

HENRY GEORGE NEWS

"The tax upon land values is the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community."

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Pittsburgh breakthrough! *by Harry Pollard*

As a New Year present, Pittsburgh practically doubled its land-value tax. It doesn't seem much of a present to double a tax, but the choice was between increased taxation on practically everything that labor or capital does OR a tax on the land.

The difference is very clear. Advantages (or disadvantages) to location affect the land-value, and these advantages come from elsewhere — generally from community activity. If the community does something for you, it would seem fair that you should pay for service. Equally, if the community causes you a problem, you should be compensated. A more delightful aspect of the land-value tax is that it does this automatically. **You pays for what you gets.** The alternative is to be soaked for daring to do something, be penalized for improving something, be socked for being a good citizen.

Pittsburgh council had the chance to do some soaking of the producer, or to gather in some payment for services rendered. The Mayor wanted the first — to tax wages, parking and transfers of property. The council wanted to avoid producer taxes and instead tax land-value.

The battle was joined.

Mayor Caliguiri had submitted a budget of \$171.1 million and proposed to meet the expected deficit by increasing the city's wage tax from 1% to 2.5%. The council cut his proposed budget by

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nearly \$6 million, accepted only a 4% increase in the wage tax and almost doubled the land-value tax — from 48 mills to 97½ mills (a retreat from an original proposal of a 70 mill increase).

The mayor vetoed the council's counter-proposal with a statement that said he could not "in good conscience" permit the heavy land-value tax increase, because it would "impair our Renaissance II effort which is designed to broaden the city's tax base". This seems to mean that the mayor wants more development in Pittsburgh so he can tax it.

To override the veto, six votes were needed from the council. The motion to override was passed quite handily by 7 votes to 2.

The land-value tax was proposed by Councilman William Coyne because it was seen as a way to spread the burden of a tax increase to groups that would not have paid the extra taxes under the mayor's proposal to raise the wage tax.

The new land-value tax rate is expected to generate about \$17.5 million in additional revenue this year to balance the record \$165 million budget. But the extra money collected from the land-value tax increase will not be paid equally by the various economic sectors of the city. Homeowners, for example, will pay as a group about 20% of the extra tax groups, such as business, and rental property owners will pay the other 80%.

Even among home owners, the land-value tax burden falls unevenly.

Homeowners, according to Coyne, are expected to pay \$3.7 million of the extra tax. But, those figures show that half of that extra tax will be paid by only 28% of the city's homeowners. In other words, homeowners in 9 of the city's 32 wards will pay, on the average, nearly three times as much in additional land-value tax as homeowners in the other 23 wards.

These figures are derived from figures Coyne used to support his case for the land-value tax increase rather than a wage tax increase.

During the budget hearings, Coyne used a computer to identify city properties listed as houses or dwellings in the regular tax accounts in the records of the county Board of Assessment, Appeals and Review for 1978.

(cont'd on Page 3)

Legislators study land-value tax in Suffolk county NY

Property taxes should be based on the market value of land, not buildings, said county legislators Martin Feldman (D - Dix Hills), Michael Grant (R,C - Brentwood) and Anthony Noto (R,C - Brentwood). They explained that their proposal would institute "land-value taxation" in Suffolk. The plan would generally increase taxes on undeveloped land and decrease taxes on developed land because less emphasis would be placed on buildings.

Feldman indicated that about 140,000 — or about 30% — of the county's 464,000 acres are vacant.

Under the plan, assessments would not increase when improvements or additions are made. Assessments would increase only when the market value of land — as reflected in comparable sales — increased. But, the legality of this provision was unclear. State law now requires assessors to compute taxes on "the value of the land and any improvements thereto," according to Edward Sullivan, Brookhaven town assessor.

They write letters

Pittsburg Georgists campaign for higher taxes on land — and lower taxes on capital and labor

Like Paul Revere waiting to see if the invasion would come by land or by sea, Pittsburg is waiting to see if the tax increase will come by land or by wage.

JOHN ZINGARO

The average homeowner would be better off, since he would pay \$91 with the land-tax increase and at least \$165 more with the wage-tax increase.

STEVEN CORD

It seems to me preferable to increase the tax on the value of land which gives its value from its location, and hence the efforts of others, rather than to increase the tax on the earnings of workers or the improvements on land, which are the result of the labor and capital which creates

EDWARD H. SCHoyer

Of course, this should be gradual, to give time for planning by those who have innocently invested small savings in land — though, as Coyne pointed out, those over 65 have considerable exemption from such taxes, and land taxes would fall chiefly on valuable locations.

