



Dr. Rolfand O'Regan

Homeowners Demonstrate

On April 17, a bus load of senior citizens, under the auspices of the Taxpayers Digest, went to Salem to join several other such delegations from different parts of the State, to testify before Mr. Richard Eymann's Committee on Taxation as to the need for homestead tax relief. It was an impressive hearing with few opposing voices. We are glad to report that especially one group from which we had expected strong opposition, had changed its stand since the last session of the Legislature because of the obvious and demonstrated need for relief.

Mr. Clayton Nyberg, Commissioner from Washington County and member of the Metropolitan Planning Commission, representing the Organization of County Officials, informed the Taxation Committee of the change in attitude. In private conversation with Mr. Nyberg at the Capitol we learned of his sincere interest in the continued residence of the older folks in their own homes and accustomed surroundings, not only for their own benefit, but also, as he stated, because of the wholesome influence that can be experienced on the younger and youngest generations from our elders.

Testifying before the Taxation Committee in favor of homestead tax relief were these members of the Legislature: Sen. Walter Pearson, Sen. Don Husband, Sen. Alf. Corbett, Repr. Juanita Orr, Repr. Victor Atiyeh, Repr. Jake Bennett.



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Tax Authority Addresses Local Group

On April 12, Dr. O'Regan from New Zealand, whom we introduced to our readers in the previous issue, testified before the Oregon House Committee on Taxation at the request of its chairman, Mr. Richard Eymann. Dr. O'Regan found good response among the members of the committee as was evidenced by some searching questions, and he was then honored by an introduction to the entire House of Representatives. His testimony concerned site value, or incentive taxation, which is practiced over wide areas in New Zealand and in some districts in Australia with increasing frequency, and excellent results.

According to Dr. O'Regan, a large part of the cause for an exceedingly low rate of unemployment in those two countries can be put to the account of such incentive taxation system, and that in spite of the fact that unemployment compensation there is high! Sium clearance is no problem, either; it is being done by private enterprise, stimulated by incentive taxation.

Oregon Pioneers Homestead Law for Needy Sr. Citizens

It gives us a good deal of satisfaction that the Oregon State Legislature has passed a Homestead Tax Exemption Law. The underlying idea has been advocated by us since our first issue three years ago. The provisions of the new law are not exactly what we had hoped for, but they represent the best possible compromise.

We shall endeavor to seek improvements in future sessions of the Legislature, but advise all senior citizens who are covered by the law to take advantage of the benefits allowed. If these do not appear very much, they could mean a great deal to a person over 75.

Anyone wishing detailed information applying to individual cases, please write us. We shall try to help as much as we can.

New Taxation Methods Interests Hawaii

We have been much encouraged in our endeavor advocating site value taxation upon learning that still another state has lately shown increasing interest in this method of taxation: Hawaii.

H. B. No. 22 has been introduced in the House of the Hawaiian Legislature, which mainly seeks to accomplish these features:

1. Improved assessment and zoning practices, which classify the land and tie the tax rate to these classifications.
2. A differential tax rate, which will tax improvement values at 40% of the rate applied to land values, the difference to be arrived at in steps of 10% each two years.
3. Homestead Tax Exemption.

The above program points are precisely those which we had conceived as the most desirable targets in a tax reform for Oregon when we first decided to publish this little paper. Homestead tax exemption is now a lively issue at our Oregon State Legislature. And we hope that the other issue will follow in due course. Considerable education of the taxpayers may be necessary in this respect, because the benefits resulting here are not so obvious as those of the homestead tax exemption. But actually, the benefits are much more far-reaching and deeper.

A lease is a written contract in which the big type giveth and the little type taketh away.

Economist: One who knows all the answers but doesn't understand the questions.

READER'S DEPT. . . .

North Marion County Taxpayers Alert

It gives us great pleasure to recognize at this time a friendly taxpayers organization in North Marion County, the North Marion County Taxpayers Protection, Inc., with Mr. Norman Stauffer as president, and Mr. Howard B. Giesy as vice-president and corresponding secretary. Mr. Giesy has sent us a copy of their by-laws, which we appreciate, and the following letter:

Recently we took on a battle with a Woodburn group that started to locate a Hospital District and put a hospital on the tax rolls. Our group jumped in and dug up facts and put a private operator in contact with the Woodburn group to establish a hospital in the area off of the tax rolls.

