

The Pittsburgh Graded Tax

by PERCY R. WILLIAMS

ABOUT fifty years ago Pittsburghers became land conscious as well as tax conscious. They had seen a phenomenal increase in land values and vast fortunes built up through speculation. Civic reformers, social workers and other public spirited citizens were impressed with the need for action. Surveys conducted by experts in research strongly indicated that the local tax system had a fundamental relationship to the pressing social and economic problems.

The graded tax plan was not directly related to any political revolution nor to any particular municipal campaign. It was a manifestation of political action facilitated by a civic awakening and growing popular interest. Furthermore, Mayor William A. Magee, elected on the Republican ticket in 1909, indicated an early interest in tax reform and was very receptive to proposals then being advanced, particularly for legislation intended to make possible the equalization of real estate assessments.

In due course the Pittsburgh Civic Commission brought the graded tax plan before the city officials and the general public as a specific project for civic betterment. Its Housing Committee recommended that the tax rate on all buildings should be fixed at only 50 per cent of the rate on land. It suggested that "in order to allow adjustment of investments and prevent hardships," this change should be spread over five years, beginning with a ten per cent reduction in the building rate the first year, and with further

The right of the community to location values and the right of individuals to buildings and labor products, is the principle behind the Pittsburgh Graded Tax plan. At present, the plan is that land is taxed at twice the rate of buildings. It was hoped that eventually the entire tax burden could be shifted to the land, and while this has never been accomplished, a considerable advantage exists even in the partial application.

Percy R. Williams is the executive secretary of the Henry George Foundation with headquarters in Pittsburgh. This article and the three that follow in this issue are all taken from addresses prepared for the conference recently held in Pittsburgh by the Henry George Foundation.

ten per cent steps each succeeding year until the 50 per cent ratio would be reached. Actually the law as passed was more gradual in its application, providing for reductions of ten per cent every third year, so that twelve years were required to bring about the full change then contemplated.

In its report the Civic Commission stressed the results of a survey which showed that land prices were extraordinarily high in Pittsburgh at that time and were in fact, second only to those found in New York. It was pointed out that industries would be slow to locate in Pittsburgh if rents or prices of land were higher than in other cities. Could this paralyzing grip on Pittsburgh's growth be broken?

Pittsburgh single taxers had initiated the movement for the taxation of land values through a rather intensive effort that had been launched several years before this time. They conceived

the idea of inducing boards of trade, the Chamber of Commerce, the Hungry Club and other civic organizations to listen to such single tax lecturers as John Z. White, Herbert S. Bigelow, Henry George, Jr., Frederic C. Howe, Peter Witt, and Lawson Purdy, then president of the Tax Department of the City of New York.

What pressure, if any, was brought to bear on Governor John K. Tener to veto the bill providing for separate tax rates is not known, but it was signed by him on May 13, 1913 to become effective at the beginning of the fiscal year, 1914. The measure applied to the second class cities of Pittsburgh and Scranton, and while it was evidently acceptable to Scranton, it was distinctly a Pittsburgh project.

There was rejoicing, naturally, in the ranks of the Pittsburgh single taxers. Writing to *The Public*, a weekly journal of opinion, on May 13, 1913, Bernard B. McGinnis, a very active Democrat and single taxer (in later years to become a prominent member of the State Senate and chair-

man of the Allegheny County Democratic Committee) said:

"Pennsylvania may boast of being the first state in the Union to adopt the single tax principle and write it into law. This is an unusual distinction for our city and to single taxers throughout the country such progress in this boss-ridden, machine-controlled commonwealth will, no doubt, be welcome news. Those who worked for the bill during its passage did not, of course, label it as a single tax measure but appealed to the common sense of the members of the legislature. William A. Magee, although regarded by many as a reactionary Republican, is a mayor who does things, and it did not take him long to discover what benefits the single tax principle of taxation would bring to Pittsburgh.

"All this happened in the East, in Pennsylvania, in Pittsburgh. It is certainly a triumph for the loyal little band of single taxers who have been fighting for their cause for the past twenty years in the garden city of millionaires and slums."

"New point in city building: buying air space. The American President Lines for their new offices, to be built in downtown San Francisco, bought from the city the air above a garage that flanks the building site on two sides. This makes it possible for the architects, Anshen & Allen, to cantilever the upper floors fifteen feet on all sides, increasing floor space and light all around."

—From Vogue, January 1959



Ernestine Jaediker