

OBJECTIVES OF THE VIRGINIA TAXPAYERS ASSOCIATION

## I - TO PROVIDE REAL ESTATE TAX RELIEF AND REFORM.

The taxation of homes and farms on the basis of higher and higher assessments is the No. 1 local tax problem in Virginia. It is taxation on assumed capital gains which may never be realized and has no relationship to the services provided by local government or to voters' expressed consent. The ever-increasing taxes on real property tend to promote ever-higher density land uses since real property owners can no longer afford to retain their property in lower density uses, a fact which underlies many of the social problems of our times.

Despite the requirement in Article X, Section 2 of the Virginia Constitution that all assessments of real estate "shall be at their fair market value, to be ascertained as prescribed by law", the General Assembly has never defined "fair market value". This failure has left vast discretion in the hands of the assessors and the courts. As a result, "sales price", which includes the costs of selling, financing, and other costs not a part of "fair market value" of land and buildings, has been used as "fair market value" for assessment purposes, thereby inflating assessments and resulting in higher taxes. The court-approved definition of "fair market value" as that which a willing buyer will pay a willing seller, neither being under compulsion, has little or no relationship to reality in a time of galloping inflation and housing shortages.

While owner-occupied homes and farms are usually assessed on the basis of sales prices of supposedly comparable properties, rental housing, commercial and industrial property, and public utilities are often assessed on quite different bases, such as replacement costs less depreciation, or reported income from the property. The records required, if any, to substantiate assessments on income-producing property are not open to the public. Consequently, there are vast inequities as between individual properties and classes of property.

Except for some interim appraisals by elected Commissioners of Revenue, appraisals of real estate are made primarily by appointed Boards, Assessors, employees of the State Department of Taxation or employees of local Departments of Finance and/or Assessment. Administrative procedures for appealing assessments are often discretionary with governing bodies and assessing authorities, cumbersome, and inconvenient. Court appeals of assessments, regardless of the amount involved, must be made to the Circuit Court with all the attendant costs to the taxpayer.

The requirement for updating assessments to conform to the "fair market value" concept in the Virginia Constitution is more and more being carried out in the localities on a continuing annual reassessment basis instead of on an "as needs" basis or periodically, such as every 4 or 6 years. As a result, assessments in more and more localities are riding the crest of inflation in real estate prices. The 363% increase in property taxes since 1950 reported by the National Association of Realtors reflects to a large degree skyrocketing assessments on real property.

The ratio of assessed to appraised values and the tax rates on assessed values are fixed by elected local governing bodies. While theoretically these local governing bodies could offset higher assessments by reducing assessment ratios or tax rates, in practice they seldom do so, using so-called "budget needs" to justify the same ratios and tax rates on higher assessments. Many taxpayers are misled into believing that elected Supervisors and Councilmen have no responsibility for the higher taxes resulting from the same assessment ratios and tax rates being applied to the higher assessments. Consequently, real estate taxes are being raised primarily by the "backdoor" method of increasing assessments rather than by rate increases, which require public hearings and recorded votes.

Real estate taxes are causing real distress to thousands of the finest citizens of the State. More and more homeowners and farmers are having their homes and farms confiscated by what is, in effect, a tax on false, inflationary values. They are compelled to sell and move at a time when one of the greatest needs is for a more stable population. A realistic solution to this problem is for the General Assembly to define "fair market value" so as to "freeze" real property assessments at the level of the most recent general reassessment, unless the property has been improved or its value increased by such governmental action as rezoning, providing roads or sewers, etc. In those localities unconstitutionally reassessing some property each year on the basis of a cyclical approach (e.g., a 3-year cycle to complete the total reassessment), assessments would be "frozen" at the level of those properties most recently assessed, with a time limit of one year permitted for the locality to apply this level uniformly to all properties.

