

ate movement toward the scrapping of old and out-of-date buildings and the erection of modern edifices." Further, the report goes on, "This movement has continued with but a brief interval during the depression years."

It is not only property taxes that are getting a going over these days. Also coming in for attention: income tax laws and how they figure in the slum picture.

Realtor Rubloff, whose opinions on what's needed in the way of property tax changes were presented above, also has been one of those who have had a thing or two to say on the question of how income tax rulings are helping to maintain slums. His views: "We ought to find a way under our federal tax structure to penalise, rather than to reward, the perpetuation of slum structures in the central business district and elsewhere. Property depreciation should have a limit no matter who owns the property. We ought to insist that there be replacement reserves. We might even require the establishment of such a reserve as a condition of depreciation allowances."

## Pennsylvania

### New Land-Value Tax Bill Awaits Governor's Approval

THE Bill empowering each of the 47 "third class" cities in Pennsylvania to exempt buildings from local taxation which, as reported last month, was passed unanimously by the Senate has now been passed by the lower house of the Legislature. Voting was: 148 to 45. The State Governor's signature is required before the Bill can be enacted.

Both the "second class" cities—Pittsburgh and Scranton—tax buildings less heavily than they tax land values. Some of the benefits which Pittsburgh has reaped from even this partial application of the land value policy were recently described as follows by one of our Canadian readers, Mr. Ben Sevak, in the correspondence columns of the *Montreal Star*:—

YOUR recent editorial justly commends the example of urban renewal in Pittsburgh and specifically the Golden Triangle in which hundreds of millions have been invested to replace a rapidly deteriorating blighted section. However, credit should be given to correct and just taxation, of which I shall try to give a brief history.

As you pointed out in your editorial, leading civic organisations played an important part in initiating the movement which brought about the change. The Pittsburgh Civic Commission made a thorough analysis of the city's tax system with a view to lifting the burden of taxation from improvements and placing more of it on the landholders who were impeding the city's progress by holding the land at prohibitive prices.

To this end the Graded Tax Law was passed in 1913 which provided for the partial exemption of improvements by gradual stages. In 1914-15 the tax rate on buildings was dropped to 90 per cent. of the rate on the assessed value of land. Effects of the law were

almost immediately apparent. Though the first step was a small one, it has been reinforced by a sweeping reform in the system of assessing land, accomplished by an earlier act in 1911. So that in 1913 and 1914, while other industries of the city lagged the building business flourished.

In 1925, when the act became fully effective, the rate on buildings was 50 per cent of that on land. Commenting in 1927, after two years of full operation of the Graded Tax Plan, the *Pittsburgh Post* said:

"Formerly land held vacant here was touched lightly by taxation, even as it was being greatly enhanced in value by building around it, the builders being forced to pay the chief toll, almost as if being fined for adding wealth to the community. Now the holders in Pittsburgh are encouraged; improvements are taxed just one-half the rate levied upon vacant land. Building has increased accordingly. Here is illustrated how ideas once thought radical and impractical come gradually into general acceptance."

There is, of course, no loss of revenue to the city through the graded tax. It simply brings about a shift in the burden from buildings to land. For the year 1953 the shift in taxes from buildings to land was approximately \$4,000,000. The relatively high tax on land values has definitely checked land speculation by making it unprofitable to hold valuable land out of use. The apparent tendency is to stabilise the value of land when building values have been soaring. While the selling value of land has fluctuated, as elsewhere with booms and depreciations, the average market value in Pittsburgh was but little higher than the average value prevailing before the graded tax was introduced 40 years previously.

Despite the fact that the land area in Pittsburgh is quite restricted and there has therefore been only a modest growth in population within the city limits, there has been a vast amount of building in Pittsburgh since the introduction of the Graded Tax Plan. This has been due to the tax policy which encourages the improvement of real estate and discourages the holding of vacant or inadequately improved land. Total assessed building values have more than doubled between 1914 and 1953 aided by the erection of more and better buildings of all kinds. In the words of an editorial which appeared some years ago in the *Pittsburgh Press*:

"A progressive law like Pittsburgh's, removing the tax burden from buildings as far as practicable, and putting it increasingly on land, is certain to be opposed by a certain class of rich landlords, and the extension of such legislation must be secured by virtue of enlightened public opinion, demanding what is clearly in the interest of the average businessman and of the public in general."

I urge all interested civic and business groups and city councillors to look into Pennsylvania's Graded Tax Plan, as they might find a solution to slum clearance, redevelopment of blighted areas etc. without recourse to public funds. Anyone who desires further information may telephone me.