

April 18, 1986

TO: Robert Clancy, HGI, NY, NY

FROM: Nadine Stoner, WPOL, Beloit, WI

SUBJECT: Fairhope, Ala.

Dear Bob:

FSTC Sec'y Gale W. Rowe sent me the following response to my 3/20/86 letter (enclosed):

"We did not let the legislature force us into their version of arbitration. The law provided for arbitration not only for transfer prices on improvements - it also covered the rent being charged. It applied only to us so upon advice of counsel we have refused to obey that law as being unconstitutional. Judge Pearson decreed it was unconstitutional - one of two things decreed correctly.

"Inflation would have a influence as a rent charge factor but it would not be the only factor and it certainly was not then.

"Commercial properties are usually higher in value than residential; however, bayfront property in Fairhope is more valuable than most of the commercial property. You are quite right - we have more residential land than business land."

I'm glad FSTC is on the Georgist Conference program in Vancouver.

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Info. copy  
R. Clancy

March 20, 1986

Mr. Gale W. Rowe, Secretary,  
Fairhope Single Tax Corporation  
336 Fairhope Ave.  
Fairhope, Alabama 36532

Dear Mr. Rowe:

Thank you for your March 14 phone call about copies to the Arnolds of my October 17, 1985 and February 7, 1986 correspondence.

Rosemary Watkins of Single Tax Advocates acknowledged the copy of my 2/7/86 letter to Floyd Morrow, who is an attorney and who assisted Fairhope in 1977. Your clarifications are appreciated of my observations. Thank you for informing me about the action of the 1977 Legislature's special committee that forced PSTC into arbitration on such things as transfer prices of homes or structures in which there is disagreement on whether land value is involved in the transfer. Thanks also for straightening out to me that rent increases were not due to inflation and that action of the Rent Study Committee on reassessments were implemented over a five-year period, and were not 10% across the board, but less for some and more for others. Also, thanks for clearing up that traditionally residential property paid more taxes (maybe you meant more altogether as a residential group, since in most communities commercial property is of higher value individually as parcels). I appreciate your clarification (about the Judge citing damages) that no one had been hurt.

Your comments about opening up Fairland Subdivision, that you hadn't done anything differently than since 1904, were also welcome, because that part of the lawsuit was confusing. Also confusing was the 1976 \$500,000 oil lease royalty (by lessee) so it was enlightening to know this was not production but a mineral bonus, on which you paid \$250,000 federal taxes.

A copy of your March 17, 1986 letter to Steve Cord came in the mail today. I note one of the points is about another misunderstanding that you referred to in our phone conversation: the attempted reorganization from the 1904 statute, under which the Legislature could dissolve the corporation at any time, to the standard "for profit" statute to escape that threat.

All of us Georgists want to help you at Fairhope, so the more misunderstandings we can clear up, the easier it will be. Maybe a summation written by those of you at Fairhope could be distributed at the Georgist Conference in Vancouver. It would be helpful if PSTC would let us other Georgists know how we can help.

Enclosed is a photocopy of my 10/17/85 "Proposed Column on Fairhope for WPOL newsletter," with Dian's correction in place on page 3. It has not yet been printed in WPOL's newsletter, due mainly to more pressing local issues. Recent copies of WPOL's quarterly newsletters are enclosed. I do not intend to print anything about Fairhope's legislative or court problems in WPOL's newsletter.

Sincerely,

Encls.

Nadine W. Stoner, Pres., WPOL-Beloit,