

# Land Value Tax Could Be Local Answer

By Earl A. Hanson

There is an increasing awareness that only the land value tax meets all of the requirements of a good tax. This should be good news considering that it is totally a local tax and that local governments are desperately in need of increased revenues. But paradoxically the property tax, of which the land value tax is a component, is probably one of the most unpopular of all taxes.

The poor rating of the property tax in its present form is well deserved when the inequitable features of personal property taxes and property taxes other than on the land value portion are considered.

Urban land values are community created and reflect the value of the many governmental services provided. What is more reasonable than to collect for the community the values created by the community?

### No Sharing

Building values; on the other hand, should not be shared annually with any units of government. The levying of taxes on buildings, plants and improvements, in effect, places penalties on productive enterprise. Also, there is a growing understanding that federal assistance must decrease if inflation is to be checked.

With increasing importance of the property tax, assessment performance must improve. It is generally estimated that for every assessor needed to assess land in cities, four assessors are required to assess buildings and improvements.

In the area of repealing personal property taxes, Utah has already made progress. Household furnishings used by owners in their own homes were made totally exempt in 1959 and the inventory tax has recently been totally phased out. The failure to proceed with further repeals of taxes that are absurd and not enforceable at any kind of reasonable cost must be attributed to a combination of apathy and a desire that land privilege should not be disturbed.

### Work for Repeal

In Iron County the honeybee portion of the tax on livestock and honeybees is ignored and we feel that our assessor and all assessors who likewise ignore the count of honeybees should be commended for so going. But at the same time we should expect them to

work for the repeal of absurd and unenforceable taxes so that they can take an oath of office to uphold the law without any reservation.

At Cedar City our LEAF (Land Equality and Freedom) steering committee urges that at the next session of the State Legislature constitutional amendments should be prepared for submission to the voters to provide the following:

1. A uniform and gradual phase out of the property tax on buildings and improvements over a period of about seven years.
2. Removal of all items of personal property from taxation. One classification should be removed each year under a schedule of removal to be determined by the State Tax Commission.
3. The tax on land values should be increased each year to replace the drop in revenue from improvement and personal property tax reductions.
4. The State Tax Commission should be responsible for working out a similar shift of taxes from improvements and personal property to land values for utilities, railroads and mines.
5. Appropriate provisions should be made so that

school districts and other local governments will retain all of the bonding capacity that they now have.

### Change Ratios

Once this philosophy of property tax reform is agreed to, the form of constitutional amendment changes can best be developed by the Legislature's Revenue and Taxation Committee. Except for personal property it is suggested that the changing of assessment ratios would be the best way to implement the tax shift.

The following is a suggested pattern:

Year	Land Value Assessment Ratio	Bldg. & Improvement Assessment Ratio	Terminate Tax on
1976	20% of market value	20% of market value	
1977	25 *	20	Livestock and Honeybees
1978	30 *	15	Agricultural Machinery
1979	40	13	Office Fixtures
1980	50	11	Commercial & Industrial Machinery
1981	60	9	Motor Vehicles — part
1982	70	7	Motor Vehicles — part
1983	80	5	All Remaining Personal Property
1984	90	3	
1985	100	0	

\* — Present law calls for a 30 percent assessment ratio, so constitutional amendment authorization is not required for increases in these years.