

Pittsburgh's Mayor Favors Shifting Of Taxes To Land Values

MAYOR William A. Magee, of Pittsburgh, speaking before the Henry George Club of that city September 26, gave unqualified endorsement to the graded tax law and other legislation directed to the higher taxation of land values and the relief of industry and improvements. And he indicated his intention of seeking further legislation along similar lines.

We may remind our readers that Pittsburgh has gone further in the direction of the Single Tax than any other city in the United States. Personal property has long been exempted, and in 1911 machinery was exempted from taxation.

A law passed in 1913, and advocated by the city administration, provided that the tax on improvements should gradually be reduced until the rate was only one-half of that levied on land values, and that reduction will be reached next year. Now, the rate on land values is \$2.00 per \$100., while buildings are taxed only \$1.20 per \$100. And the Mayor says that the only objection comes (not unnaturally) from the land speculator, who wants to become rich "through the growth of the community without effort on his own part." We quote at length from this address, which shows a knowledge of the economic effects of taxation that is unfortunately rare among our public officials. Mayor Magee said:—

"I am principally interested in two things regarding taxation, the progress of the graded tax law and the problem of assessments for public works. Both concern the unearned increment, the profit of the land owner who becomes rich through the growth of the community without effort on his own part. I am frankly opposed to him. I can say that without becoming a Single Taxer. We owe Henry George a great debt for having exposed him for what he is, a parasite upon the body politic.

"The City of Pittsburgh during the past 15 years has been much more active in tax changes and reforms than any other community in this country. We had an archaic classification of land based upon use. Because agricultural land did not receive the same amount of police, fire and other city service, we assessed it only one-third and for the same reason suburban property two-thirds of the maximum rate. The principle was fallacious and the effect bad. The city farmer was really a speculator. Valuable suburban areas were kept out of the market until the growth of the population surrounding them created a value that would move the selfish holder to permit its use for urban life. All this was abolished by the repeal of the classification laws in 1911.

"In 1913 the graded tax law was enacted. Next year the city will have stepped down five 10 per cent. steps in tax upon buildings. At the present time our tax rate is 20 mills upon land and 12 mills upon buildings, an average of about 16½ mills upon all the assessable property in the city. This and the repeal of the classification law have been so far our principal accomplishments although there are others.

"The time has not come when the effect of the (graded tax) law can be fully appraised, but there is some data that is relevant even now. For instance, building values have gone up from \$275,000,000 to \$400,000,000 approximately, while land values have only increased from \$480,000,000 to \$530,000,000, this in a period during which, except the last three years, most investment entered anything rather than building! Another patent fact is that there are a very few large tracts of acreage not on the market. Another significant thing is that the law, while constantly under attack, seems to invite opposition only from the speculators in land. Another fact is that no opponent has yet opposed it on any but theoretical grounds. I have yet to hear of concrete harm resulting from it. If the case has not yet been conclusively proved it certainly has not been disproved. Time, of course, must tell, but so far the argument is one-sided and all in favor of the law.

"The other taxing principle that should be of great moment in this community is the special benefit assessment for public works. When the city lays down a trunk sewer or a main thoroughfare, it is not permitted under Pennsylvania law to go beyond the abutting property in levying the assessment to pay for the same. If it builds a tunnel or a bridge it cannot assess any part of the cost upon individuals. The result is that most or all of the cost of all general improvements falls upon the city at large. As a consequence, Pittsburgh is much retarded in its physical development.

"The true principle applicable to public works is to expect contributions from all who receive any peculiar advantage therefrom. By that, of course, I mean property that obtains an increment of value solely because of the improvement. I have endeavored on a number of occasions to obtain the passage of a constitutional resolution which would permit the Legislature to create a betterment district with this power of assessment.

"There is no reason why the community should make gifts to some of its property owners in the form of public improvements. It does not do so in the case of those owners abutting on the line of such improvements. Why, in the name of commonsense, should it do so to those who are not on the line.

"On the whole the community has made genuine progress in recent years in dealing with the increment of value arising out of community growth. Much more can be done."

Mayor Magee also paid a well-deserved tribute to Assessor McMahan, saying:

"We have an ideal tax assessor in this city. One of our real assets is Thomas C. McMahan, the chief of the board of assessors. In him the city has the services of a tax expert. He has not only been the principal counsel in formulating these tax reforms, but he is the one who has brought about the equalization of values that make Pittsburgh tax assessments just."

"WHENEVER I meet a really clear, straight thinker in business life, I generally find that he has read and mastered 'Progress and Poverty.' If the young man of today would read and study this masterpiece of economic science, the coming generation would not be befuddled in its thinking as the present one is, and my faith in the future of my country would be increased a hundredfold." JOHN MOODY.