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## Lawson Purdy's Influence on Assessment Practice

By ALBERT W. NOONAN

FIFTY YEARS AGO Lawson Purdy was reading, writing and worrying about the tax problems that existed at that time. As the nation took a last long lingering look at the mistakes of the nineteenth century and turned wide-eyed and hopeful into the twentieth, Lawson Purdy was doing his good deed frequently, if not daily, as the brilliant young secretary of the New York Tax Reform Association. He stayed in that position until 1906, when he was appointed President of the Department of Taxes and Assessments of the City of New York, where he was destined to remain until 1917. During all of these years his interest in sound taxation and efficient assessment administration was intense and sustained. And it should be added that even after he ceased his career as an active tax administrator, he continued to work for the things he believed in.

A man of strong preferences which he consistently backs with energy and zeal, Mr. Purdy was not content merely to reason out a solution to a tax problem. He wanted to see the problem actually solved by instituting the necessary changes, whether these changes meant changing state constitutions, statutory laws, or administrative practices.

Of course, in his work for sound assessment practices, he has never obtained all that he was after, but this did not serve to dampen his ardor. Moreover, he has had the satisfaction of living to see the realization of many of the reform measures that he originated or advocated.

At the time Mr. Purdy became the executive head of the New York City Department of Taxes and Assessments, the general property tax was the principal source of revenue for both state and local governments. At the same time, condemnation of the general property tax was well nigh universal among tax authorities and administrators. And naturally the hardest blows were reserved for the personal property tax. The prevailing opinion of the day was perhaps best expressed by Edwin R. A. Seligman, who wrote:

Practically, the general property tax as actually administered is beyond all doubt one of the worst taxes known in the civilized world. Because of its attempt to tax intangibles as well as tangible things, it sins against the cardinal rules of uniformity, of equality, and of universality of taxation. It puts a premium on dishonesty, and debauches the public conscience; it reduces deception to a system, and makes a science of knavery; it presses hardest on those least able to pay; it imposes double taxation on one man and grants entire immunity to the next. In short, the general property tax

is so flagrantly inequitable that its retention can be explained only through ignorance or inertia. It is the cause of such crying injustice that its alteration or its abolition must become the battle cry of every statesman and reformer ("Essays in Taxation," 10th ed., p. 62).

And it did become the battle cry of most sincere tax reformers. And in the front rank of this group was Lawson Purdy.

#### Reform of the General Property Tax

MR. PURDY WAS ONE of those who saw clearly that while the general property tax was peculiarly offensive and oppressive to urban dwellers, it was still regarded with some reverence by the people living in the rural sections. And since the New York legislature, like nearly every other legislature, was controlled by the rural sections, Mr. Purdy knew that any sweeping state-wide reform of the general property tax, while theoretically desirable, was a practical improbability, if not impossibility. It seems reasonable to believe that considerations of this kind led Mr. Purdy to the development of his plan for local option in taxation, which he first announced in a paper read before the National Tax Conference in Buffalo in May 1901.<sup>1</sup> In this plan, Mr. Purdy sought to eliminate or drastically revise personal property taxation in municipalities but to leave the rural areas free to continue to operate under the general property tax, if that was what they wanted. The plan was simple in concept, easy to explain, easy to understand, and probably did have a considerable appeal at the time.

It had two principal parts. The first part of the plan was for the state to surrender its direct tax on property. As a substitute Mr. Purdy advocated special taxes for state government purposes only, plus an impost on local governments measured by their annual revenue from the property tax. This was not exactly the complete separation of sources of revenue of state and local government advocated by many authorities about that time, but rather a sensible modification of it.

The second part of Lawson Purdy's local option plan was for the state to retain the general property tax, but to permit municipalities to make whatever exemptions under it they wished. Such a plan would impose no hardship on rural sections while municipalities could exempt all or part of intangible or tangible personal property as they decided just and wise, and in this manner overcome some of the worst defects of the property tax system.

