

# Land&Liberty

**communiqué**

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## US Vermont free lunch landowners get \$33m dessert

Owners of almost 2m acres of land in Vermont saved nearly \$33m in local and state taxes in 2005, reports the *Barre Montpelier Times Argus*. As an incentive to preserve Vermont's rural nature, a tax programme is allowing land in the state to be taxed on its agricultural and forestry use-value. This generates lower tax bills for the owners than if properties were taxed at fair market value. The 'Current Use Program' offers landowners a valuation for tax purposes based on the economic productive value of land rather than a market-based assessment – the traditional 'highest and best' use of the land. A 2007 revaluation is catalysing more landowners across the state into joining up.

Landowners still enjoy rising capital values for their properties – what some commentators would call their 'free lunch'.

"Towns don't lose out," says Program chief Bill Snow "because the legislature makes up the difference." What Mr Snow seems to have left out, however, is how the legislature will make up the shortfall. Milton Friedman said there ain't no such thing as a free lunch (meaning someone has to pay): the landowners' lunch – as always – is being paid for by other taxpayers. Non-landowners are subsidising the lifestyles of Vermont landowners. The Program is a \$33m sweet dessert.

## UK politics Labour tax policy change in sight

Britain's Prime Minister to-be, Gordon Brown, may be positioning himself to pioneer a major shift in UK tax policy. Compass, a leading Labour think tank with links to current



Brownite ministers has published a report which sets out a new approach for UK taxation.

A *New Political Economy* calls for a lift in the total tax take from the present 40% to

50% of GDP – pursuing the Scandinavian model. But most significantly, the report argues for the replacement of the current local Council Tax – levied on the whole value of property – with a full-on land value tax.

The Compass report states that "in the longer term the aim should be to replace all property taxes (Council Tax, Business Rates, Stamp Duty) with a full annual land value tax levied on all owners of landed property".

The report sees the move as an "important component" of environmental taxation, about which there is "rising public understanding".

Mr Brown opened Compass's inaugural conference in 2004. The group's policy suggestions are expected to carry great weight as Brown lays out the course for his government. The tax shift could coincide with a 'democratic left' realignment of Labour.

Speaking to *The Guardian*, Jon Trickett, Compass chairman, said: "With Labour politics currently in a state of flux and the party leadership in transition, there is a legitimate opportunity to re-examine our economic policies based on core values of equity, fair distribution, efficiency, an improved quality of life and a sustainable use of resources."

## Australia land tax political football

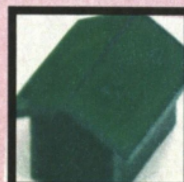
Land taxes are once again a political football in Australia. Kicking off the Liberal Party's campaign for the 24<sup>th</sup> March state election, New South Wales Opposition Leader Peter Debnam has promised to "fix NSW" by cutting land tax, reports *The Village Voice*. Some 130,000 families and small businesses would receive tax cuts under the AUSS\$400 million plan, to be funded by public sector cutbacks.

## South Africa the revolving door of reform

South Africa's land reform programme is going full steam ahead, according to Agriculture and Land Affairs minister Lulu Xingwana. The reforms are likely to include the re-introduction of a land tax, especially for multiple landowners, says *Business Brief*, a Johannesburg daily. It is only three years since the land tax was abolished in RSA. "The urgency of accelerating land reform demands that we adopt a multi-faceted strategy," Xingwana told *The Voice*.



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