

THE ARENA OF POLITICS

CGO RESOLUTION TO CONGRESS

In February, the Resolution on land value taxation adopted by the Council of Geogist Organizations (reproduced in GJ No. 38) was sent to all U.S. Senators and Congressmen (with the help of Walter Rybeck), and to President Reagan, along with a covering letter by CGO Chairman Robert Clancy, which said, in part: "We are writing to you at a time when taxes, budgets and deficits are of overriding concern... We strongly commend to your attention a kind of tax that has been passed over, but that has many good qualities - and that is a tax on land values..."

Replies received from national legislators include the following:

Sen. Howard H. Baker, Jr. (majority leader) wrote: "...I am particularly interested in any efforts to address current inequities in our tax system, and there is no argument that some reform is necessary. The entire question of tax reform is one which has dominated debate in recent months. While I am encouraged by the many steps being taken to improve the tax system, I believe that continued examination is necessary not only to create a more simply structured and more equitable tax system, but also to curb the many instances of noncompliance with the system..."

In reply, Mr. Clancy addressed some of Sen. Baker's comments: "... We believe the land value tax meets the requirements you set forth as to being simply structured and equitable, as explained in our literature. It is also relevant to the need you express, 'to curb the many instances of noncompliance with the system,' which is recognized to be a major problem.

"Land cannot be hidden, and its value can be readily ascertained and is of public knowledge. Thus the land value tax does not permit of the massive evasions now experienced with the income tax, import duties, sales taxes, etc."

A further reply from Sen. Baker said that he "will certainly keep your views in mind when relevant legislation is voted upon in the Senate."

Sen. Gary Hart of Colorado (who has announced his candidacy for the 1984 Presidential election) wrote a long letter in which he agreed that "a comprehensive restructuring of our tax system" is needed rather than "further tinkering." He outlined his requirements: simplicity, equity, progressivity and broad basing, and forwarded a copy of his testimony on tax reform before the Senate Finance Committee, in which he proposed a progressive expenditure tax that is "based on an idea ~~Thomas~~ Hobbes argued over 300 years ago - that we should tax people on what they take out of the economic pie, not what they put in."

In reply, Mr. Clancy said the land value tax complies with Sen. Hart's requirements for a good tax. Referring to Hobbes' idea, he added: "Expenditure of a person's earnings is not 'taking out' of the pie - it is merely an exchange for what he has put in. An expenditure tax is just as much a tax on earnings as is the income tax. We ought to focus more on the sort of income which takes out without putting in. In this respect too, the land value tax deserves consideration..."

Sen. Hart has also had correspondence with James L. Busey, Secretary of the Colorado Incentive Tax Association.

Sen. Alfonse D'Amato (New York) wrote stating that the new 5¢ a gallon gas tax "will result in the generation of hundreds of thousands of jobs in the next few months. Roads, bridges and tunnels will receive long overdue repair and maintenance."

The CGO covering letter had criticized the gasoline tax, and in reply to Sen. D'Amato, Mr. Clancy wrote: "While the new gasoline tax may generate jobs, it is at the expense of other productive sectors of the economy. The land tax... generates income and jobs without hurting any productive element in society..."

Sen. Pete V. Domenici (Chairman, Committee on the Budget) wrote a long letter opposing "extraordinary inflation driven tax increases... We must have a balanced and evenhanded program of federal spending reduction. Only when we have achieved as much spending reduction as possible should we allow any tax increases; but in no case should we increase taxes at this critical time for our economy." To this Mr. Clancy replied: "I believe that in your letter you made a good diagnosis of the present budget and tax situation. I would like to clarify that we were not calling for an increase in taxes, but rather a shift from other taxes to the land value tax. Most taxes levied today fall on production and earned incomes. In cutting these down and collecting instead the unearned income from land values, there would be an easing of the problems that lead to high budgets and high taxes."

Just one Congressman, Joseph P. Addabbo, (New York) wrote: "I am deeply interested in this issue and will refer to the material you forwarded to me when this matter is discussed in the House. Please feel free to keep me abreast of your views." With the aim of keeping him abreast, Mr. Clancy forwarded to him part of the proceedings of a meeting on Sept. 25, 1981 of the House Subcommittee on Economic Stabilization and the House Committee on Banking, Finance and Urban Affairs, which included testimony by William Coyne and Steven Cord on land value taxation.

Previously, as reported in the Spring 1982 GJ, Mardee Ann Roth of Fairbanks, Alaska, wrote to all Senators and Congressmen urging a land value tax and received friendly replies from Sens. Baker and Hart, also Sen. Strom Thurmond and Rep. Jerry Lewis (California).

THE PRESIDENT

Unfortunately, no reply was received from the White House in response to the CGO Resolution and letter sent to the President. However, Ms. Nan Braman of New York sent her own Mailgram to the President with a strong pitch for LVT, and concluded: "Ultimately, land value taxation would mean the defeat of Communism in the world. Every Georgist in this country stands ready to back you on this. Full employment and prosperity and the end of hunger and starvation on the planet (starting at home in the USA). Is this not a worthwhile enough result, even if you have to be uncomfortable?" Ms. Braman demanded an answer, and she got one, although it was a routine reply from a Special Assistant to the President. We'd like to believe one sentence in this acknowledgement: "Your comments have been fully noted." Ms. Braman has also written to fellow Georgists urging that they, too, keep up letters to the President, now that "the economy is very much on his mind."

Earl A. Hanson (Secretary, Utahns for Tax Reform) wrote to the President: "If I understand supply-side economics correctly it involves more than a reduction in taxes; there must be a concomitant lowering of spending or increase in taxes which can not be added to the cost of goods produced. Only the land value tax should be considered to replace the regressive income tax that you are so appropriately reducing." Mr. Hanson went on to point to land value taxation as the best kind of land reform for El Salvador.

