TABLE 13.—*Changes in assessed values versus changes in tax revenues, selected csntral city areas, 1957–65* [1]

Central city areas in listed SMSA's	Percent increase in per capita		Implied percent increase in nominal property tax rates [2]
	Assessed values	Tax revenue	
Baltimore, Md	18	49	27
Boston, Mass	2	37	35
Cleveland, Ohio	17	46	25
Indianapolis, Ind	7	24	16
Milwaukee, Wis	31	57	20
Minneapolis-St. Paul, Minn	21	30	8
Newark, N.J	9	57	44
Paterson-Clifton-Passaic, N.J	6	54	46
Portland, Oreg	29	42	11
Providence, R.I	28	90	48

[1] The first 2 columns are based upon computations made for the Advisory Commission on Intergovernmental Relations in connection with its report, *Fiscal Balance in the American Federal System*. The ACIR data are for average annual increases, and have been converted back to 8-year increase figures. The ACIR tax revenue data are for *total* tax revenue, not just property tax revenue; the areas selected are those in which non-property-tax reve ue is relatively insignificant and in which major annexations or reassessments did *not* occur in the 8-year period.

[2] Computed from data underlying the first 2 columns on the assumption that changes in the relatively minor non-property-tax revenue did not appreciably affect the growth rate of total tax revenue.

INTRA-SUBURBAN VARIATIONS

There are very large numbers of local government units in metropolitan areas with property taxing power—over 7,000 such units in the 38 largest SMSA's at present. The average large SMSA thus has about 200 taxing units. This implies, of course, that the size of most of the units is small—an average population of less than 15,000 per unit outside the central cities. Small size alone assures that there are wide disparities within a single SMSA in regard to the level and adequacy of the tax base and the height of tax rates. If the units are sufficiently small, the location of individual plants can have major fiscal effects on the individual taxing jurisdiction.

The evidence indicates clearly that differentials in property tax base per capita (or per pupil, for school districts) within metropolitan areas are very large ones, even if the extreme cases, like industrial enclaves and resort communities, are ignored. Ranges of 10:1 are not uncommon.[22] Such wide variations in taxable capacity have two kinds ofeffects, from the standpoint of urban development. First, they permit individual communities within an urban area to offer public services which differ greatly in scope and quality. To some extent, this need not exercise anyone; rich communities, like rich families, will enjoy a higher standard of living than poorer places in any society which places a high value on choice and diversity. However, it is not so easy to be complacent about wide variations in the quality of those public services which are basic to the future well-being of metropolitan areas (and to that of the Nation), like education, nor about wide variations in the quality of services which have effects on neighboring communities, like disposal of wastes and control of air and water pollution.

[22] See Netzer, *op. cit.*, pp. 124–125.