

Renewed Interest In Graded Tax

PITTSBURGH newspapers in November published a summary of an Urban Land Institute Report on "Changing Urban Land Uses as Affected by Taxation." A statement was issued by the Graded Tax League of Pennsylvania, signed by John J. Motley and John C. Weaver of the Public Relations Committee, to correct a reference to the Pittsburgh Graded Tax. The following excerpts are from that report:

"A statement by James P. Pickard, author of the ULI report, that provision of open spaces, parking, etc. runs squarely against the Graded Tax . . . which is supposed to force urban land to develop into higher uses — is countered by his reminder that in depression (or uncertainty about the future) the effect is reversed. But when the tax brings pressure upon owners to sell, taxes will be capitalized, Dr. Pickard says, i.e., allowance will be made for them, so as to reduce high sale values, thus flattening or spreading the use of land over wider areas.

"Since Dr. Pickard raises the question why Pittsburgh still has slums, it should be pointed out (as he does) that the two-to-one rate on land does not apply to school or

county taxes and the combined rate on land is not twice but only 1.4 times the rate on improvements. Pittsburgh has had no promise of lower rates on buildings since 1925, and the cost of government has increased. Perry Prentice, publisher of *House & Home*, reporting a conference here (in the June, 1958 issue) said that Pittsburgh's very important tax policy is so watered down as to be ineffective as a slum deterrent. A much bigger differential is needed to make the tax really effective against slums. Probably also the general ignoring of the Graded Tax results in missing its psychological advantage. The city ought to be looking forward to much lower rates on improvements.

"The Graded Tax League will have other detailed suggestions and comments for submission to the Urban Land Institute and the local agencies with which it is in contact: and anticipates that early publication of the final chapters of *Pittsburgh's Pioneering in Scientific Taxation* by P. R. Williams, former chief city assessor and now consultant to the city treasurer, will be a major contribution to future evaluations of the Graded Tax."

BRITISH SAGACITY DIRECTED AT REAL ESTATE DYNASTIES

According to an item from *The New York Times* of November 11th, Lord and Lady Astor gave up their long residence in England and moved to the south of France, to protect real estate holdings in the United States from British taxes up to 80 per cent, at his death.

The Astor income is derived largely from the rent of land in Manhattan which has been rented to developers under long-term leases—one of the most valuable sites is that on which the 45-story New York Hilton Hotel is being built. Total holdings are estimated at about \$100 million.

Early this year the British Parliament enacted tax law changes which impose a new liability for estate duty on realty owned abroad by people who die while residing in Britain. This calls attention to that most lucrative source of income from real estate, the long-term leasing of land for periods of as long as a millenium. It has long been practiced by old New York families. Columbia University and Sailors Snug Harbor are the happy beneficiaries of trusts based on rentals from valuable Manhattan land holdings.