Generating Revenue through Property Tax: The Implication on the Attitude of Commercial Property Occupiers in Jos North Local Government

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ABSTRACT

Property tax is gradually becoming a major source of revenue for local councils in Nigeria. However, in generating revenue through property tax there is the need for local councils to consider the attitude of the residents within their jurisdiction to payment of the property tax in order to encourage public participation in the usage and the collection of the property tax. The methodology of study therefore is based on the questionnaire distribution of 0.00035% of the population of the study and analysed with multivariate analysis. The multivariate analysis examined the payment of property tax as an independent variable against three dependent variables which are Awareness of Property tax, willingness to pay if property tax is upped into forms and willingness to reside or shift location if the property tax is reviewed upward. The result of the study suggest that with a calculated alpha level of 0.024 which is less than 0.05, commercial property occupants in this local government will shift location if the property tax is reviewed upward. It is the recommendation of the study therefore, that there will be the need for local government to set up a machinery to monitor the attitude of the residents as this findings may be different in other local government areas.

Keywords

Property tax,
Local council,
Awareness,
Willingness.
insurance and municipal development and immigration to the
detriment of provision of amenities like neighbourhood parks,
and recreational facilities.

The Advisory Commission On Intergovernmental Relations
(1972) furthers revealed that of the major services presently
utilized by the three governmental levels in the United States,
the local property tax was decisively selected as being least fair.
This is because the property tax administration of the local
government does not have a direct impact on the populace or
resident. The residents don’t feel a sense of participation in the
use of property tax being paid. Infact Huffman et al (2006) also
said that one 1977 poll often used by anti – tax organisations,
70% of Americans felt that “taxes in the country are
unreasonably abnormal and that local property taxes are quite
high. However, by 2006, the populace of the same county of
Anderson felt that the amount of property tax being paid to
finance security of lives and property is somewhat low.

Methodology

The data required for this study is mainly primary data
sourced from the owners and/or occupiers of commercial
property to measure their attitude to payment of property tax
through the years of awareness of property tax, years of
occupation in the study area and choice of another location
expressed in kilometers. The Targeted Population are the
owners and/or occupants of commercial properties in Jos North
local government. The sample frame consist of owners and/or
occupants of commercial properties around the Jos Main Market
area which is a major landmark, while a sample size of 0.0035%
of the entire population of the local government which represent
a minimum of 1000 questionnaire was selected using systematic
random sampling technique to distribute the questionnaire.
The selected neighbourhood around the Jos main market was divided
into 10 areas with road access as boundary. Thus the 1000
questionnaire were divided into areas and distributed along the
access road using systematic random sampling of every 10th
commercial property starting from the access road to the inner
part of the area. Same method was repeated within each of the
ten selected neighbourhoods. The self administered
questionnaires were distributed by proxies.

The General Linear Model (Multivariate analysis) which is
a two way analysis of variance for multiple variables was used to
analyse issues that will convey the attitudinal behaviour of the
occupants to payment of property tax. In this case awareness of
different forms of property tax was measured based on years of
knowledge of property tax; Willingness to pay if granted different forms of was measured using years of stay in the present
location; while willingness to occupy the location on review of
forum (that is if a form of property tax will be enforced) was
measured using likert scale to rank priority areas of choice to
stay. The General linear model thus considers Box’s test of
equality of covariance matrices, and levene’s test of equality of
error variances. The evidence of receipt for payment of property
tax is to be used as the study population in these aspects.

Result

The Box M Test for Homogeneity of variance-covariance
matrices indicated with calculated significant value of 0.000 is
less than the alpha level of 0.05. The assumption that the
variables do not statistically influence equally the payment of
forms of property tax in each location has therefore been
violated. That is impliedly, each dependent variables identified
as: Awareness of Different forms of Tax, Willingness to pay the
Tax if separated into forms and Willingness to occupy the
location if property tax is reviewed all have variance or
significant impact on the forms of property tax.

The multivariate test of significance further reveals that
there are no significant differences in the dependent variables
across each for those that paid and are receipted since the
significant value 0.096 is higher than the alpha level of 0.05.
What this means is that each variable being examined do not
have different level of impact on the payment of property tax in
the locations for those that actually pay and were issued receipts.

The Levene’s Test of Equality however reveals the
confirmation of this opinion. The Test identified that all the
significant values are higher than 0.05 in which it can be stated
that all the variables have equality variance on the payment of
those that paid and were receipted.

However, the Test of Between Subject Effects indicate that
at same alpha level of 0.05, Willingness to reside in the location
on review of the property tax being paid has violated the
assumption that it does not have impact on the payment of
property tax in this locality. The significance level for this
variable is 0.024. In essence having agreed that the variables do
have influence on payment of property tax, occupants may shift
location eventually if the property tax is reviewed.

The Marginal Means for occupants that were issued receipt
and have the Willingness to occupy the location upon reviewed
is 18.311 which is the highest marginal mean for this analysis.

Conclusion

Local governments are saddled with the responsibility of
raising and administering property tax, however the attitude of
occupants to payment of property tax by commercial property
owners/ occupiers needs to be monitored as they affect the
payment and use of property tax. From the study, the issue is not
whether occupants are willing to pay, nor are they ready to pay
if the property tax being paid is splited into other forms . The
issue is that if the property tax being paid is reviewed upward
the occupants of commercial properties in this local governmnet
may not shift location. This tend to suggest that occupants may
have other locational factors as issues for consideration that is
attracting them to stay within the jurisdiction of the local
council. This Conclusion might have been different if the
occupants are willing to shift location as this would mean that
payment of property tax is a locational factor in this case.

Recommendation

The study therefore recommends that
(i) A machinery or operational system to monitor the occupants
attitude be set up by local governments. This will definitely
enhance the participation occupants/owners in the administration
of the property tax
(ii) The participation of occupants/ commercial property owners
is important thus, property tax should be applied to areas of
generation and to address the immediate need of the
occupants/residents. Once there is transparency in the application
of property tax, the upward review of the tax may not be a
locational issue for local governmnet, but as an attraction
because people are getting the benefits of what the are paying for.

References

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Table 1: Analysis of Variance Result for the occupants Attitude to payment of Property Tax In Jos North Local Government

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Issuance of Receipt</th>
<th>Measurement Scale Base</th>
<th>Dependent Variable</th>
<th>Mean</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of Property Tax</td>
<td>Yes 602 No 160</td>
<td>Years of Awareness and Exposure to Knowledge of Property Tax</td>
<td>Awareness of Different form of Property Tax</td>
<td>4.510</td>
<td>0.760</td>
<td>0.099</td>
<td>0.753</td>
</tr>
<tr>
<td>Years of Residing in The Present Location</td>
<td></td>
<td></td>
<td>Willingness to Pay if Separated on Form</td>
<td>14.628</td>
<td>110.307</td>
<td>1.145</td>
<td>0.285</td>
</tr>
<tr>
<td>Optional locations for Resident to Choose.</td>
<td></td>
<td></td>
<td>Willingness to Reside in the Location on Review of Property Tax</td>
<td>18.311</td>
<td>1057.115</td>
<td>5.145</td>
<td>0.024</td>
</tr>
</tbody>
</table>


