

Daker

EDWARD J. DODSON

1712-B BAINBRIDGE STREET / PHILADELPHIA / PA / 19146 / (215) 985-9106

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Ronald Reagan
PRESIDENTIAL TASK FORCE
408 C Street, N.E.
Washington, DC 20002

Dear President Reagan:

Thank you for the March 12th invitation to join the "Republican Presidential Task Force". As an officer of Philadelphia's Young Republican organization, I certainly support the hope that those who represent the conservative philosophy of government and economics will continue in Washington.

Demands upon discretionary funds as a result of activities here in Philadelphia prevent the requested financial commitment on my part at this time. However, the goal of returning responsibility of government and social progress to the local level is a program in which I strongly believe. Members of our organization here in Philadelphia are working diligently on measures designed to provide local government with needed revenues -- without having to turn to Washington. There are several specific aspects to this program which we feel can produce dramatic results, particularly should certain "non-monetary" incentives come from Washington.

Like many other major cities, Philadelphia suffers from over-burdening taxes on its productive private sector -- taxes on individual wages, business income and heavy property taxes on buildings and other improvements. To this is added an ineffective and inequitable system of real estate assessment which penalizes rehabilitation and new construction; and, at the same time, promotes speculative purchases of deteriorating structures and vacant land by low assessments and application of tax rates on land values set far too low to encourage productive land use.

Several years ago I attended a conference on urban redevelopment which stressed two local measures which, the planners concluded, would dramatically improve the loss of revenue/urban deterioration equation

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faced by many major cities, Philadelphia included. The first recommendation was that cities charge appropriate "user" fees to those companies and individuals who directly benefit from government services. The second recommendation concerned restructuring of local property tax systems, emphasizing the following measures:

- Institute annual reassessment of all parcels, applying the tax rate to full rather than fractional assessments;
- Develop a computerized system of monitoring real estate sales and the changes in real estate values; and
- Gradually shift the rate of taxation applied currently to both land and improvement values to land values only; or, at least obtain all increases in tax revenues from rate increases on land values only.

Almost any economist will recognize the positive implications of such a restructured property tax system. Working with members of City Council (both Republican and Democrat), a bill designed to implement the third recommendation above has been introduced and will shortly come up for full discussion in the Council. Your administration's support for similar measures throughout the nation will, in my opinion, help provide the "New Federalism" approach a powerful tool for success.

As an initial step, the Department of Housing and Urban Development could redirect its efforts to support efforts in cities attempting to modernize assessment practices and, at the same time, stimulating private sector development by a shift in tax rates to land values.

Although the road to "New Federalism" may be long and hard, you can be sure support for the program here in Philadelphia is indeed strong. I look forward to working toward these goals with the Republican Presidential Task Force.

Sincerely yours,



Edward J. Dodson