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To the Directors of the Massachusetts Tax Foundation:

The MFT has recommended a reduction in "property" taxes. The word "property" ignores the difference between land and improvements. A reduction in property taxes would require an increase in other taxes and the switch may make matters worse, not better.

The enclosed quotation from Dr. Robert Wood corroborates what is generally endorsed by economists. Reduced taxes on land values encourage speculation in land; higher taxes thereon discourage speculation and lower land prices. Higher taxes on buildings are soon passed on to tenants because new construction and remodelling are unprofitable and supply falls off.

Those who own valuable unimproved land, ancient buildings and slum properties would be temporarily hurt if taxes are shifted on to land values. They have managed to some extent to black out or to disparage the shift, with the result that they have lost far more by the deterioration of our cities and the drop in the market value of their equities.

If taxes are gradually shifted from buildings to land values by a decreasing rate on the category of buildings and an increasing rate on the category of land, you benefit, the city benefits, the state benefits, labor benefits and business benefits. Labor and capital are in the same boat, but not the owners of valuable portions of nature, as, for example, the Irvine Corporation in California for which spirited bidding is now taking place.

What the MTF should recommend as a starter is the state selection and supervision of trained assessors who would not be subservient to local politicians. The more you examine the shifting of taxes on to land values, the more you will like it if you draw your own conclusions. We shall welcome your request for brief, readable material on the subject.

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Social Science