JOHN WEAVER

The property tax is in reality two taxes : a tax on land and a tax on buildings. Councilman William Coyne has proposed that the \$29 million be raised by increasing the levy on land. Thus the owners of buildings and homes will not be penalized for remodelling, renovating, or improving the buildings on their land while owners holding their land for speculation will find it less profitable to leave it unused. . . .

MARIAN S. HAHN

It has long been known by knowledgeable persons throughout the United States that our present tax laws subsidize the misuse of land, reward speculators with exorbitant land prices, discourage the upkeep and improvement of much of our housing supply, and penalize individual initiative.

WILLIAM SCHLENKE

Without a tax increase, lessening the tax penalty on building and shifting it to land encourage construction of all kinds and employment in the building trades. It reduces the tax bite on the average home owner and transfers this to large landholders and speculators.

Even given a tax increase, the trend is desirable. If carried to its logical conclusion of no taxes on buildings and all on land, this policy would contribute substantially to prosperity in Pittsburg.

WILLIAM T. SCHoyer

I am sure that land speculators are going to protest land value taxation but they should not complain since the federal government gave them a break on capital gains. Only 40% of their land-sale profits are taxable.

ROBERT E. KENNEDY

"Right now 90% of an assessment is on the improvements and 10% is on the land," said Feldman. ". . . Land-value taxation stands alone as a long-overdue means of truly bringing tax relief to the average home-owner because it casts an entirely new light upon — ownership and improvement of private property."

But County Executive John V.N. Klein said he believed land-value taxation would rearrange but not eliminate the tax burden. "There's the problem of provoking an abandonment of vacant land in enormous proportions (because of increased taxes)," he said. "The county would wind up owning it."

The three legislators said they intend to ask the county legislature to spend \$30,000 to analyze the impact of land-value taxation on taxes.

However, Feldman had already commissioned — back in October, 1977 — the New York Center for Local Tax Research to study the effect of the taxing method on the Huntington portion of the Half Hollow Hills school district. The Center's study concluded that 80% of homeowners would pay lower taxes if their land was assessed at full value. The average tax bill for developed land would drop from \$1,728 to \$1,499 while the bill for vacant land would rise from \$125 to \$480.

Progress & Poverty is 100 !
San Francisco: August 20th — 25th

SCHOOL NOTES

SATURDAY SEMINAR IN NEW YORK

Director **Phil Finkelstein** and the New York School hosted an all-day seminar for its teachers on January 13th. In addition to the School staff, guests attended from Philadelphia — including **George Collins**, Director of the Henry George School in that city; and from Long Island, Director **Stan Rubenstein**, accompanied by several of his students.

Main focus of the discussion was the new term at the New York School, scheduled to begin January 15th. In celebration of the Centennial of publication of **Progress and Poverty**, the New York School is offering the fundamental course Monday through Thursday. The new course will apply Georgist theories to our own economic problems, including taxation, inflation and enemployment.

As the Centennial year gets under way, news of other events is beginning to arrive. The New York Public Library is planning a special Henry George exhibit at its main branch. Similar displays are being arranged in libraries across the country.

LOS ANGELES InterStudent GOES ADULT !!

The InterStudent High School Program in Los Angeles uses "Mini-Units". Now the Minis will be offered to adults through a unique program to be arranged with local adult education authorities. Social studies professionals will be given the opportunity to teach using the tricky, frustrating, amusing material already tested on more than 100,000 students of all ages.

PHILADELPHIA HIGHLIGHTS

The Philadelphia Henry George School issued its 'Mid-Year Report'. Among many notable events were:—

National Conference

Philadelphia hosted the 1978 National Conference with 150 delegates from across the country. Special mention is made of the 'heroines' who kept everything running smoothly — **Lu Cipolloni** and **Geneva Collins**.

Birthday Celebration

Henry George Day was proclaimed September 2nd by Philadelphia Mayor Frank L. Rizzo. TV cameras were active and films were shown at the Henry George birthplace. Across the border in Delaware,

SAN FRANCISCO Director (Henry George 'look-alike') **Wendell Fitzgerald** has resigned. Joining the School as co-Directors are **Charles Turner** and **Robert Scrofani**. Both Directors are former School Presidents. Charles is studying law and Bob has somehow combined the professions of restaurateur and high school teacher.

It seems a conflict of terms to report that Wendell has a consuming interest in the "Hunger Project" of EST, but that is indeed the case. He believes that Georgists and Project enthusiasts could cooperate to great mutual benefit. The Hunger Project people are keeping an open mind on methods to deal with the horrendous problem of third-world starvation. Wendell believes they would be receptive to Georgist ideas. But, the advantage would equally be ours, for our ideas would achieve a focus.

