

## LAND VALUE TAX BILL PROPOSED IN PHILADELPHIA

George Collins, Philadelphia school director and Richard Biddle, Incentive Tax League of Delaware Valley Director, met with City Councilman James Tayoun in November to discuss his proposal to introduce a land value tax bill in City Council. The councilman is reportedly "sold on the idea, saying that he wanted to be the catalyst for its introduction," according to Collins. A meeting with the City Solicitor and his deputies, who are drafting the bill, followed. Tayoun next publicly announced his intention to sponsor the bill at a homeowners association meeting. The draft bill is expected to be completed shortly and details will follow in the next issue.

## PITTSBURGH CITY COUNCIL DEFEATS MAYOR'S TAX INCREASE PLAN

The Pittsburgh City Council recently defeated Mayor Caliguiri's plan to raise all taxes substantially except the land tax, by going from a 5:1 ratio of land and building rates, to 4:1, rather than 3:1, as the mayor proposed. Steve Cord and Dan Sullivan presented the case for raising the land tax to Robert Stone, the Council's Finance Chairman, who has been a solid supporter of the land tax. However the Allegheny County Board of Assessments reduced land values on corporate property and increased residential building values, meaning a considerable loss of land tax revenue for Pittsburgh in 1981.

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## RUBENSTEIN DISCUSSES PROPERTY TAX ON TWO T.V. PROGRAMS

Stan Rubenstein, L.I. Extension Director, served as moderator and produced "Property Tax--A Viable Alternative," a half-hour television program shown on Nov. 19. Rubenstein appeared with Al Fink, Extension faculty member and Phoebe Goodman, representative of the Nassau Citizens Budget Committee, to discuss the study sponsored by the N.C.B.C. and Center For Local Tax Research, released in May, 1981, on the property tax in Nassau County. The panel was introduced by the president of the Nassau County League of Women Voters. The program was shown on Cablevision, which has a viewing audience in Nassau and Suffolk Counties of 130,000. The November issue of the monthly Cablevision magazine, which lists air time on 37 channels available to cable subscribers, featured the program in a 1/3 page ad.

Rubenstein also appeared on the Island's television station on December 14, explaining what the recently passed New York State law concerning assessments meant for the residents of Nassau and Suffolk Counties. The failure of the legislature in Albany to come to terms with the existing inequities was stressed during the interview, which was part of the evening news broadcast.

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Henry George Newsletter  
published by  
Henry George School  
of Social Science

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### "BUT HE HAD A HAT"

The disappointment expressed by our Pittsburgh friends over the failure of that city to increase its land tax rates this year reminds us of a story told by our oldest friend during a visit to California:

A mother is watching her young child playing at the beach when suddenly a great wave sweeps him out to sea. Prostrating herself in the sand, she implores heaven, "Oh please save my child. I'll do anything, as long as he is returned safely to me." The very next wave, just as suddenly, deposits the child alive and well at her feet on the shore. Turning to heaven once again, the mother declares, "But he had a hat!"

After moving from a half-century of taxation of land at twice the rate on improvements, Pittsburgh, in the last couple of years, moved the ratio from 4:1 and then to 5:1, all without a really powerful and vocal constituency for such change and over the opposition of a generally popular mayor.

This year, the proponents of other taxes, including wages, downtown parking, sales and on buildings, mounted a major campaign on behalf of the new revenue raisers. There was much sympathy for the simplistic notion that a combination of different taxes, however bad, is preferable to reliance on a major source, however good. And once again, the Mayor took up the cudgels in favor of his wage tax as a means of hitting suburbanites who come to work in his city. Apparently he remains unaware that continuing and growing attraction of the city as commercial and cultural center of the region is what lends high values to urban locations, values which could well support the services both transients and full-time residents require.

But the Mayor is not alone among city politicians across the country who foolishly seek to "export" tax burdens while ignoring the fundamental land base that is theirs to tap. Even New York City, which has quietly raised land assessments in its commercial core to help regain fiscal health, is reported seeking higher taxes on the incomes of commuters who contribute so much to the vitality and value of New York as a center of commerce and culture. Yet despite the Mayor's stance and the absence of the city's chief champion of the land tax, Bill Coyne, the former Councilman elected to Congress, the Pittsburgh City Council increased the mill rate on land slightly, and perhaps symbolically, fractionally higher than its small increase in the building rate. There was widespread agreement that with some correction of long-standing land assessment inequities, there could be an even greater reliance on land tax in the future.

There are always those who disdain survival or modest advances with a call for the full application of the remedy Henry George specified. There are also those, like us, who are happy to have our offspring alive and well, never mind the hat.

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As a result of this action, city officials doubted the power of the land tax as a dependable base for 1982 and Stone decided to hold back on the land tax, according to Sullivan. The final result was an almost equal rise in land and building rates, with land going from 125 1/2 mills to 133 mills, an increase of 7 1/2 mills and buildings going from 24 3/4 mills to 32 mills, an increase of 7 1/4. The Mayor had called for 40 mills on building, keeping land the same. Stone and other council members, however, have indicated that they would be willing to raise the land tax next year, after the assessment issue is settled.

