

# How Should Cities Raise Their Revenue?

By J. RUPERT MASON

ON A RECENT visit to England I again visited Yorkshire, the home of Sherwood Forest which Robin Hood made world famous. I learned that Robin Hood was not the fictional character some writers have told us he was, but a solid and respected member of his community. The Yorkshire Historical Society has recently discovered records proving that the incident that started Robin Hood on the road to fame, involved the very question we are considering today.

Robin Hood owned a small home, to which he added a room or two, doing the work himself. Upon finishing the work that made his home more comfortable, and more of a credit to the community, the local assessor sent him a bill for the heavier taxes which the law required. Robin Hood believed it unjust to tax and fine a man each year for building a better home, but the local assessor said he had no power to accept the tax that Robin Hood had previously paid.

Robin Hood then walked to London to tell his troubles to a Member of Parliament, and even tried to see the King, but without success. Thoroughly disgusted with such topsy turvy ideas for raising city revenues, Robin Hood abandoned his home and took to the woods known as Sherwood Forest, where he won fame as a "chivalrous outlaw."

In medieval times the usual way for a city to get the money needed to balance its budget was to build a high wall around the city, and levy taxes on food and merchandise of all kinds brought in. Today a larger and larger part of city revenues are being raised by taxes imposed on buildings, machinery, sales, use, purchase and license taxes, parking meters and gifts of tax revenues collected by state and federal treasuries in the form of income and excise taxes. A smaller and smaller part comes from ad-valorem land taxes.

The California Taxpayers Association magazine, *Tax Digest*, published an article in June, 1949, written by one of its officials, entitled, "Where to, California?" The author revealed that about 60 per cent of all taxes (federal, state and local) collected in California in 1935 were raised as ad-valorem taxes on real property. In 1945 this 60 per cent figure had dropped to less than 8 per cent. Just what drop the comparative figures between 1935 and 1945 would show in respect to city revenues was not explained, but it would be great.

We know that cities employ lobbyists whose job it is to work for handouts from nation and state to keep the city tax rate down. The idea of local self government and local responsibility for city affairs is fast being replaced by an idea that nation and state should collect the taxes, and that cities can not longer support themselves. Neither Congress nor the State of California raises any revenue by way of ad-valorem taxes. It comes instead from taxation and earned incomes and the fruit of man's work (which taxes have the economic effect of lessening incentive and increasing living costs).

If a person seeks to provide a better home for his family his city tax bill is heavier—while landlords who allow their buildings to run down and become slums get their city taxes lightened. In other states, cities are also resorting to city income taxes, on top of all the federal and state taxes.

In our country every city is an agency of the state, except Washington, D. C., which was created by an Act of Congress. Whether the area within New York City which is now the site of the United Nations, will be subject to the sovereign authority of the United States or the State of New York, has not been judicially settled. That the power to lay and collect taxes by San Francisco and other large cities in California is controlled by the California Constitution and Legislature is well settled.

However, no state may enact and enforce taxation if it infringes the equal and inalienable human rights to life and liberty protected by the United States Constitution, the "supreme" law of the land. Therefore, cities which have been delegated rights to exercise the taxing power of a state to get the money to pay city expenses, must be watched. They may easily become too dependent on revenues in the form of sales, use, purchase, license and similar excises which increase the cost of living and which allow persons holding land title deeds unequal privileges in the form of tax abatement.

The principle of assessing the cost of city governments upon land holders by way of an annual ad-valorem land tax was used by our cities for a very long time. This principle made it unprofitable for would-be speculators to withhold well located sites from their appropriate use. Had buildings been made exempt from city taxation, as in many other California tax laws, such as the Irrigation District Acts, the most advantageous use of desirable sites would have been stimulated without any arbitrary or bureaucratic controls.

In such important cities as Sydney, Australia; Wellington, New Zealand; Copenhagen, Denmark; and Johannesburg, South Africa; the law has long imposed on the holders of taxable land the obligation to support the city. Furthermore it has allowed the city to collect revenues by way of an annual ad-valorem land tax, irrespective of buildings, machinery or income actually collected by the land holder. Pennsylvania has allowed Pittsburgh and Scranton to tax buildings only 50 per cent of land values. British Columbia permits some cities to give 100 per cent tax exemption to buildings and other improvements, which protects private enterprise and at the same time equitably promotes the general welfare.

The legislature in my home state, California, could allow our cities to raise their necessary revenue without taxing those who produce and distribute the things man desires. It can be done by simple statute, and no constitutionally protected right would be infringed by such a law.



## International Union for Land Value Taxation and Free Trade

**S**PEAKING at the conference in St. Louis on July 14, J. Rupert Mason, president of the International Union for Land Value Taxation and Free Trade, told something about the function of the International Union. With sixty vice-presidents and an executive committee of thirty in about twenty nations (from Australia, New Zealand, Canada, Europe, South Africa and South America) this is certainly an organization every Georgist should know about. Those who wish to keep abreast of the progress in other nations will find much news of importance in *Land & Liberty* published at the Union's headquarters in London.\*

The Declaration of Principle and Policy, adopted unanimously by the conference in England last fall, has been translated and printed in many languages. Mr. Mason said that one of the finest opportunities our friends who "want to do something about it," have ever had, is to write letters to influential leaders in all fields and nations, enclosing a copy of this Human Rights Declaration. Free copies are offered to all who wish to help with the widest possible presentation of this declaration.

Volunteers in many nations are helping to distribute these documents and are reporting much success. The speaker mentioned that the United Nations librarian at Lake Success in New York had written recently for an additional supply and had told him that interested acknowledgments had been received.

"It is only with your helpful co-operation that our officers can do their best work," said Mr. Mason. "Inquiries and suggestions are always welcome. Membership dues are as low as \$1 a year, so everybody can join."

\*The Robert Schalkenbach Foundation, 50 East 69th Street, New York 21, accepts and forwards subscriptions at \$1 a year.