

Chairman of the Pennsylvania State
Community Development Commission

The Hydemans welcomed us to their attractive home and we immediately turned our attention to the land value taxation in Pennsylvania. Mr. Hydeman expressed his view and circulated a copy of a written statement which has been published in the Summer 1973 EQUAL RIGHTS; in the Fall 1973 GREEN REVOLUTION and in the May 1972 REPORTS, a journal of the Pennsylvania Department of Community Affairs. That article, entitled "Looking For Solutions To Poor Land Use And Unfair Property Tax?" reads as follows:

Many years ago Henry George first articulated the hypothesis of a single tax or a land value tax. Within the past few years a number of well-documented reports have been written which would lead one to believe that the land value tax might be a viable alternative to the property tax. I also believe it may be the beginning of a method to deal with the national land use problem.

Assessment of property in Pennsylvania is done in most instances by the county government. Assessment is most largely based on improvements on the land and very slightly on the land itself. Therefore, it places a heavy tax on past, present and future im-

provements, which has discouraged and often has prevented improvements.

A number of studies indicate that through the use of land value tax the tax burden would be more uniformly spread to all land owners, and in many instances would provide a much broader yield of taxes. A national conference held in 1968 published a report that indicated use of land value tax reduces taxes on most individually owned homes. This certainly would be desirable for it would give the home owner more disposable income for property improvements, for which, incidentally, would not be penalized with higher taxes under the land value tax.

It would exert pressure on the holders of underused land and unused land to put it to better use immediately in urban and developing areas. Communities would develop from the core out instead of the present leap frog development caused by land owners holding land near the core for speculation. Individuals or businesses would not be penalized with increasing taxes for improving their structures.

The land value tax would slow down land price inflation. This tax would be regressive to those holding land for speculation. Its imposition would tend to have land sold for development earlier at a lower price. A side effect would be to lower housing costs.

It is quite evident that an immediate imposition of the land value tax would be inequitable and unfair. However, it could be staged over a fifteen year period. It would take at least five years for the Commonwealth to develop statewide land use plans which would be used as a basis for the land value tax. On the sixth year, a tax would be levied on improvements and land on a 90% - 10% basis. Each succeeding year improvements would be taxed 10% less and the land at 10% more. By the sixteenth year the land would be taxed at a value of its highest and best use.

It is important that we find an alternative to the property tax, as presently imposed, as many communities have reached the point of no return - they cannot tax properties under the present system at a

higher rate. The land value tax would certainly give the community a broader and more equitable base from which to work.

Several expressed their welcome for this statement by Mr. Hydeman and he said he was glad to meet with so many of today's followers of the land value tax. He was not aware of the Henry George Schools and was glad to meet George Collins, Director of the Philadelphia School and his associates; and John Weaver, contributor to EQUAL RIGHTS from Pittsburg.

Mr. Hydeman was aware that both Pittsburg and Scranton had increased the taxation of land values above that of improvements, but he thought that the state law did not allow this to be extended to cities of less population, the third class cities. John Weaver assured him that the law did allow its extension and quoted Section 2631, passed June 23, 1931 and amended in 1951 and 1956, of the Third Class City code,

"Council of any city, may by ordinance, levy separate and different rates of taxation for city purposes on all real estate classified as land exclusive of buildings and on all real estate classified as buildings on land. Higher rates may be levied on land if the respective rates on lands and buildings are so fixed so as not to, in aggregate, exceed fifteen mills on both land and buildings. By majority action, council can petition the court to raise the millage to twenty mills. Passed by unanimous vote of the Pennsylvania Senate and 138 to 48 in the House. "