In other developments, Cord and Sullivan report that New Castle, PA has just adopted a higher tax rate on land (4%), and lower on buildings (2.3%). Other adoptions are expected soon.

THE CASE FOR PITTSBURGH'S LAND TAX by Steven B. Cord

(The following article appeared in the November 30, 1981 issue of the Pittsburgh Post Gazette and is being reprinted with the permission of the paper, c 1981).

In Pittsburgh, about half the city's property tax on buildings has been transferred to land. The tax on buildings—currently 24 3/4 mills—is far lower than the surrounding suburban average; this is rare indeed among the country's central cities. To get the revenue it needs, the city taxes land assessments more—currently at 125 1/2 mills.

Why do the experts like such a building-to-land shift and urge other cities to do likewise? For these reasons:

--By down-taxing buildings, new construction and rehabilitation is encouraged. The tax on buildings can be a significant expense to the construction and operation of buildings; it has been estimated to be anywhere from 25% to 50% of the initial construction cost. Imagine a 25-50% excise tax on new construction! No wonder the Mayor and the City Council have recently granted a declining 10-year tax exemption to most new construction.

--By increasing the tax rate on land, the city makes up for lost revenue and encourages landowners to develop their sites more in accord with the demand for those sites (always with zoning limits, of course). Underuse or inefficient use is penalized because the improvement is not generating enough revenue to pay a higher tax.

This two-rate property tax (also called an Incentive Land Tax) provides a carrot and stick: the stick is the tax on land while the carrot is the lower tax on improvements.

The tax rate on land can go up even to the full rent and there still wouldn't be one square inch of land less. It will only result in a greater use of land.

The construction boom in Pittsburgh has followed the 1979 and 1980 jumps in the land tax rate and this in the face of sky-high interest rates and a growing recession; but perhaps there are other causes, such as Mayor Caliguiri's close cooperation with local business interests.

But take a look at McKeesport. In 1980, it raised its tax rate on land from 24.5 mills to 90 mills, and dropped its building tax rate back from 24.5 mills to 20 mills. Its new building permits issued jumped 98% in 1980 and 85% so far in 1981 as compared to the 1977-79 average. New construction in neighboring and comparable Duquesne and Clairton fell off in 1980 and 1981.

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## HOUSING LEADING ISSUE IN CALIFORNIA

Housing and all its related issues appears to be the most critical concern in California, according to Philip Finkelstein, NY school director, who spent two weeks in San Diego, Los Angeles and San Francisco over the holidays.

At a dinner of the Los Angeles school, Assemblyman William Filante said there was a critical shortage of over one million dwelling units in the state, including new housing and renovated units. Dr. Filante told the group the next morning at a breakfast meeting of Georgists in the area that active support of measures to reduce taxes on homes and raise revenue from land values would be appropriate in the current debate over changes to be made in the application of Proposition 13. He pointed out that different groups, including farmers and businessmen, as well as homeowners, would need to be persuaded of the merits of taxing land values before the measure could succeed in the CA legislature.

In San Francisco, a Housing Task Force recently funded by a large anonymous grant is seeking ways to maintain "affordability" in a city with some of the highest housing prices in the country. At a meeting arranged by the San Francisco school, the task force was informed of the significant factor of land taxation in maintaining good housing as well as curbing the rise in land prices. A special project has been initiated by the school to document the ownership and value of land in that city. A parallel effort is also underway in other communities in the region. An initiative to place a referendum on land value taxation on the CA ballot has been reported and its author was interviewed by members of the school. It was not yet known how much support is available for the initiative and how serious an effort will be made on its behalf.

Throughout the state, issues of rent control, environmental restrictions and zoning requirements were noted as negative factors in housing development, despite pressing needs in both urban and suburban areas. The high price of land has been well noted in the media, which have also recognized to some extent the need for rational land tax policy.

While in San Francisco, Finkelstein taped two fifteen-minute interviews to be broadcast on consecutive evenings later this month and a brief spot for television use. He also addressed a meeting of the newly elected board of the San Francisco school, at the home of Director Robert Scrofani.

## PLANS FOR INCENTIVE TAX LEAGUE IN NEW YORK ANNOUNCED

Mark Sullivan, Secretary of the Council of Georgist Organizations, meets Monday, January 18 with a group of metropolitan area Georgists to discuss the possibility of setting up an Incentive Tax League here.

The promotion of support for the land value tax would be a major activity of the League, which would be structured like the operations in Philadelphia directed by Rich Biddle, in Boston, directed by Mitch Chanelis, and in Pittsburgh, directed by Dan Sullivan and Steve Cord. Students, alumni, and anyone connected with the school in the New York who is interested in working with the League can contact Sullivan through the Council.

