

Land taxers fight on!

LAND taxers are hoping that it will be "third time lucky" when the Missouri state legislature is next invited to change the structure of the property tax.

A strong demand has emerged for a reform that shifts the tax on to land values – relieving the fiscal burden on buildings, which deters investment.

A bid to alter the law was made in June 1981. Walter Mueller (Republican) introduced a constitutional amendment to permit the differential taxation of land and improvements on land.

He was defeated by 56 votes to 92, but he was encouraged by the support he won. He fought on, and in December 1981, he was joined by the 37-year-old Democratic majority leader, Tom Villa.

This bi-partisan effort nearly succeeded: their proposal, tacked on to a Budget Committee bill in the form of an amendment, came before the legislature last year. It was defeated – but only just – by 74 votes to 78.

Missouri property taxation has fallen into a mess over the years.

A recent court decision, which ordered uniform assessments of property values, would have pushed up tax bills for home and farm property owners by up to four or five times. This alarmed the legislators, who decided to find a formula that prevented people from suffering a huge jump in their taxes.

A state constitutional amendment was drawn up to allow the division of property into three classes: business, residential and agricultural which could be taxed at different rates.

This was designed to ensure the continuation of the present practice of taxing businesses at rates higher than for residential properties.

Missouri's 120,000 farms, worth \$27 bn. in 1980, are taxed at the



● Walter Mueller



● Tom Villa

lowest rate of all: an average of \$2.90 per acre.

The new formula for the residential property tax is a tortuous one, and Walter Mueller told his constituents recently: "There MUST be a better way and I believe there is! It is called 'Site Value Tax'."

A RECENT study of properties in St. Louis proved that a switch to site-value taxation would result in 73 per cent of homeowners paying a lower property tax. The average tax decrease was shown to be \$66.

So site value taxation has powerful attractions for the majority of voters and the Mueller-Villa effort to introduce this fiscal reform therefore stands an excellent chance of success.

Certainly, the anomalies in the Missouri property tax system will ensure that controversy will not die down. Many citizens are annoyed at the failure to assess all properties on a uniform basis.

● Forested lands are assessed at \$6 an acre, regardless of market value.

● Property that is declared blighted can be developed with the benefit of tax abatements.

In St. Louis, for example, skyscrapers have been built with the advantage of being tax-free for ten years.

Tax abatement has disturbed some people, according to Mr. Allan L. Lubin, President of the St. Louis-based Public Revenue Education Council.

He told *Land & Liberty*: "Critics have pointed out that only large, influential developers have been able to avail themselves of this, which requires a certain amount of co-operation between governmental authorities and the developer.

"But this exemption has proved effective in getting new buildings erected. The effectiveness of the tax-abatement on buildings is a strong point in favour of site value taxation, which reduces or eliminates the tax on buildings for all properties, not just a selected few."

As from next year, all properties in Missouri must be reassessed at one-third their market values. This will generate a great deal of public interest, and offer opportunities for further reforms.

Legislators are hoping that they will succeed in bringing their state into line with the laws of cities such as Pittsburgh, which permit a differential tax on land and buildings.

BUILDERS BACK SECRET ELECTION FUND

SIR HORACE Cutler, the former Tory leader on the Greater London Council, raised £22,000 for a political fighting fund.

And when existence of the fund was revealed, Sir Horace confirmed that big construction firms contributed money after he promised that – if the Conservatives were elected – he would do his best to hold down or reduce the property

tax. The money was raised to help the Tories in London win power in 1977, but few people knew about the fund – not even Sir Horace's closest associates. Why?

"There are some of my colleagues at County Hall who have verbal diarrhoea. They just go off into the bar, yappy, yappy, yappy," explained Sir Horace, pictured right.

