

For a Brighter Urban America

STEVEN B. CORD, now a member of the board of the Graded Tax League of Pennsylvania, with headquarters in Pittsburgh, is writing a series of eleven letters addressed to various public officials in Pennsylvania and other states, on a fresh approach to urban renewal. Mr. Cord who is on the faculty of the Indiana University of Pennsylvania, suggests that the present real estate tax which is levied at the same rate on both land and buildings should be changed gradually so that buildings will be tax exempt and the entire revenue from the tax will be derived from the levy on land.

"The prospect of living in a better and brighter urban America is the motivation behind these letters," he wrote. The billions now being spent on urban renewal will not succeed in solving the problem unless municipalities also adopt a tax system that offers an incentive to real estate ownership and construction instead of imposing heavy financial burdens on them. The tax on land values would provide a municipality with money instead of inviting urban renewal programs costing a small fortune.

Professor Cord points out a survey in Australia which shows that suburbs using LVT have faster growth rates, fewer slums and less urban blight and sprawl than similar suburbs using the conventional tax system. Although it is not generally known, Pittsburgh has for years taxed land more heavily than buildings — a practice endorsed by city officials representing both political parties, as well as by leading newspapers and civic organizations.

Approximately 60 New Zealand communities have switched from a real estate tax to the land value tax since the end of World War II, said the author of *Henry George: Dreamer or Realist?* "According to one observer, the idea is spreading like a grease spot. Interestingly, at least 30 percent of the property owners in New Zealand must sign a petition favoring LVT and only property owners can vote in the final election. Evidently there must be some genuine advantages to them in transferring the tax burden from houses and improvements to land values.

At present all the improvements are tax free in 85 percent of the urban areas in New Zealand and in 70 percent of the rural areas; three-fourths of all the local tax revenue is levied on the land alone." Furthermore the tax is easy to administer.

In view of this continuing trend isn't there a possibility that American municipalities can benefit in the way their new Zealand counterparts have, asks Professor Cord. Stating that many urban renewal experts have endorsed LVT, he lists magazine and newspaper articles in support of this view, and quotes from *Fortune* magazine: "There is an evident inequity in a system that puts most of the tax burden on property improvements while preserving anachronistic tax incentive to land ownership that encourages an artificial land scarcity — and resultant high prices underlying all building."

Henry George: Dreamer or Realist? by Steven B. Cord is available from the Henry George School, 50 East 69th Street, New York, N. Y. 10021, at the special price of \$5 a copy.