## TENTATIVE SCHEDULE IS SET FOR INTERNATIONAL CONFERENCE IN JULY

Papers on Land Tenure and Land Reform in Holland, Land and the Economy in England, Progress of Henry George's Ideas in Taiwan and the Landless in Latin America will be presented, among others, at the International Conference in Woudschoten in Holland in July, 1982, according to Bob Clancy, President of the International Union of Land Value Taxation and Free Trade. Clancy urges all interested Georgists to contact him immediately at the Council office in New York, regarding attendance at the conference.

# SCHOOL NOTES

## NEW YORK

The Winter 1982 semester begins February 1 at the school in New York. Four sections of Fundamental Economics (F.E.) are being offered on Monday-Thursday evenings from 5:30pm-7:30pm. The three advanced courses include Money and Banking, taught by Oscar Johannsen, on Tuesdays, Taxation and Social Policy, taught by Philip Finkelstein, on Wednesdays, and Contemporary Problems, taught by David Redman, on Thursdays, from 5:45pm-7:15pm. Manny Felix will teach a section of Contemporary Problems in Spanish on Monday nights from 6:00pm-8:00pm as well as a Spanish F.E. course on Saturdays at an uptown community center.

A direct mailing to Manhattan residents, radio spots and the distribution of brochures in the New York Public Library system has proved to be the best way to get the information about courses to the public. The radio spots, which include a thirty-second message by Agnes de Mille, are aired on two classical music stations, WQXR, and WNCN, and WINS, an all-news station.

## LONG ISLAND

Stan Rubenstein, LI extension director reports on an outreach program:

"In our continued attempt to move beyond the classroom, the LI extension has embarked upon a program to popularize our message through the political medium of budget hearings. Since all townships and counties hold annual hearings on Long Island, every effort will be made to keep abreast of such hearings.

On November 30, Dr. Samuel Scheck spoke before the Board of Supervisors in Mineola about the merits of land value taxation. Using the Pittsburgh Plan as an example, he explained how well it is working there and made a strong plea that Nassau County should contemplate such a tax. Using Nassau County's increased budget and the need for increased revenues, Dr. Scheck integrated the concept of land value with increased revenue.

At the conclusion of the talk, Thomas Gulotta, Supervisor of the Town of Hempstead, requested more information about our message, admitting his lack of knowledge of it. As a result, Mr. Gulotta will begin receiving Incentive Taxation, along with all the other state senators and assemblymen from Nassau County."

## PHILADELPHIA

Three sections of the course in F.E. and one in Applied Economics (A.E.) are being offered this semester at the Philadelphia birthplace, beginning January 19. Last semester, thirty-two students graduated from the F.E. courses and eleven completed the Economic Science course.

## PITTSBURGH

Dan Sullivan reports that he is investigating the possibility of running a regular talk show on a volunteer-run radio station, WYEP-FM, that examines economic issues from a Georgist perspective. The idea stems from a recent appearance by Sullivan on KDKA radio to discuss the property tax and the Mayor's proposal to hike the building tax and all other taxes except the land tax. The 1/2 hour program proved so popular that the host, Roy Fox, extended it to two hours.

## DELAWARE

Sixteen F.E. students and three A.E. students graduated from classes taught at Smyrna, DE Correctional Center. A teacher developed from the prison program, Cecil La Roy Hall, was released recently from the prison and will be conducting classes with Mike Curtis in Wilimngton, DE.

Or take the state of Victoria, Australia. All 23 cities which switched to taxing only land values experienced a post-switch building boom, and those booms far exceeded the new construction in neighboring and comparable towns.

No wonder the prestigious Urban Land Institute of Washington, D.C. says the land value tax is "the golden key to urban renewal--to the automatic regeneration of the city, and not at public expense."

No wonder also that the idea has been endorsed by Republican and Democratic leaders in Pittsburgh ever since 1913, when the two-rate tax was first instituted. The only wonder is why the city of Pittsburgh is still taxing buildings at all.

Homeowners especially should feel kindly toward the land tax: City Council studies show that about two-thirds of Pittsburgh's homeowners pay less with a building-to-land tax shift. Elderly homeowners are among the land-tax savers.

When people do something--build and own homes, operate stores, work in mills and offices--they get down-taxed with a shift in taxes to land. It is only when we own land and take advantage of the opportunities created for us by the community that we pay a land tax.

For example: land values increase not because of anything we as owners do but because of what society does. When society provides jobs and shopping nearby and local government provides roads, police and fire protection and sewers, our land-sites go up in value. Shouldn't the government tax what it and society create before it taxes what individuals create in the form of wages, buildings and retail sales? Taxing land seems to make as good moral sense as it does economic sense.

There is only one good tax and that's the land tax. The city government needs more revenue--shouldn't it get it by raising the tax on land rather than on other things?

The land, not productive effort, should be taxed.

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