

Conover
July 10, 1975

Editor, Mobile Press Register
Baldwin County Edition

July, 1975

Dear Editor:

In your consideration of some lessees' current protests, I thought you might like to have at hand, the following excerpts from the Application For Land, Constitution, Lease, etc.

Since 1944, annual reports of the Fairhope Single Tax Corporation have, not only been published in the Fairhope paper, but reprinted in folder form and mailed to members and lessees. Such reports, give in some detail, the purpose and measures developed for rent increases from year to year. A study of the coverage of rent in these reports contain the answers to questions raised by protesting lessees.

In applying for a lease the applicant declares: "I make this application with the full knowledge that I will be required to pay your Corporation the full rental value of the land exclusive of my improvements thereon. I understand that the rental value will increase as demand for the land increases, whatever the cause; that said value will be determined by the Corporation in the manner set forth in its constitution and lease contract."

Further, immediately above applicant's signature on said application, applicant acknowledges the following:

"I have read your constitution and pledge myself that while I hold lease of Fairhope land I will not oppose the full application of the principles set forth therein."

The constitution Article VIII, Sec. 2 states: "Its lands shall be equitably divided and leased to members at an annually appraised rental which shall equalize the varying advantages of location and natural qualities of different tracts and convert into the treasury of the Corporation for the common benefit of its members, all values attaching to such lands, not arising from the efforts and expenditures of the lessees." Sec. 3 states: "Land leases shall convey full and absolute right to the use and control of lands so leased and to the ownership and disposition of all improvements made or products produced thereon."

The lease Paragraph (1) states: "The said lessee, his heirs, or successors, shall pay to the said Fairhope Single Tax Corporation, its successors or assigns, in equal payments, on the first days of January and July of each year, the annual rental of said land, exclusive of his improvements thereon, to be determined by the said Corporation, through its Executive Council or Board of Directors, under its avowed principle of so fixing the rentals on its lands as to equalize the varying advantages of location and natural qualities of different tracts and convert into the treasury of the Corporation for the common benefit of its lessees, all values attaching to such lands, exclusive of the improvements thereon. And the said lessee, for himself and his heirs, hereby expressly agrees that the said annual rent shall be determined by the said Corporation upon the principles just stated, and shall be expended by said Corporation subject to the conditions hereinafter stated."

As reported under the heading of Reserves in the 1965 published report: "Many towns people and some members have criticized the Colony for not giving more generous support to various civic endeavors. The size of our invested reserves, currently (1965) \$28,114.40 and the cash on hand at the end of the year, \$44,402.06 does not appear to be excessive, if even adequate, when possible demands are considered. The law of the State of Alabama states that real and personal property, subject to taxation shall be assessed at 60% of its fair and reasonable cash value. At the present time assessed values in Baldwin County are reckoned to be approximately 20% instead of 60%. Should such assessed values in Baldwin County be increased to 30% as was proposed a few years ago by the State Tax Commission it would take all of the cash balance we closed the year with to pay 1966 taxes. Also if the City should institute an extensive street improvement project affecting Colony land with the cost to be charged to the benefit fitted land it might draw heavily on our small fund of invested reserves."

At the present time Baldwin County, together with the rest of the state, is subject to an order to equalize its assessed values with those in the other counties. It is only reasonable to expect that the purpose is to increase property taxes as a source of public revenue. Until the results of this reappraisal of assessed values is determined and evaluated it is to the advantage of all lessees to take no action that might decrease the Corporation's ability to pay the taxes on the land and on the taxable properties of its lessees.

Paragraph (3) of the lease states: "In consideration of said lessee to pay the rentals herein provided for, the Fairhope Single Tax Corporation will pay all taxes upon the land leased and will accept from the lessee on rent, receipts of the County Tax Collector or Clerk of City of Fairhope, for taxes paid to State, County, School District, or City, upon the improvements and personal property (monies and credits excepted) held by lessee upon the land herein leased; or, if all rent due be paid, will give him a certificate in amount equal to such acceptable tax receipts remaining, receivable from bearer at face value on rent, or in discharge of any indebtedness to the Corporation, provided that said lessee will appoint whomsoever may be designated by the Corporation as his agent to return his property for taxation where permitted by law so to do; that in no event shall the Corporation be bound to accept tax receipts on more than a fair assessed valuation of the property, on the basis required by law, or to a greater amount for any year than the rent for that year on the land on which such improvements and personal property are held."

Paragraph (4) of the lease states: "And the said Fairhope Single Tax Corporation further agrees in consideration of the covenants of the said lessee herewith evidenced, that no part of the rents paid by him upon the land herein leased, shall be appropriated as dividends to its members or any other persons, but that all shall be administered as a trust fund for the benefit of those leasing its lands."

The foregoing agreement by the Corporation with all its lessees would be violated if the Corporation paid from the rent fund to lessees 65 years of age or older, with incomes of less than \$5,000.00, or to home owners, for whom the State legislature provided a partial exemption from taxes, the amounts by which the taxes on their properties held upon leased lands is reduced by the laws providing for such exemptions.

Very Truly Yours
Fraternally,

L. A. Gaston