

Graded Tax Possibilities

The Graded Tax League of Allegheny County, Pennsylvania, with headquarters in Pittsburgh, is making a sustained effort to aid third-class cities in the fiscal reform now possible to them. A recent news letter circulated among smaller city officials points out that land prices are skyrocketing around many fast-growing suburbs, especially in the spots used or *contemplated for use* as shopping centers. Such centers often draw patronage from a number of surrounding municipalities. The whole county area probably faces a long future of changing values, difficult to forecast. Each town or township would like to finance itself, so far as possible, but it seems likely that the county and state will be called on for an increasing number of services, and there may be voluntary agreements for joint sectional enterprises such as schools, sanitation, etc.

The state does have a constitutional responsibility to assure equal basic education to the children of rural and other districts, and prosperous centers are finding that when they seek more state funds, they usually end by paying out more in new state taxes than they get back. If they can form combinations with other districts, they have more chance of keeping their money near home.

Emphasis should be on the word *voluntary*. There has been too much talk of coercion, from many directions, and attitudes lacking both in hospitality to "customers," and in business sense. Pittsburgh has failed in showing its neighbors a potential advantage in closer relations; and there is always irritation when the populous center of a township separates itself

into a borough, depriving the rural section of the source of revenue which its people create when they "go to market."

If the county, as well as municipalities, should adopt a tax graded to obtain for public use a larger share of the land-values at all "cross-roads" where throngs gather or pass, with a smaller burden on homes and buildings, there would be less worry over the unpredictable shifts of trade and population. Wherever values may develop or decline, assessments should be quickly adjusted, and the values will still belong to the people of the county.

Most important, there would be a restraint on hazardous speculation: the competitive buying up of land in many districts, where by chance or by political manipulation a future demand may arise—holding it for an unearned gain (as well as an earned one on actual construction.) Not only the future residents but the real estate developers would benefit from the fact that competitors would likewise be deterred from cut-throat land-buying. They would know of a county-wide policy, to make assessments and taxes match the demand, so that prices may be kept low until it is time for use. What they might forego on land increments, they would frequently gain by elimination of losses in districts which do not "pay out," and by lessening taxes on construction.

Any Pennsylvania community of 10,000 population could become a city now, and gain the right to an immediate graded tax for itself; and boroughs and townships could doubtless gain the same right from the legislature.