Although the exact plan proposed by Mr. Purdy was not adopted in any state, the influence of his ideas was considerable. At least twenty-one

<sup>1</sup> Lawson Purdy "Local Option in Taxation," New York Tax Reform Association, 1902.

states have now abandoned the general property tax as a source of state revenue, while only twelve states still have the so-called "uniformity clause" in their constitutions. In New York and Delaware, all personal property is now exempt. In thirty-seven other states, intangibles are either exempt or taxed under special rules.

#### Improvement of Assessment Practice

LAWSON PURDY INTRODUCED many advanced real estate assessment procedures after he became head of the New York department, and his place in history would be assured on the basis of his work in this field alone. Most of Mr. Purdy's ideas about good assessment practice can be found in an article first published about 1914.<sup>2</sup> It is amazing, but true, that in spite of all the economic, political, and social changes that have taken place since, the measures Mr. Purdy advocated in this article are as sound today as they were then. Moreover, nearly all of them will be found stated in slightly different language in the statement of fundamental principles published by the National Association of Assessing Officers in 1939 under the title, "Assessment Principles."

Mr. Purdy advocated annual assessments, single headed assessment departments, appointment on the basis of merit, indefinite tenure with removal only for cause, adequate equipment, use of modern methods, adequate salaries, and full-time positions.

When it came to methods, he insisted that it was impossible to make a good real estate assessment without an adequate set of tax maps. He also urged the use of land-value maps, the separate assessment of land and buildings, the use of depth factors in determining land assessments, the use of building classification and cost factor schedules in making building assessments, and a card record of every real estate parcel. And he advised maximum publicity of the methods used by the assessor as the best way to overcome the prejudices and misapprehensions of an uninformed public.

When Lawson Purdy contemplates the status of assessment administration today, he must derive considerable satisfaction from the knowledge that the procedures first advocated and used by himself and other pioneers like W. A. Somers and John A. Zangerle are now advocated everywhere in the United States and Canada, and are actually being used in most of the larger assessment jurisdictions and many smaller ones.

Of course many refinements have been developed over the years, but the fundamentals of the "standardized system" today are practically the same

<sup>2</sup> Lawson Purdy, "The Assessment of Real Estate," Technical Pamphlet Series No. 1, National Municipal League, New York.

as when Lawson Purdy was preaching their merits about three or four decades ago. These fundamentals can be briefly enumerated. First of all, the system is founded on the separate appraisal of land and buildings. Buildings are primarily appraised on the basis of replacement cost less depreciation, including obsolescence. To obtain reproduction costs, buildings are classified and appropriate cost factors are developed for each class. The buildings are inspected and measured in the field and the data obtained are recorded on an appraisal card. The reproduction cost of a building is computed on the basis of its class and size, with proper additions or deductions for departures from standard specifications. A schedule of depreciation is either developed or adopted, and usually is based on age, condition, and material used in construction. From the reproduction cost, a deduction for depreciation is made and the result is referred to as the "sound value." This establishes the upper limit of value and usually will indicate the market value, the legal standard for assessed values, unless other factors are present which require some further adjustment.

#### The 'Scientific Land Value System'

THE SO-CALLED SCIENTIFIC land value system includes the development of appropriate unit foot values for each block in the district, recording these values on a land value map, the development or adoption of depth and corner influence rules, and rules for determining the value of irregularly shaped parcels.

The above summary is fairly descriptive of the principal items in the system used in the most progressive assessment offices today. It will be readily appreciated that the system outlined by Purdy in his article is essentially the same.

Mr. Purdy was acutely conscious of the fact that a good job of assessing real estate could not be done without the aid of an accurate set of tax maps. Thirty-five or forty years ago most people thought he was wrong. At any rate tax maps were conspicuous by their absence except in relatively few jurisdictions.

It is much different today. Perhaps there is no principle of good assessment practice on which agreement among practitioners is as nearly unanimous as the one that real estate cannot be assessed properly without an adequate set of tax maps. This does not mean that all jurisdictions today have an adequate set. Unfortunately there are literally thousands of assessment districts, especially the smaller ones and those sparsely settled, which are struggling along without them. But it is safe to say that in jurisdictions of a fair size or well organized, good tax maps will usually be found.

