## LOCATION CHARGE

by Stanley Frederiksen, Ferguson, MO
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The March 23 editorial, "A tale of two downtowns," bemoans the decline of downtown St. Louis but at the same time ignores its root cause.

St. Louis is decaying because all desirable activities are being taxed out of the city. Erect a building in the city and you get taxed (unless it's tax-abated). Improve a building and you're penalized with a tax for so doing. Get a job in the city and you pay an earnings tax. Come into the city from the suburbs and you're taxed for whatever you do. Have a meal at a downtown restaurant and you're taxed for it. Buy products in the city and you pay extra sales tax.

Why do you want more businesses, more street activities, more restaurants, more shops, more homes, more athletic venues, more of everything? So you can tax everything. St. Louis' base is not the buildings, people, activities, restaurants, events and other attractions. The base is the sum of all the locations within the city. Until you gradually remove all taxes on buildings, people's legitimate production and other activities, and at the same time gradually increase the charges on the underlying locations, you can continue to watch the demise of a once-great city.

A location charge--paying annually for the exclusive possession and use of a location--gives full value received, and is therefore not a tax. It's a charge (or benefit fee, or rent, or lease) which a payer pays willingly, because he/she can then produce from, or otherwise use, the location without being penalized with "taxes" for so doing.

While other cities (check Pittsburgh and 16 other Pennsylvania cities) thrive as they reduce "taxes" on buildings and improvements, and gradually increase the charges on location values to raise city revenue, St. Louis languishes under its antiquated penalty tax system.

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