He points out that no plan to end world-wide hunger can be successful — while maintaining freedom — without application of Georgist principles. The task for Georgists helping the Project is not to insist that only they have surrounded the solution, but to provide input that will allow the Project to succeed.

Wendell will not be lost to things directly Georgist, for he is an important member of the Centennial Committee and will be much in evidence as momentum builds in San Francisco.

the Henry George Booth at the Arden Day Fair was staffed by an Arden contingent led by **Mike Curtis**.

Tax Conference

Keynote speaker at the December Conference on Land-Value Taxation was **Professor Steven Cord** from Indiana University and Editor of "Incentive Taxation". A sizable number of participants enrolled in a Teachers' Training Course to be led by **Penny Colgan**.

Other Items

Forty-nine adults and high-school students completed the Fall courses . . . Visitors to 'Super-Day's' 250,000 block-party on 'Super-Sunday' attended the Henry George Exhibit staffed by graduates; books and pamphlets were sold and names were collected from the crowd . . . Two evenings of Henry George films were presented in November . . . Good newspaper publicity was obtained (some was re-printed in the HGN); radio and TV heard and saw **Mike Curtis**, **Jack Himmelstein**, **John Daniels** and **George Collins**.

(continued from Page 1.)

These listings exclude land owned by corporations and tax-exempt organizations and include owner-occupied, rental and commercial properties.

computer couldn't do all it was intended to do, but it seems that only about \$81 million — or about 21% — of city land is owned by homeowners.

Evidence is plentiful that this small proportion of homeowner-

owned land is typical in most cities. It appears that "Prop. 13 type property tax relief" helps the homeowner very little, while providing a veritable bonanza for commercial and financial interests.

Time pressure meant that the

Lindholm Lauds the Land Tax

by Don Nelson

Eugene may be taking a new look at an old idea for changing the way property is taxed.

It's called a "land tax" or a "site value tax," economist Richard Lindholm told the Eugene Planning Commission on Monday, and although the tax is used in several other countries, it's still rare in the United States.

A land tax does just what it says: it taxes land only. Buildings aren't taxed and a property's value is not increased simply by building on it. The effect is that vacant land is taxed at the same rate as developed land, so speculation is discouraged and development is encouraged.

Lindholm, a University of Oregon professor of finance, told the commission he would like to see Eugene replace its existing property tax system with a land tax. An investigation of that proposal is being made as a recommendation in Phase II of the city's Growth Management Study.

Lindholm said the Legislature would have to approve legislation allowing the city to change its property tax system, and he recommended that such a change be subjected to a vote of Eugene residents because it's sure

to be controversial.

The immediate effect, he said, would be to lower the taxes of homeowners and to increase the taxes on vacant property.

He said the city could take the total assessed value of all land - minus the assessed value of the buildings - and apply the tax rate necessary to bring in the same amount of revenue the city now collects.

Lindholm said a study he conducted a few years ago showed that if the land tax were in effect in the Eugene-Springfield area, taxes on single-family homes would decrease by 27 percent.

He said a land tax would encourage industrial development, discourage urban sprawl and increase the efficiency of land use within the city. A land tax system is used in Australia, New Zealand and South Africa with good results, he said, but has been tried on a limited basis in only a few areas in the United States. He said this country has been "very conservative" in changing its taxation methods.

City Manager Charles Henry observed that a land tax proposal would surely be opposed

by property owners with vacant land, whose taxes would increase. Switching over to a new system could create some administrative problems, he said.

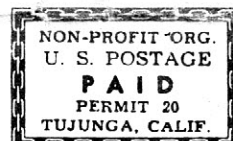
Lindholm said he believes the change could be accomplished with few problems. "I don't think this is a frightening thing," he said. He said the land tax would encourage construction of better buildings because property taxes would not be increased if a property is improved.

The Growth Management Study notes that a land tax could "encourage timely use of vacant land and conversion of some structures to multiple-family uses."

However, the study adds, "While implementation of this taxing structure could affect greater efficiency in residential uses, it also contains the potential of running counter to existing policies directed at preservation and rehabilitation of a portion of central area neighborhoods, i.e., those zoned for multiple-family use. This problem might be solved by granting special tax treatment for areas singled out for preservation. Under this taxing mechanism, the use of zoning would most likely become a more critical land-use management tool." (Register-Guard ... Eugene)

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HENRY GEORGE NEWS
Box 655 Tujunga CA 91042



JACOB NIMMELSTEIN
137 UNION AVE.
BALA CYNWYD PA 19004

Address Correction Requested