No Sir, No Shellacking!

IT IS cheering to look in the direction of Erie, Pennsylvania, where the Erie Land Tax Association has requested the City Council to appoint a committee to investigate land value taxation.

In the following ELTA statement the picture is so familiar that it could be repeated by hundreds, perhaps thousands, of cities large and small, that are dying at the center.

"The city faces financial problems that grow more serious every year. Necessary expenditures grow far faster than the increase in tax revenue. Real estate bears the main tax burden and will have to bear the increases.

"New building on vacant land, or remodeling or replacement of present building, has been going at a slow pace. We add only about four million dollars a year to our assessment rolls. This produces only $40,250 of additional city revenue. Meanwhile property values in large areas are declining sharply, particularly in the center and downtown business areas, which will reduce real estate tax income. The surrounding suburban communities surpass Erie in the total value of new building each year. City population growth is slow, suburban growth is booming.

"The income tax gave temporary relief for real estate, but the revenue from this source has not risen appreciably in twelve years, while the amount paid out to the suburbs increases greatly year by year. Urban renewal can only solve a part of this problem.

"Many remedies are proposed and some of these deserve consideration. The Erie Land Tax Association, after considerable study, believes that a graded land tax program would be one of the simplest, most economical and most effective remedies. Its use costs the taxpayers nothing.

"It will benefit the property owner who builds, maintains or improves his property, it will tax more heavily vacant lands that are held without improvement, and run-down, worn-out and dilapidated buildings. It gives benefits to those who produce something for the community. It lowers the price of vacant land, puts it on the market for sale or improvement, and in every way encourages the best use of land."

The Erie Times headlined this request to the City Council on February 20th, and the following day a Morning News editorial restated many of ELTA's claims, urged that a complete study be made, and concluded that citizens should not commit themselves until they found out what land value taxation would do in dollars and cents for their particular property.

Such a study should prove very revealing, for Wylie Young, executive director of the association, has amassed quantities of detailed figures on building taxes and assessments. In an earlier newspaper report Mr. Young was interviewed regarding a claim that a land tax program would result in the "owners of State Street properties taking a shellacking."

Mr. Young said the assessments on State Street were far out of line and should be cut in half. When that was done the owners could begin improvement such as the present system makes impossible. The reason they have allowed their buildings to rot, he said, is that the high cost of building plus the high tax levied against new construction makes it uneconomic to make improvements. By removing the tax on improvements this hindrance will be removed.