
Ted Gwartney Assessor

As a local assessor, it is clear that taxing property, and specifically land, has many advantages. Russia could have raised its productivity with a progressive tax on resource instead of regressive taxes on wages and sales. Latvia is considering land value taxation to reduce its other taxes. Venezuela has been able to provide more public services by collecting more of their oil revenues for public purposes. Other cities and countries have



done the same. Many countries could learn from this example. Within the US there is a big difference in taxation between New England, which has relied heavily on property taxes, and the South, which has been dependent on regressive taxes.

I am the assessor for the town of Greenwich, Connecticut. The job of the assessor is to value real estate for tax purposes. About 80 percent of revenue of the town comes from property taxes. About 60 percent of the assessed value is land and 40 percent is buildings. States monitor the quality of local assessments. Property needs to be assessed frequently. In some states assessments are allowed to go unchanged for years, such as New York State where assessments are sometimes thirty years old. This breeds unfairness and dissatisfaction among property owners.

Potential Resource Taxation in Russia

During the 1990s, I visited Russia on twenty different occasions. I gave lectures before the Duma and before the municipal association on how to value and tax real estate, in particular land values. I also had the opportunity to work in Estonia and Latvia. The Latvian government is seriously considering adopting a land value tax so it can reduce the sales and income taxes.

I met with the head of the Russian National Resource Study Commission. I asked him about the value of resources that could be used for raising public revenue. He said no one had made an inventory and that they had only surveyed 12 percent of the land in Russia. He estimated that there is at least \$300 trillion of value in the surveyed land, perhaps much higher. In Russia, they also could have tapped the value of rising land values in cities. In Moscow, for example, the land values rose 100 times in 10 years. They could collect much more revenue, and they could reduce more regressive taxes, such as the VAT [value added tax].

In Russia in the 1990s, there were opportunities for individuals to become very wealthy. There were multi-millionaires who simply took advantage of the fact that no one was watching. Land, enterprises, and manufacturing were given away, which created a class of wealthy people. People who could not steal from the public wound up having to work harder. Housing vouchers were distributed, but everyone sold their vouchers, and then they had no place to live.

In Latvia it was done much better. They made sure people had places to live debt free. But that country now realizes that it has to do something to

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stop hindering people with very high taxation. So they are trying to come up with a reform—a better way to raise revenue for public services.

Tax Resources To Increase Productivity

Poor people are helped when the government has the ability to provide services such as schools and hospitals and a social safety net. So whenever a government is able to raise revenue from natural resources, everyone benefits. By raising revenue in a neutral way, you can fund the obligations of government and provide things that are of public benefit.

There are disadvantages when governments choose regressive taxes, such as sales and income taxes, and fail to use a progressive tax, like the land value tax. It is possible to reduce taxes by raising revenue from what already exists in the public domain—land and natural resources. That it is a neutral source of revenue. Given the opportunity, people will work in a more progressive way if they are not saddled with heavy taxation. Resource taxes make people more productive by lowering other taxes. Taxation of natural resources opens up opportunities, opens up the job market, and opens up chances for everyone to benefit.

One example of a country in South America that has actually done something is Venezuela. They supply a major portion of the oil used in the United States. They have taken a lead in trying to capture more of the value of the oil for the public good. That is allowing them to be more progressive in providing public services.

The city of Long Beach, California collected for years 90 percent of the value of oil drilled offshore because it was owned by the city of Long Beach. They were able to fund municipal services largely from revenues from oil and natural resources. There are many other cities in the world that do the same thing, and certainly the Arab countries are using much of the value of the oil resources. Other countries, including the US, could derive more revenue from natural resources. Alaska has a heritage fund, and so do Saskatchewan and Alberta, where they are able to put aside money for the future from reserves of natural resources and oil.

In New Hampshire they do not have, and have never had, taxes on sales and income; they raise all their revenue from a property tax. New Hampshire is one of the more progressive, fastest growing areas. It is considered a place for entrepreneurs to do well because they are not faced with regressive taxation. This is true of most of the New England states. We see quite the opposite in some of the southern states, such as Mississippi, Louisiana,

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and Georgia, where more revenue is raised from regressive taxes than from progressive land and resource taxes. Opportunities for people are greater where a larger portion of revenue comes from natural resources and land as opposed to taxes on industry and business.



