

PLAN GAINS BACKING

GR Land Tax Shift Spurred by Southfield

BY DORIS M. JARRELL

Free Press Staff Writer

GRAND RAPIDS — The long, hard battle of Grand Rapids engineer Benjamin F. Smith to move the city fathers toward property tax reform — which he maintains could bring \$2.5 million into the municipal coffers—is beginning to show signs of paying off.

Similar tax reform in Southfield, achieved, after a court hassle, has shown startling results, according to Southfield Mayor James Clarkson.

SMITH'S EFFORT to convince Grand Rapids officials that tax assessors should treat land equally with buildings has been bolstered now that Third Ward Commissioner Leonard W. Anderson has taken up the fight.

Anderson said he will ask the City Commission to make a thorough study of the plan. He's aiming for adoption next year.

"I think the plan has great merit," Anderson said, "not necessarily as a revenue-producing method, but as one that shows true property values. It has the additional merit of inhibiting or slowing down the creation of slum areas."

Smith explains his tax reform ideas like this:

—Real property consists of land and buildings. If im-

provements on buildings are heavily taxed, they are discouraged. The higher the tax, the lower the owner's incentive to spend money on his property.

—Taxes on land or location can encourage or even compel improvements. Smith says the bigger the land tax the bigger the pressure on owners whose property is underused to do something to increase its earning power—or to sell it to someone who will.

The Congressional Joint Economic Committee backs his view. It said:

"State and local governments have failed to make maximum use of the enormous potential inherent in the property tax for the prevention or cure of poor housing and other blight conditions. In fact, since the tax is based on the value of both land and improvements, those who permit their property to deteriorate (thereby reducing area property taxes) are rewarded with lower property taxes."

SMITH, in a recent letter to the City Board of Review, noted with "deep dismay" that four downtown stores had asked for lower land assessments.

"My astonishment," Smith wrote, "is because land values are rising in the downtown area; if you lower land assessments you will be a party to further decay of the urban center. If you do anything—raise them!"

Smith, who says he knows he is "fighting the establishment," has bombarded City Hall for years with a continuing barrage of correspondence. He has also made many personal appearances at



Doris Jarrell

commission meetings.

He has pointed out that, "in the case of slum residential land, and our dilapidated and deteriorating commercial and industrial areas, the speculator and the inefficient landowner are promoting decay, death of physical buildings and the spirit of the people who occupy them."

He says land values in the ghetto area near the center of the city are actually higher than values in the best residential areas, but are assessed lower.

SOUTHFIELD'S MAYOR

Clarkson said:

"The people love me; the giant developers hate me."

Southfield has appraised all land values as close as it could to market value, "forcing speculators and absentee owners to let loose of the land, he explained.

Clarkson describes Southfield's tax reform as "the great adventure." The result has been that not only have homeowners received a reduction in city taxes, but in school taxes as well, he said.

All buildings are depreciated 1 per cent per year of their life, he said. All land assessments were increased. The net reduction, however, offset the assessment increases, he said.

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