

## Two Visiting Assessors Would Revise Taxes

By E. S. EVANS  
Of the Post-Dispatch Staff

Of the 2000 tax assessors in St. Louis last week, there were two with a product to sell — tax revision.

J. Theodore Gwartney, 28 years old, assessor of Southfield, Mich., a Detroit suburb similar to Clayton, is an advocate of land-value taxation.

Mrs. Irene Hickman, 53 years old, osteopath, is assessor of Sacramento county, Calif., and a champion of tax assessment equalization.

Both attended the International Association of Assessing Officials meeting at the Chase-Park Plaza Hotel.

Gwartney contends that assessing land at its full, current market value has reduced home owners' property taxes and sparked tremendous commercial development in his community.

"Land value taxation has caused Southfield to become the fastest growing city in the country in assessed value," he said. "We've added 3,000,000 square feet of office space in eight years. That's 10 per cent more than built in Detroit."

### 'Single Tax' Theory

Land-value taxation, little used although it has many advocates, calls for high assessment of land with little or no tax on any building. It is the "single tax" theory of Henry George, a nineteenth century American economist.

Southfield's 42 per cent growth in assessed value since 1966 can be attributed, Gwartney asserted, to maximum land assessment, at half actual value, and reassessment very year.

"Most land assessing elsewhere is not based on actual market value," he said, "and most assessors reappraise land only every 10 years or so."

In addition, he said, as soon as a new building is completed it is assessed at 97 per cent and as it depreciates the assessment is gradually reduced to 30 per cent in about 50 years. The assessment formula is weighted in favor of market price rather than construction cost.

"As the building assessment goes down, land value goes up," he explained. "The system hurts the speculator holding vacant land most. He has to either build or sell to a developer."

"One taxpayer, who in 1940 had bought a lot for \$1000 and built his home on it, got a tax bill for \$10,000. He complained bitterly, but when I pointed out the actual value of his land, he sold it for \$250,000 for commercial development and thanked me."

### Tax Bill Reduced

"However, the first reassessment in 1962 cut the average home owner's tax bill by 22 per cent because high-value land had been underappraised," he continued. "Up to five times more tax was paid by commercial property owners."

"Last year we reduced the tax rate because of increased land values. We have the lowest levy of any major city in Michigan."

The total tax rate there is \$4.91 on each \$100 assessment, the equivalent of a \$7.50 levy using the St. Louis area's one-third assessment ratio. The comparable rate in St. Louis is \$5.11.

Southfield has a number of high-rise office buildings, and campus-style national corporation headquarters. Population is estimated at 65,000, up from 30,000 in 1960. Commercial land values have gone up from \$3000 an acre to \$200,000, doubling in each of the last eight years.

Gwartney contends that land-value taxation has eliminated nuisance taxes, encouraged centralized commercial development and promoted better building design. Land speculation and urban sprawl has been curbed by forcing more profitable and intensive use of land, he said.

Gwartney worked as a real estate appraiser for Mrs. Hickman when she first upset California tax assessing practices in 1966.

### Challenges Assessments

After finding, in a citizen's study, many assessments on commercial property far below the stated 25 per cent of market value policy, Mrs. Hickman challenged them in court, got elected county assessor, fought to assess at 100 per cent as provided in the state constitution and overcame two recall attempts.

"Equalization of assessments, even at quarter value, reduced most homeowners taxes immensely," she said, "because commercial property was com-

## Assessor Group Elects Illinois Man as Head

The International Association of Assessing Officers (IAAO) Wednesday elected Lea Haas, city assessor of Bloomington, Ill., as its new president.

The IAAO is holding its 34th annual conference on assessment administration at the Chase-Park Plaza Hotel.

Haas, who has been Bloomington city assessor for 19 years, said he would work toward the goal of "professionalizing the assessor" during his year as president.

"OUR FUNCTION is to educate the assessor and educate the public to the problems of the assessor," he said.

The main goal and problem of the assessor is the equalization of assessments to insure that property taxes based on these assessments are fair, Haas said.

The group heard from two assessors, Dr. Irene Hickman, Sacramento County, Cal., and Ted Gwartney, Southfield, Mich., who "shook up the establishment" in their areas by assessing according to law and equity.



LEO HAAS

DR. HICKMAN'S work was hampered by the County Board of Supervisors, the County Court and the State Supreme Court but she managed reassessments which gave tax reductions to 33,000 homeowners, she said.

Gwartney's work brought tax reductions for almost every homeowner in his town with heavier taxes going to "land speculators."

monly appraised conservatively. Fat cats were enjoying low assessments.

"I found assessments below 10 per cent and one at .18 per cent of fair value. Some property had been sold for twice to 30 times the listed market value."

"My policy increased construction in the county immediately, by 15 to 20 per cent in growth areas. There's more turnover in real estate now. It has also attracted some industry."

After winning office, Mrs. Hickman's announced plan for assessing all property at 100 per cent was challenged in the state Supreme Court. She was over-

ruled on ground that the 25 per cent standard had been established by long practice.

"The Supreme Court said I couldn't follow the Constitution I had sworn to uphold, she said. "But the 100 per cent issue was only a front. The real issue was equalized assessments."

"Previously the politicians had avoided increasing taxes to meet increasing government costs. Instead, the assessor juggled the assessments to produce added revenue."

"And the assessment ratio affects state aid for school districts. I aim at the state-wide average ratio and last year I hit it, 25.3 per cent."

The Citizens One Big Tax Issue, and most serious tax problem, is not to abolish or reduce the income tax, to plug tax loopholes, or in fact, taxes as such at all. It is which source of only two really basic sources, should we use or use first. This issue will force a rewriting of tax-education programs in and out of schools; it is inevitable. To get the facts write for free copies of: 1) Tax-education Challenged; and, 2) The Supreme Tragedy of American Economic Education. Both vital to Freedom and Free Enterprise.