In Mr. Purdy's day as a tax assessor, the acquisition of a good set of tax maps was an expensive undertaking, because they were all based on ground surveys. Today they can be obtained for a small fraction of the cost and in a small fraction of the time by the aerial survey method.

#### The Profession of Assessing Officer

MR. PURDY ALSO BELIEVED that the work of the assessing officer was truly a profession and should be treated and regarded as such. In keeping with this concept, he urged that assessing officers should be appointed under a merit plan, should have indefinite tenure, be removable only for cause, and be paid a salary commensurate with their responsibilities and duties.

Although progress has been made toward the accomplishment of these objectives, it has admittedly been quite slow. Most assessing officers are still selected by popular election. Yet when a change is made, it is invariably from election to appointment, rather than the reverse.

A development along the line that Lawson Purdy would probably approve took place in 1948 in Iowa. Iowa was one of those states which operated under the township-city plan, where all the primary districts, about 2,500 in number, were either cities or townships, usually small in resources and served by a part-time assessor. In 1948 the offices of all township assessors and city assessors in cities under 10,000 were abolished. In developing a substitute, the legislature took a most unusual step. It created the office of deputy county assessor and made him responsible for all assessment work except in a few cities over 10,000 which wished to retain their own assessment machinery. This deputy county assessor was required to pass a qualifying examination given by the state tax commission, and after appointment could be removed from office only for cause. A portion of the benefits of this change were lost by the strange action of the legislature in making the county auditor the ex-officio county assessor with power to appoint the deputy county assessor. But, later, the legislature terminated the ex-officio status of the county auditor, promoted the deputy county assessor to county assessor, but changed his tenure from an indefinite basis to a four-year term.

Nebraska also abolished the positions of about 1,900 part-time precinct assessors in 1948 and turned their duties over to county assessors. In other states where it has been found too difficult to abolish the office of township assessor, some progress has been made in providing for close supervision by a county supervisor of assessments or a county assessor. This type of plan is being used in Pennsylvania, Indiana, Minnesota, and Illinois.

Somewhat akin to these arrangements is the Maryland plan. In each Maryland county there is a county supervisor of assessments. This officer is an employee of the state tax commission and is appointed by the commission from a list of candidates who pass a qualifying examination. Originally the office was intended to be merely advisory and supervisory to the county assessment commissioner, the *de jure* assessment officer. However, over a period of years the supervisors did their work so well that they became the *de facto* assessing officers, and this was recognized a few years ago when a new act was passed which gave to each county the option of making the county supervisor of assessments the *de jure* assessing officer or leaving their legal status alone. Many counties have since taken the first course, and it is expected that eventually all of them will do so.

#### The Organization of a Professional Society

WITH RECOGNITION of the professional status of assessing officers, the need for a professional body to establish and raise professional standards became manifest. Of course there were a few state organizations of assessors, but they were hardly equal to this assignment. Neither did the National Tax Association answer the need, although most of the leading tax administrators were members. Incidentally, it should be noted that Lawson Purdy has been one of the outstanding members of the NTA and a leader of its thinking. He served on numerous committees, on its board of directors and as president in 1911.

But there was no counterpart of what came to be the National Association of Assessing Officers. Entirely apart from any other useful purposes it could serve, a national association of those engaged in this work had to exist before the profession could be identified in the minds of both the assessor and the public generally. The creation of such an organization was deferred until 1934, seventeen years after Mr. Purdy had left the New York department. But in that year the National Association of Assessing Officers was brought into being when a small group of assessors met in Philadelphia under the leadership of the late John C. Donehoo, who was then assessor of the city of St. Petersburg, Florida.

In the years since, the NAAO has carried on a constant program designed not only to identify the assessment profession, but to improve the standards of practice in every state and local jurisdiction. In this work, it has been aided materially by many of the ideas first generated in the brain of Lawson Purdy during his own career in assessment work.