We weren't against a hospital but we certainly did not think it belonged on the tax rolls—it would be a political football that would never be off our backs due to the welfare problem and so-called liberal thinking: "Spend your money but hang on to my own"—"something for nothing animal."

We also back candidates for school boards that way we stay in touch with school building plans and thoughts. After all, 80% of our property taxes go to schools, and 80% of the property in this district is farming. Needless to say we farmers are in pretty sad shape due to poor crops resulting from inclement weather conditions, depressed prices for what we sell, government programs that are hurting us here in the Willamette Valley as they don't apply to us, high prices for what we purchase. We are receiving 1939-40 prices in 1963!

Incidentally you might read the Hospital District Law, it is O.R.S. 441:21-26, somewhere in that vicinity. It was passed in 1949 and is a promoter's dream. Could be the backdoor to socialized medicine.

If our private hospital plan goes over we will have saved the taxpayers in the proposed district a minimum of \$1,500,000. This organization is well worth the effort.

We are careful when attacking something that we offer something in its place so that we are not pegged as being "agitors." If the opposition can peg us as being without a counter offer they have half the battle won and have you on the defensive.

Sincerely,
Howard B. Giesy

Thank you, Mr. Giesy, for your interesting letter. Our friends in other parts of the State will appreciate hearing about your experiences. Please write us again soon.

REFLECTIONS AND BEST WISHES

* Thank you for your letter just received . . . In a way I regret . . . severing my old interests. I have been a pretty ardent Georgist now for over sixty years . . . I knew all the old-timers and worked with them . . . But I think it is a mistake to over-emphasize Henry George and to insist on a single-tax principle . . .

I . . . believe in taxes, if we wish to call them that, in so far as they are really a payment for specific services. I have no objection whatever to an automobile tax if the funds are used to pay for the licensing, regulation of motoring, and for building and maintaining and policing highways primarily for motorists' use. This, I think, is entirely legitimate, and this is but one illustration of many. . . .

For some years now I have been concentrating on the land value tax in cities seeking to secure the shifting of the entire burden of municipal taxation from what we vaguely call real estate and imposing it entirely upon site values. This idea is received much more quickly and enthusiastically by the general public than the old single-tax philosophy . . .

. . . in Pennsylvania we have had a splendid man working there now for a couple of years, the Reverend W. Wiley Young . . . He is trying to get some of the cities to make a reality of the tax reforms which we made possible through securing a state law permitting this change in the taxation of realty in any city which chooses to adopt it. It looks very much as if we would have one or two cities lined up in Pennsylvania before long. I think that Erie will probably see the light and accept the program. It was quite encouraging to me to find when we were working for a permissive bill of this character in Harrisburg that without doing any real lobbying or even sending a representative to the State Capitol we succeeded in getting a permissive bill through without any difficulty. It was passed unanimously in one House and with only one dissenting vote in the other. This simply shows what a little success in this specialized and limited application of our philosophy may accomplish . . .

It is possible that you may see me some day in Portland . . . congratulations on the excellent work you are doing and best wishes for its success.

Very truly yours
Gilbert M. Tucker.

(Mr. Tucker is the author of "The Self-Supporting City." This book can be obtained from us for \$1.—)

To The Editor . . .

Editor:

Our municipal body is considering zoning variances to permit the erection of either garden apartments or "Elder Citizen" housing developments.

As a taxpayer, I am interested in the economic aspects of such a project concerning its effects both on taxes and on property values in the immediate vicinity, as well as other problems that might arise from such construction.

I am also interested in knowing if such projects have deteriorated or become converted from their original approved usage to less desirable occupancy and perhaps a liability to the community.

If you have any factual information available relating to these areas I would appreciate being advised as to its availability.

Very truly yours,

D. B. Decker

Green Pond, Newfoundland, N. J.

Readers who have relevant information are invited to write us or to Mr. Decker submitting facts.

Can You Improve Your Home Without Incurring Higher Taxes?

LAND . . .

and SPACE to GROW

14 minutes, 16 mm sound Motion Picture

Produced by the Robert Schalkenbach Foundation

"Land and Space to Grow" illustrates the theory of land value taxation. The principle is shown in practical application through the story of a young couple who buy land and build their dream home.

They find that each improvement on the house brings a corresponding increase in taxes. When taxes are confined to land values, punitive taxes on improvements can be eliminated.

The film can be obtained on a free loan basis, with only return postage to pay, from

Taxpayers' Publications, Inc.