## II - TO RESTORE CONTROL OF LOCAL SCHOOL SYSTEMS TO THE PARENTS AND TAXPAYERS.

The decline in the educational effectiveness of the local school systems has gone hand in hand with the adoption of false premises, the substitution of unsound sociological theories for sound basic education, increased control from the State and Federal levels, and the failures of appointed local School Boards to fight to protect the interests of students, parents and taxpayers. The complete bankruptcy of the concept of so-called "quality" education imposed by an unknowing electorate through the adoption of the revised Constitution is shown by the fact that "quality" is defined by the amounts of tax monies spent per pupil. Some 50 to 80% of local budgets is now going to public education and as expenditures rise, standardized test results get progressively worse. It is the constant pressure from pressure groups of the educationists (pseudo educators) that is causing governing bodies to levy taxes that are breaking the backs of the taxpayers. The VTA believes that the real educational interests of the students and parents and consideration for the taxpayers' ability to pay can only be restored by the General Assembly granting the localities the option of electing their School Boards; and that in larger jurisdictions the elections should be preceded by runoff non-partisan primaries to eliminate the possibility of minority ideological groups continuing control under the elective system. Presently localities may by referendum change from having their School Boards selected by Circuit Judge appointed School Trustee Electoral Boards to having them appointed by local governing bodies. They should also be permitted by referendum to change from either appointive system to the elective system.

### III - TO IMPLEMENT THE BILL OF RIGHTS OF THE VIRGINIA CONSTITUTION.

Article I, Section 2 of the Virginia Constitution, which goes back to 1776, states:

THAT ALL POWER IS VESTED IN, AND CONSEQUENTLY DERIVED FROM,  
THE PEOPLE, THAT MAGISTRATES ARE THEIR TRUSTEES AND SERVANTS,  
AND AT ALL TIMES AMENABLE TO THEM.

As the result of the adoption of the revised Virginia Constitution, the enactment of additional laws by the General Assembly, the creation of more powerful forms of local government, and the passage of more ordinances by local governing bodies, the State and local governments have acquired greater and more extensive powers over the lives of the people. This increase in power has not been accompanied by provisions for more control of these governments by the consent of the governed. In fact, Virginia citizens probably have fewer instruments for controlling their governments than the citizens of any other State. Obviously, periodic elections of officials must be supplemented by modern devices for maintaining democratic control such as the initiative, referendum and recall, home rule, adequate provisions for taxpayers' suits, impanelling of grand juries with power to investigate the conduct in office of public officials, more popular controls over the selection and tenure of Judges and State Corporation Commissioners, and the employment of auditors responsible only to the people to check on the use of public funds.

### IV - TO STOP REGIONAL GOVERNMENT.

Regional government is arbitrary, undemocratic control by appointed bureaucrats instead of elected officials, and takes away all important decision making from the hands of the voters. Under the guise of "efficiency" it bypasses members of Congress, State legislators, County Supervisors and City elected officials, and places power in the hands of "Regional Councils", "Regional Commissions" and their appointees. President Nixon has appointed 10 Federal Regional Councils to channel government spending for the entire nation. One of these Regional Councils controls Virginia and four other States and has its headquarters in Philadelphia. Regional government is already widely unpopular among Virginia elected officials, but legislative action is needed immediately to stop its stealthy but tyrannical growth.

### V - TO REDUCE THE PROPORTION OF THE TAXPAYERS' INCOMES GOING TO SUPPORT GOVERNMENT.

The percentage of the national income taken for Federal, State and local taxes has increased from 23% in 1942 to 36% in 1972 and is now the equivalent of \$5,070 per household, according to the Tax Foundation. "U.S. News and World Report" reports that since 1960 Federal taxes have risen from \$88 to \$214 billion or 143% while State-local taxes have risen from \$38 to \$125 billion or 229%. It is estimated that the average worker must work until May 2 each year for the government before he can start working for himself. This trend must be reversed if freedom is to survive.

VI - TO PROMOTE ECONOMY, EFFICIENCY AND FISCAL RESPONSIBILITY IN GOVERNMENT.

The VTA advocates the adoption of such measures as budget ceilings and tax rate limits, the right of referendum on tax rate increases and new taxes, adherence to a strict merit system in hiring and promotion, and the elimination of duplicatory and unnecessary governmental activities.

VII - TO STOP INFLATION AND STABILIZE THE ECONOMY BY STOPPING DEFICIT SPENDING BY GOVERNMENTS.

The primary cause of inflation is deficit spending by governments through the process of borrowing money and going into debt, combined with irresponsible and excessive expansion of the U. S. money supply by the Federal Reserve Board. The Federal debt is approaching one-half trillion dollars, and the State and localities are piling up billions more. One locality is in debt more than \$300 million and is preparing to issue additional bonds. Balanced budgets from current revenues and reductions in public debt are required if the country is not to go bankrupt and the money is not to become worthless. Governments must be required to live within the means of the taxpayers and unnecessary spending must be ruthlessly curtailed.