

## 1978 Joint Georgist Conference To Be Held At Bryn Mawr

The 1978 Joint Georgist Conference will be held at Bryn Mawr University, Bryn Mawr, Pennsylvania from Saturday, July 1 to Wednesday, July 5th.

An exciting program is in the final planning stage by the Conference co-sponsors: the Henry George school, the Henry George Foundation, the Henry George Institute, the Robert Schalkenbach Foundation, and LEAF.

There are also special trips being planned to the Henry George birthplace, to the Independence Day celebration and other exciting events. If you have any presentations you would like to make to the Conference please write to Philip Finkelstein, Director of the Henry George School,, 50 East 69th Street, New York, N.Y. 10021; to Steven Cord at the Henry George Foundation, 580 N. 6th Street, Indiana, Pennsylvania 15701.

### Robert Schalkenbach Foundation Reports...

Bill Onweiler of Idaho reports that at \$34,000 demonstration of site value taxation will be made in Ada County, Idaho. The results would be a print-out of all 66,500 parcels of real estate and how this property would be affected by a shift to site value taxation. With the property tax changes available on every property and an analysis of the results, the residents of Ada can judge site value taxation via their economic interest.

Dick Doyle of South Bend, Indiana says that the Indiana Commission on State Tax and Financing Policy has made an appropriation of at least \$10,000 to investigate the "possibilities" of the impact of implementing a land use or site value property tax system.

As a result of a speech made in November by Perry Prentice before the Florida Constitution Revision Committee, since January there has been a flood of publicity from Florida newspapers. Editorialists and economic columnists have seized on the idea of LVT as a positive approach to property tax reform.

### Interstudent Program to Come to New York

Harry Pollard, of the Los Angeles School, will be in New York for the first two weeks in May to implement his Interstudent Program in the city high schools.

During the first week, Mr. Pollard will be setting up the program in the ten schools which are participating, and will return during the second week to revisit those schools to discuss the program and answer questions.

On May 7th, the Henry George School in New York will be holding a gathering at the School with alumni, students and friends to discuss the Interstudent Program. Those

city schools participating in the program will also be invited to attend.

Due to the success of the Interstudent Program, the New York School is excited at the prospect of having Interstudent used in the city high schools.

### American Heritage Magazine Article On Henry George

The April/May, 1978 edition of American Heritage Magazine contains an article by David Hapgood entitled, "The Tax To End All Taxes: Where is Henry George Now That We Need Him?" The article contains photographs of George and his family (some used by permission of the Robert Schalkenbach Foundation) and some depicting him in his later years.

Mr. Hapgood was formerly with the New York Times, and is the author of *The Screwing of the Average Man* (1974) and *The Average Man Fights Back* (1977).

### Land Tax For Schools

Jacob B. Himmelstein

In discussions on financing public education, the debate has centered on whether an income tax or property tax should be used. A decision can only be made after considering all the economic and social factors involved.

Supporters of an income tax consider it to be the fairest method of taxation because an individual pays the tax on his current earnings with the rate increasing as his income increases. This is known as "progressive income tax" and is the theory on which the federal income tax is assessed.

At present, however, a progressive tax is unconstitutional in Pennsylvania. The only income tax permitted is a "flat-rate" tax. This means that each taxpayer must pay the same percentage of his or her income in taxes regardless of his or her income bracket.

Studies have shown that the present 6 percent state sales tax is fairer than Pennsylvania's income tax. This is because the sales taxes is not levied on food, clothing and other necessities of life, while the state income tax has no exemptions or deductions as the federal income tax does. Therefore, the entire income of an individual is taxed no matter how it is spent.

All the present disadvantages of Pennsylvania's income tax would apply to an income tax imposed by the state's local school districts.

Proponents of an income tax say these defects in the state income tax can be cured by a constitutional amendment that would allow a "progressive income tax." Suppose all the difficulties in amending Pennsylvania's Constitution could be overcome and the voters act to amend the constitution to a progressive tax. Would it really be fairer?

This can be best judged by looking at the federal income tax. Because the federal tax takes a higher percentage of earned income as an individual's income increases, it tax acts as a penalty on productivity.

