

## There's More than Tools to Howard Hughes

Howard Hughes attracts attention not only for his immense wealth but because of the vagaries of his personality. Joseph Lashin, of Tucson, Ariz., has turned up another reason looking closely at the billionaire and his holdings.

Mr. Lashin has brought to the notice of the Tucson authorities the tax treatment of two adjacent parcels that make up a tract of about 80 acres owned by the Hughes Tool Company.

Here's the way they are carried on the tax rolls:

Book 127, Map 1.	Acreage	Full Cash Value	%	Assessed
Parcel 0040	35.93	\$481,707	18	\$86,707
Parcel 0030	38.26	286,684	18	51,603

Mr. Lashin wonders whether anyone has questioned the sharp difference in valuation of the two parcels, which, he says, are as "alike as two peas in a pod." Almost identical in footage along Broadway and 5th Street, lot 40 is slightly smaller for having given up some ground for Rosemont Blvd.

An active and knowledgeable realtor has set a conservative cash value on each parcel at about \$1.2 million, according to Mr. Lashin. State law, he says, requires that property be assessed at full cash value. Moreover, he points out that such prime plots have an indicated use for apartments or businesses. In such case, he adds, the assessment for tax purposes should rise to 25% instead of the present 18%, which would bring in almost 40% more revenue.

Addressing the city council, Mr. Lashin complained, "In sales taxes, you have a department which hustles around collecting from those who do not make proper returns. Why don't you have the same responsibility with property tax?"

Hughes Tool has been sitting on this empty land for over 20 years, paying a minimal amount of taxes, Mr. Lashin says, and now has a huge unearned increment as a result of the sharp rise in land prices in the Tucson area.

"If I should ever get the County or City to go along with my proposal of a Tax Map Plan," he says, "it would bring such underassessments to light and be a long step toward a more equitable system of land taxation."

He feels the time is ripe for such action. There is widespread concern about the burden of property taxes, and most taxpayers do not realize part of their burden is the consequence of underassessment accorded favored property owners to the disadvantage of the majority.

## Can't See the Taxes for the Forest

Controversy over the property tax is usually centered around theoretical discussion, with few of the parties coming to grips with applicable systems. The lumber industry is too directly affected to be content with theories and generalities. Hence the Georgia Forest Research Council has tackled the problem from a practical point of view and come up with a positive proposal. It's spelled out in a fascinating pamphlet "Forest Property Taxation Report No. 29," dated May 1972.

Along with other citations, the report notes Henry George's recommendation of a "single tax" as set forth in his *Science of Political Economy*. It then states "George's great concern with the land forced him to overlook the dominance of capital," the report comments, citing G.C. Benson's 1965 text, *The American Property Tax: Its History, Administration and Economic Impact*: "The importance of the 'single tax' lies in the fact that it shows an understanding of the effect of urban development on economic life."

Complaining that there is "little recognizable uniformity in valuation practices in the country," the council explains that there are three broad methods of determining land value — the market, income and cost approaches.

"Most states require that value be determined by the market . . . and, in addition, require that the assessor base his valuation on what he considers the highest and best use of the property," the report states. "A pitfall facing all appraisers is the inability to derive concisely the object of the appraisal . . . it is unclear as to what markets, where, and at what periods of time."

It is the council's view that "if those who are primarily concerned with preservation will look into the property tax on forest lands, they will find that the present system used by the states are among their greatest obstacles in seeking to preserve and conserve our forest resources." The council would prefer that forest land valuation be based on average annual growth "from seedling to mature sawtimber."

In effect this would recognize annual increment represented by growth, rather than an annual liquidation value of all timber on the land. Through an intricate system, the annual growth would be converted into a dollar value, with management and protection costs deducted. This would yield a net income figure to be capitalized.

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