

## Land-Value Taxation in Tompkins County: A Study of its Merits and Feasibility

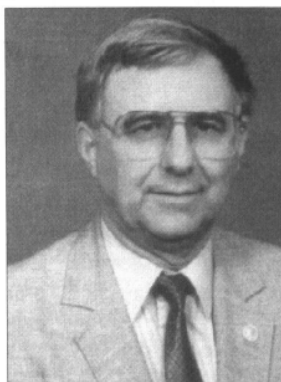
H. William Batt: Executive Director, Central Research Group  
For ROBERT SCHALKENBACH FOUNDATION March 2000.

William Batt has made a major contribution to the acceptance of Land Tax policies by dealing with what he calls the 'Achilles heal', that is the administrative problems of implementing Land Tax as a new system. He has achieved this through making use of technological advances that facilitate both data collection and analysis and has worked on data relating to Tompkins County, which includes the town of Ithaca. The data are representative sales values and the typical land values for an area.

He has used Geographic Information Systems (GIS) in this work to map distributions of land values as they stand. Even more interesting is the use of this technology to map the land value as a proportion of the total land value. This gives a visual indication of the efficiency of

use of the land in a way that is easy to interpret and is backed up by the data. The contents column of this issue, on page 2, shows one of the maps that illustrates this work. If land use were appropriate to its value, the map would be more or less uniform in colour, but this is far from being the case. Land that is inappropriately used according to its value is not found in just urban or just rural areas but occurs in pockets. The areas with highest Land Value as a proportion of Total Value are found mostly in the sprawl around Ithaca and in some of the satellite towns.

Batt follows up this work with an analysis of the winners and losers, were LVT to be implemented fully in this county assuming overall tax neutrality. This analyses the data in several ways: by land use, by municipality (to com-



■ William Batt

pare urban and rural areas). The biggest winners and losers are all non-residential, with the biggest advantage going to an out of town shopping mall. Overall, the author calculates homeowners taxes would decrease slightly by \$280, commercial premises would see a moderate increase of \$680. Industrial units' taxes would

decrease by \$7500, and most significantly the tax on vacant sites would increase by between \$1300 and \$5700. This means that LVT is very likely to lead to improving these parcels of land, which would ameliorate many aspects of its introduction.

The author is able to see the detail of the analysis to draw some other useful conclusions. For example, he counters the argument that farmers could suffer an unfair burden under LVT by identifying areas that he calls 'faux farms', that is land held for speculation, which is being farmed in the interim. He suggests further work that could be helpful, particularly in checking the utility and accuracy of these computerised land value assessments, but the dramatic impact of this method of displaying land values will surely gain ground.

## The Determinants and Impact of Property Rights: Land Titles on the Brazilian Frontier

Alston, L.J., Libecap, G.D., and Schneider, R.  
JOURNAL OF LAW, ECONOMICS, AND ORGANISATION. (1996)  
Vol.12(1) pp. 25-61.

The authors present empirical results showing how the demand and supply of land titles affects the land value and in turn the level of agricultural investment on Brazilian frontiers. They use survey data from 1992 and 1993 as well as census data for longer periods to look at the development of property rights as the region changes from frontier status to one with a market centre and during phases of agricultural development and immigration to the region. During these changes, land values increased and so did the demand for titles to the land. This led to an increase in land-specific investment. The authors look at the response of government to the demands for land title and consider questions of institutional change.

## An Empirical Estimation of the Effect of Some Variables on Land Sub-division in Madras

Thangavel, C.  
URBAN STUDIES (2000) Vol. 37(7) pp. 1145-1156

By looking specifically at Madras City as an Indian case study, the author is able to examine the pattern of land development and determine empirically some of the factors that are influential. In this context, the author identifies that the major variables are accessibility, land values, social environment and population density. Taking into

account the current planning situation in Madras and the way that urban growth is managed, the author concludes that accessibility will become an increasingly important determinant. This seems like a good basis for some further comparative work to establish the influence of context on land development.

## Henry George: Rebel with a Cause.

Blaug, M.  
EUROPEAN JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT. (2000),  
Vol.7(2) pp270-288.

Blaug confirms what readers of *Land and Liberty* already know: that *Progress and Poverty* was the most widely read economics book of the nineteenth century and that it inspired socialists and reformers. The author points out that the numerous attacks by the economists of the time were mostly claims that it was impossible to distinguish ground rent from capital investment.

Whether or not that argument was valid in the nineteenth century, it is no longer the case today (see review of work by H. William Batt above) and the author concludes that land is an essential factor of production apart from labour and capital, and that it is this question that underlies discussions relating to George's ideas.