

ADDRESS BY LAWSON PURDY, PRESIDENT OF THE
DEPARTMENT OF TAXES AND ASSESSMENTS,
AT THE DINNER OF THE REAL ESTATE BOARD
BROKERS, FEBRUARY 18, 1907.

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Mr. Toastmaster and Gentlemen:—This is the eighth Annual Banquet at which you have honored me by an invitation to address you, and looking back over the activities of the years since 1900 I feel very grateful for the good work you have done to bring about a better system of taxes and assessment in the City and State of New York. I feel grateful, too, for the hearty cooperation you have given me in like efforts. In 1900 a bill was pending for the annual taxation of all mortgages without any deduction for debt, and it seemed well-nigh impossible to arouse the people of the State to the far-reaching importance and danger of such a law. You gave me an opportunity to present an analysis of the measure in a public way. With your cooperation public interest was excited and the bill was defeated.

In 1903, a serious effort was made by the Tax Department to assess real estate at actual value, and a good deal of opposition developed. You gave me the chance to present an argument for obedience to law in this matter, and to advocate the separate statement of the value of land in assessments and the publication of the roll. The amendment to the Charter to carry out this recommendation received your approval and became a law in that year.

To-night, instead of speaking for a voluntary Association, I come as one of your servants to represent a Department of the City. The Tax Department has an honorable record, and among the Commissioners have been men of distinguished ability, who have rendered great public service. In the early seventies Commissioner George H. Andrews frequently advocated such Home Rule for the City of New York as would make it possible to abolish the general property tax on personal property. His arguments are found to-day in many libraries, and have been many times quoted. Mr. Michael Coleman was a Deputy under Commissioner Andrews, and later became President of the Department. His testimony before the Joint Committee of the Legislature on Taxation in 1892 is fully in harmony with the views of Commissioner Andrews. Mr. Barker, who was President of the Department under two administrations, is well remembered for his knowledge of the law and for his intelligent criticism of the archaic personal property tax.

Few people realize the tremendous problems that confronted Mr. Feltner, when he became President of the Department at the time of the consolidation of the City. Even in the Borough of Brooklyn 1,700 acres were not assessed at all, and for 9,000 acres there were no maps. In the Boroughs of Queens and Richmond there was chaos. Complete maps had to be made, new deputies appointed, and for their instruction a school was established. Within two years maps were made and the system of assessment of the new boroughs was raised to the standard of the old City of New York. It was a great task

well accomplished and speaks well for the organization of the old Department and for the ability and industry of the Bureau Chiefs, who fortunately still remain in the City service.

Under the Presidency of Mr. Wells a vigorous effort was made to assess real estate at its true value. Although he had to endure much misunderstanding and criticism it is now generally recognized that an honest attempt to obey the law is essential to secure that equality which the law contemplates and justice requires. The attitude of Mr. Wells toward the personal property tax was in harmony with his vote as an Assemblyman in 1892, for the Bill for Home Rule in Taxation designed to carry out the recommendations of Mayor Hewitt in his message to the Board of Aldermen in 1888.

Mr. O'Donnell, the last President of the Department, will long be remembered both within and without the Department for his consistent kindness and courtesy, and for the careful conservatism of his administration.

The faithful and intelligent work of the past has done much to lighten the burden upon the Board now in office. At the same time, however, a standard of accomplishment has been established which it is far from easy to maintain.

THE ASSESSMENT OF PERSONAL PROPERTY.

The duties of the Commissioners in acting on applications for the reduction of personal assessments are easier to perform because of the assessment of real estate at approximately its full value and the consequent reduction of the tax rate. The old rate frequently took one-half the income of interest bearing securities, and there was practically no avenue of escape for executors and trustees. Under the old conditions the Commissioners exercised a wise and justifiable discretion. Assessments were frequently reduced when persons consented to pay on some satisfactory amount without a strict examination as to the facts. If this course had not been pursued many persons and much property would have been driven from the City; moreover, the severity of the law was mitigated in the case of helpless beneficiaries of trust estates.

Now that assessment of real estate at full value has reduced the tax rate and trust funds may be invested in exempt mortgages, it seemed wise to the present Board to adopt a rule that no assessment shall be reduced unless a thorough examination as to the facts shows that a reduction is legally justified. No threat of removal or of change of investment influences our action, and no one through ignorance of the law or for any other reason should be assessed for a larger sum than is warranted by the law and the facts.

The law makes the Commissioners judges; they are neither prosecutors nor beggars. It is their duty to ascertain the facts and apply the law impartially. People are under no obligation to assess themselves. If they apply for a reduction of an assessment the law requires them to answer truthfully all questions as to their property. They are not presumed to know the law, and in most cases they do not. The Commissioners are obliged to know the law and to apply it. Attorneys are welcome, for the presence of counsel makes the work of the Commissioners easier, especially in complicated cases, but no one need feel that counsel is necessary, for if a person has no

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legal adviser the Commissioners will be the more vigilant to see that justice is done. In this respect the attitude of the Board is unchanged. I have never known of a case where the Commissioners have allowed any one through ignorance of the law to pay more than his share.

