These figures do not apply solely to business property. However, some inferences can be drawn about business property on the basis of the limited evidence on differential assessment practices, by type of property, in some of the large central cities, from the 1962 Census of Governments.[19] This evidence suggests that effective tax rates [20] on business property are probably significantly lower in Kansas City and St. Louis than in their suburbs; but in San Francisco, New York, and Cleveland, central city taxes on business property are probably higher. In the latter cases, the rough parity in overall rates appears to be a consequence of favorable central city treatment of housing in assessment practices.

In Atlanta, San Diego, and Los Angeles, central city business property tax burdens are probably less unfavorable, relative to their suburbs, than table 12 indicates. But in Chicago and Seattle, the business tax differentials are even *more* unfavorable than the table would suggest. In the other cases, the table 12 figures are probably reasonably accurate reflections of the differentials for business property. All this suggests that there are a fair number of large central cities in which business tax differentials could be a real factor in accentuating the dispersal of economic activity away from the central cities.

This conclusion is based on data which are several years old. However, there is no real indication that the situation has changed significantly in the past 5 to 10 years.[21] Indeed, the continued rapid rise in expenditure by the local governments serving central cities, combined with the much slower rate of increase in their taxable property values, may indicate that the situation has deteriorated.

Table 13, for 10 selected central city areas, shows that nominal property tax rates have increased very steeply in recent years in a number of cases. If the ratios of assessed to market value have not declined substantially (which does *not* seem to be the general case), then there have been some substantial increases in central city effective tax rates, including the rates on business property.

[19] For presentation and discussion of evidence, see Netzer, *Economics of the Property Tax* (Washington, D.C.: Brookings Institution, 1966).

[20] Effective tax rates express the relationship of the tax charged to the market value of the property—an appropriate basis for comparing levels of property taxation in different localities. The nominal tax rate is that set by local tax authorities and applied to the officially assessed values of properties. Comparisons of nominal rates are likely to be meaningless or misleading unless one also has information about valuations—i.e., the relation between assessments and full market value—in the particular localities involved.

[21] In the case of the most extreme differential in table 12—Newark—the situation may have worsened. For 1967, the effective property tax rate in the central city was 6.6 percent, compared to a 3.25 percent average for the remainder of the SMSA. See Morris Beck, "Fiscal Disparities in Metropolitan Areas," paper presented at the National Tax Association Conference, Atlanta, Ga., Oct. 23, 1967.