

from the editor's notebook

"Public Needs, Public Money — How Can We Bridge the Gap?" This was the title of a two-day seminar at the prestigious Women's City Club of New York at the end of November. The first session was "Revenues — What are the Prospects?" and the speakers were Alan J. Campbell, Dean of the Maxwell Graduate School at Syracuse University, and David A. Grossman, Director of the Budget of New York City.

This was the second Women's City Club lecture we attended, hoping to find the spark of a story for the *News*. This time, the first person encountered was M.E. Kriegel, now Editor of the *Syndicate Press* and an associate of the Geigers before the present School was founded. But both of us left before the question and answer period ended; the only story we got was that the state of New York seems to be enamored of efficiency over human needs (Campbell), and that New York City's fiscal capacity is exhausted and requires state aid, presumably from higher income taxes (Grossman).

Campbell told us that without a federal tax increase, no additional local pro-

grams will be possible. Present programs will have created a \$25-30 million federal deficit by 1975 without increases in their budgets, and because defense and other international budget items are not to be cut, expansion of such projects as model cities cannot be expected.

As for getting a better return for the money spent, Campbell points to the distribution of the tax burden among local, state, and federal governments; jurisdictional problems should be solved by assumption of increasing responsibility by states and the federal government. Finally, better service delivery depends on improving productivity while controlling expenditures — given that no new revenue sources are apparent, except an increase in the federal payroll tax.

Grossman, introducing himself as the "most maligned man in city service," informed us that the best guide to the near future is the recent past. Thus, over the last ten years, revenue has come from "our side," the real estate tax and other local taxes, and "their side," state and federal funds. While revenue from the real estate tax is double what it was ten years

ago, and the general fund revenues have tripled, state contributions to the city coffers have increased by 40 times and federal money, by 11 times. City revenue, or "our side," according to Grossman, has kept pace with gross personal income in the city, which is between 10-20% on average of "our side."

In the next decade, he projects, the city could balance its budget if welfare were taken over by the state, as it is elsewhere, and if the state paid its share of the cost of higher education in the city, which is unduly burdensome now.

When it comes to transportation, Mr. Grossman declared himself willing to set down guidelines for the subsidies, which would come from a higher level of government. He allowed that a regional organization might apply a real estate tax to finance transportation in the metropolitan area.

This perspective is supposed to prevent us from returning "to the darkest days of the 19th century."

How about the brightest ones, Messrs. Campbell and Grossman?

* * *

Land Boom Reported

A new land boom is being reported by newspapers across the country, spurred on by the wish to hedge against inflation and a desire for a tangible piece of America. Recent figures released by the National Commission on Urban Problems show that the total market value of all taxable land has increased from \$401 billion ten years ago to \$780 billion in 1972 — almost a 100% increase. In 1961, according to the Federal Housing Administration, the average price of a plot of land suitable for housing was \$2,954 (with an FHA mortgage); in 1971, the figure was \$5,176 — again, almost 100% more.

And this doesn't include the corporate land that somehow misses the tax rolls.

* * *

New Speculating Angle

Holding vacant land for speculative profits is one thing. But holding an improved site for speculative profits is another, or at least, so said the British government last summer.

For eight years a builder named Harry Hyams could count his growing fortune

stories without trying to do your missive justice.

In addition to brevity and pertinence, a letter to the editor should embody information. The great readership out there is not interested in your opinion, even if your name is very famous. Here writing a good letter gets tricky; how can you substantiate your claim without going into great detail and dropping a lot of authoritative names?

Make an outline of the story and an outline of your objections. And then pare it down until it is conceptually sharp. Theories, details, and names will become superfluous. After all, your purpose is to express yourself as a citizen, not as a professor conducting a lecture.

Most of all, look at your letter from the perspective of someone who doesn't know you and doesn't know much about the issue. Consider the following possible letter to the editor.

Dear Sir:

The author of "Property Tax Reform Enthusiasm Lags" seems to have confused two issues, financing education and financing local government. Few would dis-

agree that property tax-financed education has resulted in inequities, but the property tax itself, even as currently applied, is an admirable equivalent of user charges for local government expenditures. If the land component of the tax were increased and the improvement component decreased or eliminated altogether, as Dick Netzer and other leading economists recommend, the tax would become neutral with respect to income and thus more equitable, without revenue loss.

The land-based tax is, in fact, the main alternative to the present property tax, and is under study by many municipalities. It has also been used successfully in Pittsburgh, Pa., Southfield, Mich., and elsewhere. If enthusiasm for property tax reform seems to be lagging, it is only because a shift to a land-tax involves a shift in our perspective on land use, and land tax legislation faces stiff opposition from land speculators, as well. In the long run, local control can be maintained and possibly improved only by retaining the property tax, first making it a fair and rational tax.

Sincerely,
Jane Doe

while his office building, Centre Point, skyrocketed in potential rental value. But Centre Point, and three other of Hyams' office buildings in mid-town London, are empty; Mr. Hyams made his money on the price increase in the stock of his company, Oldham Estates Ltd., based on the square-foot rentals of space-hungry London. Because the buildings are empty, Mr. Hyams pays less in property taxes than if they were occupied, and of course, the resale value of the buildings has increased many times over. At present, the buildings are valued at about \$200 million.

Mr. Hyams said he has been waiting to rent Centre Point, the largest building, to a single tenant; meanwhile, it is the "most

expensive dog kennel in the world" for the watchdogs stationed there. The British government is contemplating property taxes of double or triple those on rented buildings, in which case, according to the *Wall Street Journal*, Hyams could tear the buildings down and build again on the same sites, for even higher rentals.

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What's Up in Assessing

The International Association of Assessing Officers, together with the Fund for Public Policy Research, is sponsoring a seminar on "Property Tax Reform: The Role of the Property Tax in the Nation's

Revenue System," in Washington, D.C. on March 21-23. The seminar will examine current problems and offer solutions.

The IAAO also sponsors numerous seminars, courses, and "laboratories" in addition to conferences. One laboratory, held in November, dealt with "The Concepts and Techniques of Land Valuation." The *Newsletter* of the IAAO contains information about such events, and articles about assessing that are surprisingly free of professional jargon. Activists who want to keep up with what the experts are doing can subscribe to the *Newsletter* by writing to the International Association of Assessing Officers, 1313 East 60th Street, Chicago, Illinois 60637.

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