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COMMENTS ON TDP ARTICLE

Earlier this summer, we sent letters asking for candid opinions on the article: "Michigan Mayor Fights Tax on Improvements" and the applicability of the tax theory expressed therein, to local problems. Mr. Joe Hawkins, Multnomah County Assessor recently mailed his reply which is printed below.

It is noteworthy that while Mr. Hawkins points out the difficulties arising from complexities of taxing various and different kinds of dwellings, he also states that he does not believe there is a lack of uniformity in the taxation of properties. Homeowners, we have been led to believe, disagree with him. It is here, precisely, that the problem emerges: a lack of communication between the taxpayer and his government. The question is relevant: "Is government carrying out the wishes of the voters?"

It is certainly true that the County Assessor does not have jurisdiction to levy taxes; this is the authority of the State Legislature and local municipalities. And it is upon these bodies that the homeowner must place his complaints. But homeowners should present an organized and articulate group voicing their disapproval of the method of tax distribution, as commercial interests do, and not appear as sporadic heckling in single disjointed voices.

It gives us great pleasure to present Mr. Hawkins views:

Dear Mr. Hotaling:

You asked for our candid opinion on the tax theory expressed in Mayor Clarkson's tax program, and its applicability to Multnomah County's pressing financial problems.

We do not feel qualified to express an opinion on the article because of our lack of knowledge of Michigan Tax Laws and procedural problems. In Oregon, tax policies originate with the State Legislature. Taxes are levied by authority vested in municipalities, examples of which are counties, cities, school districts, etc. The amount of money actually levied has limitations placed by the State Constitution and statutes passed by our legislature.

The appraisal of property for the distribution of the tax burden is the responsibility of the County Assessor. It must be clearly understood that the dollar amount of the tax levies is not affected by the work of the Assessor.

The Assessor's responsibility is to uniformly appraise all properties to the end that each taxpayer pays only his fair share. The Assessor encounters many

difficulties in establishing uniform appraisals in Multnomah County because of the varied types of property and the many factors which affect the market value of these properties. The magnitude of this responsibility is illustrated by observing the number of properties represented, as follows:

1. An estimated 150,000 single family dwellings, ranging from shacks to mansions.
2. 30,000 improved commercial properties which range from small service stations and multiple housing units to shopping centers, office buildings, hotels, motels, industrial manufacturing plants, etc.
3. There are approximately 22,500 owners of taxable personal property, including merchandise, furniture and fixtures, manufacturing equipment, logs, livestock, construction equipment, etc.

It is obvious from the number of properties cited above that differences of opinion concerning value will frequently occur. One of these problems in the valuation of land can be illustrated by an area which is zoned for residential use by a planning commission. The Assessor's value is placed on the land based upon its use for residential purposes. In the interim between appraisals, a corporation will purchase a large number of parcels with the intention of obtaining a zone change and constructing, for example, a shopping center. The price paid is for commercial land and, at the time of the sale, makes the Assessor's values appear somewhat ridiculous. Our office, of course, will increase the land values shortly after the zone is changed and construction occurs.

We certainly do not believe that properties in our county are lacking in uniformity with market value to the degree that the report from Michigan indicates. Any appraisal system can be improved by securing salaries sufficient to attract capable employees and by providing job training and job tenure sufficient to retain the employees after they are qualified.

Yours very truly,
Joe Hawkins
Assessor, County of Multnomah

California Homeowners Plan to Organize

California homeowners are planning to organize to protect their interests and liberties, and to fight excessive taxation now being inflicted on them."

Sidney G. Evans, San Diego property owner and manager, and Hyman Ledeen, of Pasadena, Cal., president of Ledeen Mfg. Co., El Monte, said they and other California associates will form an organization to "educate homeowners to the inroads now being made on them by the very taxing bodies who should be intent on preserving economic stability and traditional liberty as an atmosphere in which homeowners flourish."

Evans cited an inscription on the Home Federal Savings & Loan, Assn. building, which reads: "The American Home is the Cradle of our Liberties."

"Homeowners are the prey of every new tax scheme, local, state and federal, and as taxes increase, our freedoms decrease because of growing government control made possible by bigger and bigger government budgets," Evans and Ledeen said. "Homeowners pay too much taxes. Let's start taxing people who should pay more, land speculators, for example."

