

TABLE 7.—*Crude estimate of sources of local government property tax revenue in SMSA's, by type of property, 1962*¹

Type of property	Percent distribution
Housing ² -----	50
Railroad and public utility property-----	7
Other real and personal property used in nonfarm business ³ ---	35
Other ⁴ -----	8
Total-----	100

¹ Based on distribution of assessed values in table 6, adjusted for estimated revenue from local government special property taxes and its distribution by property type.

² Includes estimated housing property listed as acreage and farms.

³ Includes separately assessed mineral rights; 80 percent of all personal property; and commercial and industrial realty.

⁴ Includes agricultural property; vacant lots; consumer-owned motor vehicles; household goods; intangibles subject to general property taxes; and other and unallocable real property.

PROPERTY TAX CONSIDERED AS A SALES TAX

The half of the property tax revenue which comes from taxes on housing can be compared, if they are considered to be consumption taxes, to consumer expenditure for housing. In 1962, cash outlays for housing by SMSA homeowners and rental payments by SMSA renters amounted to an estimated \$34.9 billion.⁷ Housing property taxes amounted to 19 percent of this total; they amounted to 24 percent of housing expenditure *excluding* the tax payments, which is the conventional American way of looking at other forms of consumption taxation.⁸ Business property taxes, on the other hand, can best be compared to the value of business output—in this case, estimated national income originating in nonfarm private business enterprises in SMSA's. Business property taxes amounted to about 2.4 percent of this total in 1962, in SMSA's.⁹

There are significant geographic differences in the relative roles of housing and business property as sources of property tax revenue. Quantification of these differences for entire metropolitan areas is complicated by the existence of so many submetropolitan assessment organizations, with differing levels of assessment. In table 8, data are presented for 19 areas, mostly single counties in multicounty SMSA's, for which the assessment-level problem can be overcome and for which there are available central city data. Housing comprises only 20 percent of the property tax base in the Atlanta area,¹⁰ but nearly 70 percent of the tax base in the San Antonio area. However, most of the areas cluster around the 50-percent level.

⁷ This is an updating to 1962 of 1960 housing census data, based on changes in the housing stock and in the housing components of the Consumer Price Index between 1960 and 1962.

⁸ This analysis is amplified below.

⁹ Corporate profits tax liability in 1962 amounted to 9.4 percent of national income originating in corporate business, on a nationwide basis. This includes State as well as Federal corporate profits taxes.

¹⁰ This is because homestead exceptions amount to roughly 20 percent of the gross assessed value of taxable property in Georgia; these exemptions, by definition, apply almost entirely to housing in urban areas.