

George In The News

The following two editorials appeared in the November 29, 1979 and December 14, 1979 issues of the *Scranton Times*, are being reprinted with permission of the publisher:

PITTSBURGH PLAN WORKING, STUDY SHOWS

The Pittsburgh experience, with its change in the ratio of the city's tax on land and on improvements has been encouraging, according to a study of results in the first nine months that the plan has been in effect.

To avoid a major increase in the wage tax in Pittsburgh, its City Council decided to alter the ratio of its graded tax on land and on improvements. Like Scranton, Pittsburgh had since 1924, been taxing land at twice the rate of improvements. Effective this year, the land tax rate nearly doubled, causing opponents to claim that the higher tax on land would interfere with development, increase the number of abandoned buildings and cause high rates of turnover and instability in residential neighborhoods.

That has not been the case, according to a study by the Center for Local Tax Research, which is affiliated with the Henry George School, in New York City.

"The evidence indicates that the tax change was accompanied by positive trends in Pittsburgh's community development, when compared to previous years and to surrounding areas," the center reported.

An increase in the number of building permits, and a decline in the number of permits issued for the razing of structures, was interpreted by the center as the indication of "a trend toward more small home improvements, rather than large commercial undertakings. This evidence runs contrary to the fear that the high land tax would result in homeowner neglect and neighborhood deterioration."

The center notes that it is too early in Pittsburgh's experience with the increased land tax to reach final conclusions. Yet, the positive changes in Pittsburgh's development in the first nine months of the year suggest that the "beneficial effects (will be) magnified" as more property owners become aware of the tax advantages on highly improved properties.

PITTSBURGH PLAN DESERVES CONSIDERATION

Members of the Scranton City Council would be missing a marvelous opportunity to take advantage of the unique benefits of a graded tax on real estate if they pay no heed to suggestions the so-called Pittsburgh Plan be followed.

At budget-making time last year in Pittsburgh, the council of that city was faced with the same situation Scranton lawmakers are confronting. The mayor

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Pennsylvania

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University, in Pittsburgh. In testimony before the Pittsburgh City Council, Simon said: "The average increase in tax bills of city residents will be about twice as great with a wage tax increase as with a land tax increase."

Simon also noted that the land tax is economically sound "because it is the use of property that creates the need for the most expensive municipal services: fire and police protection, garbage collection, and public works."

The tide of reform in favor of land value taxation has led to new interest on the part of other cities, including Philadelphia, and other property tax jurisdictions including counties and school districts. Current Pennsylvania law permits the graded tax only for municipal purposes in cities of the second class. Legislation has been introduced in Harrisburg to permit the "Pittsburgh Plan" in all jurisdictions that levy the property tax, including school districts, the largest component of the property tax.

Center for Local Tax Research

BUILDING PERMITS, RAZED STRUCTURES AND PROPERTY SALES CITY OF PITTSBURGH, 1978 AND 1979

	1978	1979	Percent Change
1. Building Permits- Jan. thru Sept.			
New Buildings	201	158	-21.4
Extensions and Additions	185	221	19.5
Alterations	2,282	3,136	37.4
TOTAL	2,668	3,515	31.7
2. Razed Structures- Jan. thru Aug.			
Razed by Owner	146	78	-46.6
Razed under Comdemnation	266	216	-18.8
Razed by Owner After Comdemnation Proceedings	37	51	37.8
TOTAL	449	345	-23.2
3. Property Sales- Jan. thru Aug.			
Total Residential	4,077	3,816	- 6.4
Owner Single Unit	2,786	2,656	- 4.7
Owner Multiple Units	77	62	-19.5
Rented Single Unit	1,040	941	- 9.5
Rented less Than 5 Units	69	95	37.7
Rented Greater than 4 Units	105	62	-31.0
Commercial and Industrial	290	304	4.8
Vacant Lot	412	480	16.5
TOTAL (including unknown)	4,781	4,601	- 3.8

Source:

1. *Monthly Reports*, Bureau of Building Inspection, Dept. of Public Safety, City of Pittsburgh.
2. *Demolition Reports*, Ibid.
3. *City Information Systems*, City of Pittsburgh.