

Council Tax and Business Rates Reform Bill

Mark Ballard MSP tells Peter Gibb why his bill is the next important stage of Scottish land reform, bringing home that agenda to urban Scotland

A bill is being proposed to the Scottish parliament to tax land values. Introduced by Green Finance spokesperson Mark Ballard MSP, the bill aims to bring in big reforms to Scottish local government finance. The Foundation is expert advisor to the project.

The bill's supporters believe the reforms will make Scotland's system of local government finance more fair. The changes also aim to be more supportive of business enterprise, more environmentally sustainable, and enhance local government funding in Scotland.

Foremost among the reforms the bill would introduce is the shifting of the basis of assessment, off of whole-property value, and onto land values only. The reformed system would disregard the value of the bricks and mortar 'improvements' in assessing tax. Its supporters argue that this change will support owners' initiatives in improving property and avoid owners' current resentments at unfairness. The new system would collect only what its supporters see as the community-created locational value of a property. Increasingly people see this as a publicly-funded windfall, currently captured by private interests.

Supporters argue that this reform alone will transform the landscape not only of public finance, but the everyday economic life of every citizen in the country.

As well as reforming the basis of the assessment, the bill will also address -

- Land register information
- Liability and methods for payment
- Interval of reassessment
- Banding structure
- Balance of funding
- Technical systems

Ballard sees his proposals as fitting in with a worldwide change in the way we pay for public services. He sees his bill as one example of a major shift in economic thinking internationally.

"There is a growing recognition", says Ballard, "both in this parliament and across the world, that we need to work out what the actual impacts are of the taxes we use. Taxing land values in place of conventional taxation is a way of raising money which has very positive social effects. Evidence suggests that land value taxation would seem to be a good way to solve many of the social and ecological ills in our society."

The bill will be tied in with the Inquiry into land value taxation which last year the parliament resolved to carry out. Ballard's approach draws on his reading of the circumstances surrounding the passing of that resolution.

"That was a very interesting vote. It was successful because the executive parties in government couldn't really come up with a reason to vote against it - they recognised that there was something interesting and important here that was worth looking into. That's why this bill will also attract interest and attention."

The programmes for the bill and inquiry will advance in parallel. The first phase of the bill's development will follow a 3-year plan. The inquiry will take place over the term of the current parliamentary session. "I see the two processes going hand in hand", says Ballard.

“this will deliver up a modern, detailed, scrutinised and tested land tax bill”

"The investigation which the parliament committed itself to, and the dialogue setting out what the bill will look like" should produce "a bounty of material which will advance and support our arguments". Ballard believes the joint initiatives will be of interest to supporters of radical public revenue reform from all over the world.

But the bill is unlikely to succeed in becoming law in the short term. Even its early path may be rocky. The 3-year plan may well end with the falling of the bill. But to focus on such an outcome misses the point says Ballard.

"If nothing else, this parliamentary process will deliver up to Scotland a detailed drafted bill, developed with professional legal drafters, and subjected to some degree of democratic scrutiny and testing."

Ballard believes this will be a resource available to Scotland, ready for whatever course Scottish politics now takes. And in his opinion "it would not take a great change in outlook on the part of the Executive, for the bill to be picked up and run with."

Meanwhile, he is certain, "the publicity, the media attention and most importantly the public engagement with the ideas which the bill process will bring with it - no matter the short-term legislative outcome - will itself make the whole effort worthwhile."

Ballard believes that, between the inquiry and the bill, the next four years of this Scottish parliamentary session looks as though it's going to be important for those promoting radical economic reform.

"I think it's going to be a very exciting time for people who want to see the end of our current unfair and ecologically and socially unsound system of local government. In the idea of taxing land values we have something which it's going to be very hard for people to argue against."

Ballard and his colleagues believe that by shifting towards such an approach, it will be possible to reconnect people with their democratic position in society. He believes the planning system is crucial in this.

"The thing that I get the most letters about as an MSP," Ballard tells me, "is planning. People are desperately concerned about what's happening to their local environment. They're unhappy with the current planning system."

Ballard recognises the connection between the decisions that a community makes about its environment and the economic success and vibrancy of that community.

"And I think that's where we'll really start to make the links with people's wider concerns", confirms Ballard, "like about what's happening to their towns and cities and countryside. That's one good reason why taxing land values is going to matter to people."

"I think it could be one of the most important reforms that we make in achieving what the Executive talks about in improving the quality of life for everybody in Scotland. But I think that's what the issue of the land has always been about."

Ballard sees that the democratic decision-making which permits development is the key which unlocks the latent value of sites. He also sees that site values arise in the first place only because of the economic presence of the wider community. And this is where the argument must be taken, says Ballard. We must show people that "land values are people values." **L&L**