In today's inflationary economy, even the person who only gets increases in his wages to offset increases in prices finds that he, too, is placed in a higher tax bracket, although his income does not buy any more in real dollars.

In order to increase incentives and allow for inflation, certain credits and deductions are allowed. These are the so-called "loopholes" in the tax laws. Such loopholes are necessary to lessen the burden of the income tax and permit the economy to grow. The problem is that these loopholes or incentives in our tax laws have often lacked justice. The federal income tax has also spawned a large bureaucracy with inquisitorial powers.

The property tax has proven to be much easier and more efficient to handle, but it also has defects. Assessing practices may be unfair, but they can easily be cured by hiring professional appraisers, and by having nonpartisan boards of review. There are bigger problems with property taxes as now levied. The real estate tax, or property tax, is actually two opposite taxes. It is hard to imagine two taxes whose consequences for our urban, suburban and rural areas would be more different. One of the two conflicting taxes is on improvements — this is basically a sales and use tax which is paid every year instead of once, as with other products and services. If the payments in taxes made on average buildings over their lifetimes were added together, they would amount to more than half the construction cost.

The other levy in the real estate tax is the land value tax — the tax on what the property would be worth if the owners had done nothing to improve it. This value comes mostly from the enormous investment of taxpayers in providing roads and services, including schools, to make the location accessible and livable. Justice indicates that landowners should pay taxes on increases in land value that result from public works and the people they attract.

Why not tax land values alone? A land value tax would reduce costs of construction and rehabilitation, invigorate central business districts, stop suburban sprawl and allow school districts to raise revenue more easily.

Homeowners would pay less in taxes when land is taxed but not improvements. The tax is mildly progressive — in accord with ability to pay — and is the reason that revenue can be raised with the least harm to most taxpayers.

Our tax problems will be solved only by innovative approaches and radical changes in our tax policies. A land value tax may prove to be a solution to our present dilemma.

*(Jacob B. Himmelstein is an accountant in Norristown, Pa., and a faculty member of the Henry George School of Social Sciences, Philadelphia.)*

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## Springfest

On May 7th, the Henry George School in New York is holding a "Springfest" for all students, alumni and friends.

The guest of honor will be Harry Pollard, President of the Henry George School of Los Angeles. Mr. Pollard will be spending two weeks in New York to introduce his Inter-student Program to the city high schools.

## How To Make The Property Tax Work

Philip Finkelstein

Death and taxes share not only their inevitability, as the old saying goes, but the quality of reception they are accorded. Some taxes, like death, are regarded as more merciful or less unwelcome than others. The generally accepted standards may be stated as adequacy, equity and economic consequence.

An adequate tax is one that raises enough revenue to provide the service desired. It should not be so small as a nuisance to pay, collect and administer. Nor should it be so large as to destroy the very source that must bear it.

As for equity, the perception of any tax should be that it is fair either to those who pay, those who receive its benefits, or both.

The economic consequence of the tax should, on balance, be positive; that is, the levy should encourage sound development, production, investment and employment. If it can't do all that good, it should at least do as little harm as possible.

By all three standards the property tax as currently administered in New York State fails. The \$9 billion it raises is higher than any other state by far and the per capita payment is exceeded only by the payment in Alaska. There are taxpayers who find it confiscatory and property owners whose ability to pay is damaged or even destroyed by the tax itself.

The economic consequence of the property tax on New York State is possibly the most harmful of all. It discourages investment, development, improvement, sound growth and vital communities while it rewards deterioration, abandonment, sprawl and speculation.

The most insidious form of discrimination is that which taxes the two components of real property differently — land lightly and the improvements heavily. In New York State we are supposed to tax both the same. In fact, in most jurisdictions land is assessed very poorly if at all, and improvements, whether they be residential, commercial or industrial, are assessed as closely as possible. The result is that we make it very profitable to keep land from being properly improved, at the same time that we discourage new improvements and even the rehabilitation of older properties.

There are some people who are so fed up with the irrationality of the property tax that they propose doing away with it altogether, and raising revenue from another source. The fact is that New York State already taxes income, sales and other sources more than elsewhere. We have been so progressive in our taxation that we have progressed just about every form of income producing activity out of the state and into our competitive neighbors.