

There is some evidence that it is by no means inexpensive to realize a higher degree of uniformity. Typically the low-dispersion places spend more for administration, relative to revenue, than do the high-dispersion places. But although more costly administration may improve things somewhat for the relatively easy-to-assess single-family houses, it is by no means clear that a greater administrative effort can produce reasonable standards of uniformity for other types of property, which are often complex and, in many cases, infrequently sold.

Thus both assessors and independent appraisers must rely on some proxy for market value (which is the conventional legal basis for taxation), and any proxy variable is likely to have a coefficient of correlation which significantly differs from +1.0 in a world with all sorts of market imperfections. The most commonly used proxy for buildings is depreciated reproduction costs, with both depreciation and reproduction costs determined for individual properties by applying detailed formulas and tables, rules which cannot help departing from the market's evaluation in individual cases. Another common proxy used for income-producing properties is capitalized earnings. The earnings data are likely to be objectively determinable, but the capitalization rate may not coincide with that of prospective purchasers.

In their search for "true value," assessors combine the varieties of evidence: sales of similar (but not identical) properties, reproduction costs, an evaluation of the observed condition of the subject property and of its environment, and income. However objective the basic evidence, its weighting is entirely subjective and varies from case to case.

* * * It would appear that the tax on business property in general can be regarded as a collection of taxes nominally measured by market value but actually measured by a varied and changing set of evidence more or less related to market value. Nor is the situation much better in a large jurisdiction with regard to residential realty which is varied in age, type, style, and location; only where the stock of housing is homogeneous in all major respects (as in a suburban subdivision built within a brief span of time) is there any assurance that market value and its proxies will be closely correlated.³⁵

All this refers to uniformity within classes of property. The second count in the indictment refers to differences among types of property. In a fair number of large cities, the assessment ratio for single-family houses differs significantly from that for other types of property; more often than not, the ratios for single-family houses are lower than for the other types.³⁶ A frequent pattern is that found in New York City—very high assessment ratios for office buildings, large retail stores and hotels; only slightly lower ratios for multifamily housing and for industrial structures; considerably lower ratios for one- and two-family houses; and extremely low ratios for vacant lots.

To some extent, such differences among property types represent an accommodation to economic realities, albeit an extralegal and erratic accommodation. For example, relatively high tax burdens for central

³⁵ *Ibid.*, pp. 180-182.

³⁶ *Ibid.*, table 4-1, p. 76.