Contrary to the usual opinion, we find a good many persons who desire to pay taxes that cannot legally be exacted. We do not approve of this attitude, for we are not in charge of a donation party, and if any persons desire to make presents to the City, their gifts should be known as such, and not contributed in the form of taxes. There are men who have paid personal taxes for years who were not liable, and who knew they were not. The assessments on some of these very men have been publicly criticized because they are regarded as small. Unfortunately, many people think that a large income is evidence of liability to personal taxation. The reverse of this is the truth. Wealthy men can arrange their investments so as to escape legal liability to personal taxation, while it is often difficult for a merchant with a small stock of goods to avoid a heavy assessment. The practice of paying taxes that are not lawfully required is an evidence of generosity, but it does positive harm by conveying a wrong impression and giving a false appearance of strength to a weak, unwise and unjust system.

Years ago, when the Commissioners were fewer in number, it was sometimes necessary for persons applying for a reduction to wait a long time for attention. In recent years this has seldom, if ever, happened. Unless people come in unusual numbers just before the books close, we do not anticipate that any one will have to stand in line a moment or wait more than a few minutes to be heard. The hours are from ten until twelve on Saturday, and from ten until two on other days. To ensure the orderly work of the office and to prevent any appearance of favoritism, the Board has adopted a fixed rule that no one not present at the closing hour will be heard later. If any one finds it more convenient, however, to come earlier, he will always find a Commissioner in the office by 9 o'clock who will be glad to hear his statement.

The suggestion has been made that it would be an improvement if the Tax Department sent to the persons assessed blanks to be filled out and mailed to the Department. This would require a change in the law, and would not, as a rule, be desirable. It is now the practice in the case of corporations, and most of the mistakes giving rise to litigation occur through imperfect statements sent by mail. The law is complicated, and many people, if unadvised, would make serious mistakes.

THE ASSESSMENT OF REAL ESTATE.

The Department is bound by the law of the State and the Charter of the City, and by recent practice, to assess real property at its ordinary selling value, and every effort will be made to meet this obligation. In some parts of the City the value of land is practically stationary; and in some it is even less to-day than ten years ago; in other parts the increase in value is very rapid, amounting to even 20 per cent. a year. The utmost vigilance is needed to keep pace with these rapidly advancing values, and unless this is done those who own property that is stationary or declining in value bear a grossly excessive burden.

Unfortunately it has become the fashion to omit the true consideration from deeds. In the County of New York last year only about 5 per cent. of the deeds contained what appeared to be the true consideration for the transfer. The Department is thus deprived of about 95 per cent. of the best evidence of value, and is obliged to depend to a great extent on mortgages and such unofficial information as can be obtained regarding rentals and prices.

In the old City of New York for many years the owner of real property whose property was assessed at a higher percentage of the true value than the average, but not more than its market value, could obtain no relief. Under the present Charter relief can be given on the ground of inequality as well as on the ground of over-valuation. At the same time, it is exceedingly difficult for the Board to grant such relief, unless the evidence clearly shows that the property is over-assessed as compared with property in the immediate neighborhood. It may be that some sections of the City are assessed at a higher rate than the average, but it is physically impossible for the Board to re-assess a whole district in order to equalize assessments. Unless an applicant can show discrimination against his property as compared with his neighbors there is little chance of his obtaining a reduction. Applicants for reduction should state clearly and concisely facts, if any exist, tending to show discrimination, and in every case should state whether in their judgment the over-assessment complained of relates to the land or the improvements.

No matter how faithfully and intelligently the Department may do its work, it can never achieve the best results without the hearty co-operation of those who are acquainted with values, and who will give the Department the benefit of their knowledge. This co-operation can best be given by furnishing the Department with information of under-assessments, particularly of under-assessments covering whole districts. No one need feel that if he gives such information he is placed in the light of an informer, for he need not even know the owners of the property, but may be well acquainted with the true and the assessed value. Any information coming to the Department of this nature will be treated as confidential, and no names will be disclosed. We welcome intelligent criticism, and will be very thankful for facts which will aid the Deputies in making fair assessments. The members of the Real Estate Board of Brokers better than any other body of men have the information which would enable the Tax Department to improve the standard of assessment; if they do not help the Department they should be slow to criticize its shortcomings.

The citizens of New York do not generally know that their Tax Department costs less in proportion to the income of New York than the Tax Department of any other large city in the country. Judged by any basis you please,—population, area or revenue,—the New York Tax Department spends less than one-half as much as Boston, and Boston is generally recognized as a well-administered city. In the course of time we shall ask for more Deputies and more money for our Deputies. The Tax Department lays the foundation for the City's whole financial system, and this foundation should be strong and honest and fair; if it be not sound, the City cannot prosper.