Wilbur E. Pereira (Westchester, Calif.) wrote to Martin Feldstein, Chairman of the President's Council of Economic Advisers, strongly condemning the income tax and pointing to the philosophy of Henry George.

We hope, along with Ms. Braman, that these efforts will continue.

ON THE STATE LEVEL

An important happening in MISSOURI! A resolution to amend the State Constitution to permit local option in adopting site value taxation was introduced in the current session of the Missouri House of Representatives (HJR #31) by Representatives Walt Mueller, Tom Villa, Sheila Lumpe, Ed Schwaneke and George Hoblitzelle. Hearings on this measure were held by the Missouri House Committee on Reassessment and Classification on February 15, and important testimony was given in support of site value taxation by the following: Thomas B. Curtis, former U.S. Congressman from Missouri; Stan Frederiksen, Executive Director, Public Revenue Education Council, Dr. Edward Metzen, Chairman, Dept. of Economics, University of Missouri; also Prof. Walter Johnson of the University; Mrs. Harry Gunnison Brown, widow of the late professor; Walter Rybeck, special assistant to U.S. Congressman William Coyne.

In addition, written testimony on behalf of the proposal was submitted by Prof. Pinkney Walker of the University of Missouri; John H. Voelker, former Mayor of St. Louis; George W. Lee, former Auditor of the State of Missouri; and William Russell Robinson, Chairman, Planning, Housing and Development, of Pittsburgh's City Council, who called the proposal "a bold step into the 21st century."

The testimony is impressive, and it is to be hoped that the legislators will be equally impressed. Special credit for this breakthrough is due the Public Revenue Education Council and its Executive Director, Stan Frederiksen. For further information, write to PREC, Rm. 339, 906 Olive St., St. Louis, MO 63101.

In IOWA, Robert P. Willis of Des Moines (A HGI correspondence course graduate) presented testimony on behalf of land value taxation before the State's Tax Structure Subcommittee of the Standing Committee on Ways and Means, on December 17. Commenting on the State's present move to give tax relief to property, he pointed out that "property" consists of two different things, land and improvements; that while the improvement part of the tax relief is good, "Iowa's property tax relief cuts the land value part of the property tax by \$278 million. The lower taxes on land values are then capitalized by land speculators into higher land prices."

A shift to land value taxation, said Mr. Willis, "would let the average Iowa household keep over \$900 more a year to spend and local communities could recover for public use the \$950 million and more which land owners take..." Farmers would also gain, and "from 60% to 75% of farmers would pay less taxes upon a shift to land value taxation." Mr. Willis also offered a carefully worked out 10-year plan for the shift to land value taxation, involving collaboration between the state and local governments, to allow "landowners, lenders and developers time to adjust to the change."

In ARIZONA, Joseph Zashin of Tucson testified last summer before the Governor's Task Force on Assessment Practice. He recalled that "in the year 1912, when Arizona became the 48th state to enter the Union, the State Constitution... stated that all property be assessed at full cash value, which full cash value was defined as the price set by a willing buyer and a willing seller... Yet the fulfillment did not come about." As to how it can be done, Mr. Zashin proposed the Tax Map Plan. "It would consist of a series of maps on which would be entered the assessed valuation of each parcel of valuation for land, for improvements and whether it was tax exempt... The Tax Maps would be set up in convenient locations, easily accessible to any interested citizens to peruse them and understand them."

More recently, on March 21, Mr. Zashin wrote to Arizona's Governor Bruce Babbitt and the Arizona State Legislature about mining in the state. "Why not," he asked, "a straightforward severance tax of 6%?... In recent years... mineral production was about \$2,400,000,000 per year. A 6% severance tax would approximate \$140,000,000 per year which would help to maintain a high level of State services."

And in ILLINOIS, Sam Venturella and his colleagues are working to get a bill re-introduced in the 1983 State legislature amending the State Constitution to permit local option in land value taxation. Such a bill actually passed the House of Representatives in 1982, but it is necessary to be passed also by the Senate, which it failed to do.

IN PENNSYLVANIA CITIES

The Henry George Foundation of America reports a new victory in PITTSBURGH. For 1983 the City Council adopted new tax rates: 15.15% on land assessments and 2.7% on buildings. The previous rates had been 13.3% land, 3.2% buildings. For next year, 16.8% on land and 2.2% on buildings is planned. The shifting process was difficult to get going, but it is now winning increasing support. Mayor Caliguiri who had previously been opposed to the measure is no longer against it, and the Pittsburgh Post-Gazette supports it.

In PHILADELPHIA, the Incentive Tax League continues its efforts to promote Bill #1226 introduced by Councilman James J. Tayoun, to permit shifting the property tax to land values. W. Wylie Young has written a series of letters to the Mayor and members of the City Council arguing for the measure. Ranging from the philosophy of LVT to its economics, Rev. Young also gets down to cases and shows how various properties would be affected by the shift. "If a simple shift in our tax policy would release the brakes that are now set against production, and provide economic motivation for the renewal of our city," he asks, "is it not the moral obligation of our legislators to set the stage for action?"

IN AUSTRALIA

The Henry George League of Western Australia has sent a letter to all local councils of the State drawing attention to the "unimproved value system as the basis of raising local revenue." Pointing to this system in New South Wales and Queensland, the League (via its Secretary, T. C. Whittle) proposes that the same system be made mandatory in Western Australia. Fiscal benefits are outlined, and the League also speaks of larger benefits: "We are particularly concerned with the stimulation of employment in the building industry and revitalising the national economy. In these matters, Local government can play a significant and positive role by removing rates from buildings and improvements."