

PENNSYLVANIA DOES IT AGAIN!

Pittsburgh led the way. In 1979 Pittsburgh adopted an increased land value tax. From a ratio of 2 to 1 (twice the rate of tax on land as on buildings), the city jumped to 4 to 1 for 1979, with the land tax doubling while the building tax remained the same. Now, for 1980, Pittsburgh has further increased its land tax to 125 mills (or 12½%) on assessed value while keeping the building tax at 25 mills - so the ratio is now 5 to 1! (The ghost of William McNair - one-time Georgist mayor of Pittsburgh - must be smiling, as it was a goal of his administration to raise the graded tax from 2:1 to 5: 1, which was not accomplished in his lifetime.)

This action was taken on the last day of 1979, just as the year before, the '79 tax was adopted on the last day of '78. Before that, Pittsburgh had been on a 2:1 basis for many years, mandated by a state law in 1913 causing cities of the second class to progressively change the real estate tax until the 2:1 ratio was reached.

Among those who campaigned for the current land tax increase were Bill Coyne, Councilman, Craig Kuhn, ex-Councilman, and Herbert A. Simon, Professor of Economics at Carnegie-Mellon University and winner of the Nobel prize for economics in 1978.\* And of course, the Georgists - Steven Cord, Dan Sullivan, John Weaver (who has since moved to New York), and their colleagues.

Did the 1979 land tax increase produce any results? According to a study of Pittsburgh by the Center for Local Tax Research, in 1979 the sale of vacant lots was up, building permits were up 22% and the value of new construction up 21%. This in the face of decline in building in the four counties surrounding Pittsburgh. Indeed, it is the reverse of a trend throughout the country, whereby building is lower in city centers than in surrounding areas.

Scranton also rolled up a victory for land value taxation. Being the other Pennsylvania city of the second class, it was on the same 2:1 ratio as Pittsburgh, in this case 25.5 mills on buildings, 51 on land. Dormant for many years, Scranton has now increased the land tax for 1980 to 96 mills with no increase on buildings. John Kelly, a Scranton Georgist, had campaigned vigorously for an increase with newspaper publicity and contacts with officials.

Cities of the third class are also coming to life. State legislation passed in 1951 gave third class cities in Pennsylvania the option of taxing land and buildings at different rates instead of the same rate as is customary. However, for nearly three decades, third class cities showed no interest. (In Erie, an intensive campaign for land value taxation in the early 1960's failed to get the desired change.)

One of the third class cities, McKeesport, had a rate of 24.5 mills on land and buildings. The city fathers decided to change that for 1980 - there is a dramatic increase of the land tax to 90 mills, and the building tax has actually been reduced to 20 mills.

Harrisburg, which had an increase in the land tax a few years ago, bringing it close to a 2:1 ratio, now has a much larger increase in store for 1980 - 55 mills on land as against 16 for buildings.

Allentown came close to success. It had 20.5 mills on land and buildings and was planning 38 mills on land and 22.5 on buildings. Success seemed assured, but the largest landowner in town strongly opposed it (a replay of the Erie story) and the measure

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\*There are now at least two Nobel economics laureates who have spoken out for land value taxation, the other being Milton Friedman who was awarded the prize in 1976.

lost in the City Council by a vote of 4 to 3 - one Councilman who had been counted on to approve the measure cast a negative vote at the last minute.

Other towns showing interest in increasing the land value tax are Newcastle, York, Arnold and Union Town - and a renewed effort will be made in Allentown.

That leaves Philadelphia, the one city of the first class in the state. Richard L. Biddle, chairman of the Delaware County Incentive Tax League, thinks this city should not be left out. Work has already been done in Philadelphia and numerous officials have shown interest. There is a problem of convincing Quakers who have considerable influence and considerable land ownership in the City of Brotherly Love. Mr. Biddle, himself a Quaker, would remind them that the first tax in Philadelphia, in 1683, was a tax on land; and that the founder of Philadelphia, after whom the state is named - William Penn - was a pioneer Quaker and expressed himself on the subject as follows:

"If all men were so far tenants to the public that the superfluities of gain and expense were applied to the exigencies thereof, it would put an end to taxes, leave not a beggar, and make the greatest bank for national trade in Europe." (Fruits of Solitude)

On the state level, a meeting of the State Tax Commission held recently in Harrisburg (the state capital) heard testimony on land value taxation by Richard Biddle, George Collins and Jack Himmelstein.

To what can we attribute the rise of interest in Pennsylvania? "Incentive Taxation," says Steven Cord, who edits this lively periodical which contains cogent facts, arguments and quotes by authorities on land value taxation. It is distributed widely to officials. "By itself," says Dr. Cord, "it does not do the job. But when visits to officials are made and Incentive Taxation is mentioned, they recognize it and are evidently reading it. That makes a follow-up more effective."

Dr. Cord also thinks the name Incentive Tax League, under which Georgists are campaigning in Pennsylvania, has more appeal than the former Graded Tax League, or even the Henry George Foundation. Cord, who is President of the Foundation, warns that the trend cannot be accepted as a solid landslide victory. Some of the results are precarious and depend on who gets elected and re-elected and who does not. In Pittsburgh, the Council had to override the veto of Mayor Caliguiri. In Allentown, LVT lost by one vote.

But results show that progress can be made, and by relatively few people if they keep at it. (Of course, state legislative permission, which Pennsylvania has, is important.) Steven Cord urges Georgists everywhere to become more active in approaching officials and legislatures.

If you are not getting Incentive Taxation, send \$5 to Steven Cord, 580 N. 6th St., Indiana, Pa. 15701. For another \$5 you can get his new book Catalyst! either from him or from the Henry George Institute.

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FAIRHOPE  
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We are glad to report that the latest attempt to abolish the Single Tax colony in Fairhope, Alabama, has been defeated. The bill to abolish it was actually passed by the Alabama Senate. But before it went to the House, the chairman of the House Judiciary Committee, Rick Manley, sent it to the Alabama Supreme Court for a ruling and the Court found the bill unconstitutional. Thanks are due to all the friends far and wide who wrote to Chairman Manley.