Public Revenue Education Council  
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## The public investment

Or take a simpler example of how our system of public investment for private profit works: The tax payers spent more than \$400 million to build the New York Thruway, and the first effect of that public investment was to add much more than \$400 million to the land prices along the Thruway route.

The value of almost all other kinds of private property derives from the efforts of the owner and/or of the people the owner employs. For example: if a company's stock is worth \$250 million today, it is worth that because the company's employees have worked together successfully on the owner's payroll to make it worth that much.

But if a corner in Midtown Manhattan is worth \$15 million today, hardly a dollar of that \$15 million derives from anything the owners of that property—past or present—have done to make that corner valuable. Every dollar of that \$15 million derives from the growth of the metropolitan community around that corner, and from the enormous multibillion-dollar investment the community has made in facilities without which that corner would be good only for truck farming—and not very good at that.

## The private rewards

In 1963, the *New York Herald Tribune* rounded off its six-part feature on "Who Owns New York" by asking "What have these men who have made millions out of the soaring price of the city's land contributed to the

# Two Seeking Homeowner Tax Reforms to Speak Here

Two tax reformers will be featured speakers at 8 p.m. Saturday at a public meeting jointly sponsored by the St. Louis Public Revenue Education Council and the Henry George School.

Dr. Irene Hickman, assessor of Sacramento County, Calif.,

and Ted Gwartney, Southfield City, Mich., assessor, will talk on "Taxes and More and Better Housing" at the session, to be held at the Christ Memorial Baptist Church, 206 Emerling dr., Cool Valley.

Noah D. Alper, Revenue Council president, said both

speakers belong to the school which advocates taxing the land heavily and the improvements lightly.

**BECAUSE OF** Dr. Hickman's policy, some 33,000 homeowners received tax bills in Sacramento County last year, Alper said.

But not so the big landholders and owners of large industrial property who previously had benefited, he continued. "They paid their fair share, quite a bit more."

And Gwartney's policy of taxing the land heavily has had similar results in Southfield City, Alper said.

A policy he instituted depreciating the value of improvements by a small percentage each year proved very popular, he declared, adding:

**THE RESULT** has been an amazing influx of industry needing new and enlarged office buildings. A great building boom came to the city as a result of the more equitable tax policy.

Ever since 1922, Alper has been one of the leading advocates of tax reform based broadly on the philosophy of Henry George, the 19th Century proponent of a single tax, levied on land alone. He also called for the abolition of other taxes.

A modified version of the Alper approach also is espoused by City Comptroller John H. Poelker.

Poelker has proposed a plan which would levy a 100 per cent tax on the land, and 20 per cent on improvements, a measure which would entail a state constitutional amendment.

city's development?" And the *Tribune* answered that question with just one word: "Nothing."

What moral justification can there be for giving land speculation more favorable tax treatment than any other income source? How can anyone argue that deflating the price of land by making land owners pay all the community costs needed to make their land saleable is an attack on our whole system of private property? Do land owners have some special right (in Millais' words) to "get rich in their sleep"? What is so sacred about land speculation profits whose magnitude (in Winston Churchill's words) is "apt to vary in direct proportion to the disservice the speculator has done to the community" by holding his land off the market until other people's investment has maximized its price? Is it more important to keep America safe for land speculation than to make America a better place to live in? Is heavy taxation of income morally right but heavy taxation of the community created location value of land morally wrong?

## Harnessing profits

And why should we go on pouring billions of tax dollars into public housing and urban redevelopment without first exploring whether it might not be possible to get the job done better and faster by private enterprise if the profit motive were harnessed forwards instead of backwards—that is, by untaxing the improvements which are now so discouragingly overtaxed, and by shifting most of the local tax burden to the community created location values now almost scandalously undertaxed?

None of this is theory: It has worked in practice: for in Brisbane, Australia, state law since 1896 has forbidden any taxes at all on improvements, but the unimproved value of the land is subject (above a small exemption) to a 9 per cent *ad valorem* tax—regardless of whether you build a 50-story building on it or use it for a parking lot. According to Colin Clarke, the Oxford economist, who lived in Australia for 20 years, the city of Brisbane, with a metropolitan population of nearly three-quarters of a million, is "the only great city in the world without a slum."

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# Curtis Advocates Property Tax Reforms

**KANSAS CITY, MO. (Special)**—One of the best ways of increasing city revenues is to reform the property tax laws, Thomas B. Curtis, Republican candidate for senator, told the city council of Kansas City Friday.

He also proposed that the federal government should start paying property taxes on its property holdings in both urban and rural areas.

**"FOR MISSOURI** state and local governments, such reforms would mean millions of

dollars in new revenue annually," Curtis said.

He proposed that improvements on property should be taxed less and the land itself should be taxed somewhat more, so that all holders of wealth in the form of land pay a fair share of the tax burden. Such a system would shift the property tax burden from homeowners and would cut the holding of idle property by speculators.

The present property tax system "actually promotes inefficient use of land and often gives

windfall profits to speculators, who hold the land fallow until (public) improvements have been made and it becomes profitable to sell."

He said changing the property tax structure would be far more fundamental and democratic than proposals to supply states and cities with part of the income taxes collected by the federal government.

**THE SYSTEM** that taxes property improvements discourages productive economic activity and provision of needed pub-

lic services, he declared.

Requiring the federal government to pay property taxes not only would give local govern-

mental units more money, it would also prevent the government from buying and holding land unused, Curtis said.

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