Because the total building assessment of 1 billion is twice the land assessment of 0.5 billion; parcel #3, where the same ratio of building to land is assumed, pays the same total tax each year. The vacant lot owner, who is given several years' notice before the new system goes into effect, can improve or sell. When the lot is properly improved it is no burden taxwise to the owner.

New business buildings, where the structure is worth say five times the site value, will gradually pay lower taxes and there will be an inducement to others to improve their property without being penalized as they would be today for such improvements. Over a period of years the wide disparity of assessment ratios would iron itself out. New construction makes employment, enlarges the tax base, swells payrolls, cuts down relief and helps solve the city's ferments, which are largely economic.

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## This Tax Is Unfair

**Desperate cities in search of cash are painfully exposed in a Time magazine article (May 3), "Trying to Change an Unfair Tax." The dilemma is a familiar one. Cities look for their main source of revenue to the property tax, and fiscal experts admit this is badly administered because of erratic, unfair and sometimes grossly illegal assessments. Assessors tend to be poorly paid and ill trained—often they are elected officials with no qualifications for the office.**

**Ralph Nader has recently drawn wide attention to the large amount of business and industrial real estate that is undertaxed, amounting to a national scandal. Tax-free property proliferation is something we have come to accept, but few realize the proportions it has reached. Alfred Balk, in *The Free List*, a Russel Sage book, estimates that a third of the nation is on this list—that's approximately $600 billion worth of tax-free land. He notes that the Chrysler Building in New York—up to now the world's tallest tax exemption owing to a 1859 charter granted to Cooper Union—will lose this distinction to the twin towers in lower Manhattan. These are being built by the Port Authority—a "Frankenstein monster in exemption exploitation," which causes the city a loss of some $7 million in taxes.**

**Mr. Balk urges states to narrow the legal definitions of property eligible for tax exemptions. If localities must exempt certain groups, states should reimburse them for the loss, and local assessors should be forced to publish more comprehensive and accurate exemption data, he thinks. Making federal and state land immune from local realty taxation leads to a profligate waste of land. Since the property tax is here to stay, the basic step seems to be to change the structure. "Realty taxes are a fusion of two separate levies," Mr. Balk says, "one on the value of locations and the other on buildings," and most cities collect two to three times as much from buildings as from site value. This, he observes, rewards speculators. High taxes on improvements also discourage new construction and improvement of older buildings.**

**Quoting Perry Prentice and Dick Netzer, two well known authorities in this field, he concurs in favoring the Henry George proposal of shifting taxes from buildings to the building sites. This would "help hard-pressed center cities by giving businessmen more incentive to keep their corporate headquarters and factories in town." Mr. Balk concludes that "the public has every right to a fair shake and local governments have every need to get rid of the evil side effects of the existing property-tax system."**