

APR 5 1982

POSITION PAPER ON THE REAL PROPERTY TAX  
IN NEW YORK STATE

When the New York State legislature overrode Governor Carey's veto of Senate bill 7000-A, the State acquired a new law that legalized the old, existing assessment methods. Thus most New Yorkers are still burdened with the same inequities that have grown with the years.

THERE MUST BE A BETTER WAY!

Henry George School  
Long Island Extension  
PO Box 43  
Old Bethpage, NY 11803

(516) 938-0564  
(516) 931-1338



The Henry George School, including the Long Island Extension, has been advocating the improvement of our real property tax system for many years.

Henry George's basic philosophy is to tax the value of land but not the value of the improvements thereon. Currently we tax both land and its improvements, a minimal tax on the value of the land and a maximal tax on the value of the improvements. By reversing this practice; that is, by taxing land values higher and improvements lower, sites would be used more effectively. The owners of vacant land, especially the more valuable lots that have benefited from community improvements, would be inclined to put the land to use if the taxes were increased significantly. And with little or no tax on the (intended) improvements there would be further encouragement to improve the site and use it to earn an income to pay the higher land tax and perhaps make a profit.

Various segments of the community would gain as a result of this business activity; the building trades, the banks, the people employed, the community in general. Land speculators would be discouraged from holding land out of use and we could anticipate a decrease in land prices because more land would be on the market.

One might feel that George's idea could not work or that if it could have, it is now too late for our developed society. Wrong! This idea has been put into practice in many cities in countries around the world, including Australia, New Zealand, Union of South Africa, and Canada. But we need not look outside the United States for beneficial examples. The cities of Pittsburgh, Scranton, McKeesport and Harrisburgh, Pennsylvania, have raised taxes on land values and lowered them on buildings. McKeesport enjoyed an almost 100% increase in the issuance of building permits in 1980 over several preceding years while the neighboring city of Duguesne, sticking to traditional methods of taxation, showed only a slight increase in the number of permits; and Clairton showed a 44% decrease. Taxing land values more and improvements less means more building activity.

Pittsburgh has had experience with land value taxation since 1912 with some healthy effects; and, although the construction industry throughout the Northeast has been stagnant since 1974, Pittsburgh, while not booming, has been experiencing building activity the past several years. A major contributing factor is the higher taxation of land values compared to improvement values (4.4% of the market value of land compared to 1% of the market value of improvements).

In New York State we have had some of the worst property tax practices in the country, and the State legislature has made them legal. It is understandable when those who stand to gain the most by preserving the status quo seek to do so. But when there is a reluctance to change because of the fear of change, because of the ignorance of the beneficial effects of land value taxation, the people ought to be informed. If property taxes were shifted, even gradually, from an emphasis on improvements to an emphasis on land values, and other gross inequities were eliminated, the majority of Nassau County homeowners would experience lower property taxes. Not only homeowners would benefit, the communities would benefit from more building, more production, more jobs, and more business.

Who was Henry George? Born in Philadelphia on September 2, 1839, he left home at age 16 to sail to Calcutta, moved to California in 1859, learned the printing trade, and wrote articles on social problems. The question, why poverty exists in the midst of abundance tormented him. When assigned to New York in 1868, he was confronted with enormous wealth existing side by side with debasing poverty. He was convinced that an economic relationship existed between these two extremes. Back again in California, he wrote his master work "Progress and Poverty", acclaimed throughout the world. A leading economist of his times, he returned to live in New York City, running and losing once for the office of Mayor. Weeks before the balloting for his second attempt, he died- October 28, 1897.