Evans and Ledeen said they were joining the growing army of businessmen and homeowners who see land speculation as the evil underlying unemployment, low incomes, slums, delinquency and crime. Mentioned by the two as opposing land speculation were Joseph P. Eichler, prominent San Francisco area builder; Dr. Karl Falk, president of First Federal Savings & Loan Assn., Fresno; Roy Wenzlik, St. Louis, one of the country's largest real estate operators, and Perry Prentice, vice president of Time, Inc.

"These are only some of the businessmen who want to reduce land speculation, and give industry and homeowners a break," they said.

Evans and Ledeen said they expect to sign up at least 200,000 California residents. Ledeen is president of the Tax Relief Assn., and Evans is on the board of the San Diego Open Forum.

Reporter: And what do you think of the Common Market?

Starlet: Goodness, I wouldn't know. My cook does all the shopping.

Apologize: To repeat an insult with variations.

The years a woman subtracts from her age are not lost. They're added to the ages of other women.

UI Professor Hits Tax Privileges

(Quoting Harold M. Gray, Professor of Economics, University of Illinois, commenting on his testimony before the Congressional House Ways and Means Committee, Washington, D. C.)

The failure of Congress to deal realistically with the taxation of natural material resources is attributable to two factors: ignorance of economic fundamentals, and political pressure from the private owners of these resources. This combination thus far has proven unbeatable.

"The tax system in oil and gas, and to a lesser extent in other extractive industries, has been retailored over the years to achieve, as near as possible without granting complete tax immunity, the capture by private owners of the capitalized value of the natural resource itself. Tax deductibility of exploration costs, cost depletion, capital gains, and income splitting, taken together, yield substantially this result. The beneficiaries, of course, argue that this is equitable because it gives the owner something near the capitalized value of the resource, just like farm land or city real estate. They fool Congress on this issue by concealing the basic distinction between capital and capitalized value of the resource. The latter of course, is determined in large part by privilege: monopoly pricing, tax immunity, restriction of production under the guise of conservation and import quotas.

"If one reads carefully between the lines of the testimony of the professional defenders of percentage depletion and related tax immunities, it can be seen that what they really want is the tax-free capitalized value of oil and gas, computed at an artificial monopoly price—the so-called "field" price. This price is maintained by a combination of private monopoly, state restriction of production, and federal restriction of imports. This simple principle, however, is concealed by a great fog of rationalization."

Slums Increase Taxes

The following summary is taken from *The American Engineer*, November 1962, based on data published by the Housing and Home Finance Agency:

"One third of the nation's population lives in slums. These slum areas account for nearly 50% of the country's major crimes, 50% of its juvenile delinquency,

50% of its arrests, 60% of all tuberculosis victims, 35% of the fires, 45% of all city costs. Point of contrast: Such areas produce roughly 6% of real estate revenues."

To which we may add: Although little revenue is collected from slums, the land areas involved often represent potentially high yield sites. Why not tax them accordingly and avoid the creation of slums?

Taxpayers Stage Protest

On April 29, there was a protest meeting in Oregon City of taxpayers in Clackamas County decrying high taxes and apparently arbitrary methods of appraisal. As exor Don Hatten defended his position and the work of his office staff by pointing to legislative directives for his procedures, and to his qualified staff of appraisers. But the mood of the assembly was definitely hostile and highly critical. Further public meetings to clarify the atmosphere were demanded by the audience from the Citizens Protective Committee, whose chairman is Mr. L. E. Hinman (also chairman of the Clackamas County School Board). Other members of the committee present that night were Mr. Robert Wagner, dairy farmer; Mr. Chad Hindman, businessman; and Mr. Lawrence Personett.

Taxpayers Federation

On April 20 we attended a meeting of the Oregon Taxpayers Federation, Inc., in Albany. By-laws were adopted, and the formation of an executive board was called for. This will be constituted at the next meeting scheduled tentatively for the first part of June. Chairman Mr.

Charles Creighton, Jr., Salem attorney, appointed a committee to investigate methods and practices of real estate appraisals and assessments, which are under constant suspicion by the taxpayers because of seeming, and sometimes glaring, arbitrariness.

Further points adopted for the working program were: consideration of a referendum on the income tax revisions if these should prove too burdensome; and a ballot measure calling for the participation in any tax or bond election of at least one third of all the registered voters at the time of the election in any voting district.



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The *Taxpayers Digest* actively supports groups interested in problems of taxation and tax savings and provides a means by which such organizations may reach the general public. It holds that homes used as homesteads by the owners whose yearly income is less than \$3,000 should be tax exempt and that taxes should be placed where they will hurt the economy the least and from where they cannot be shifted.

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