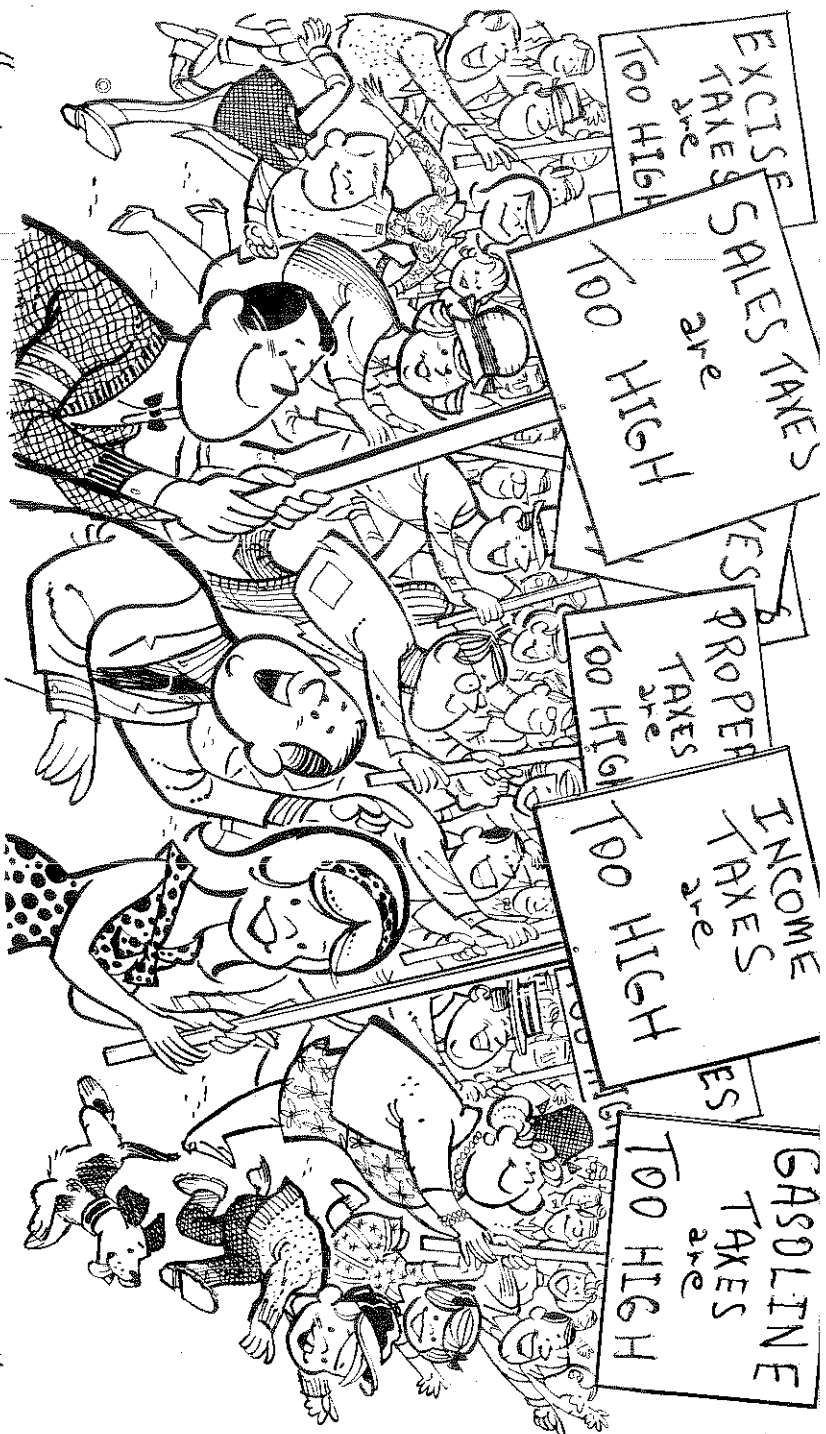
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