

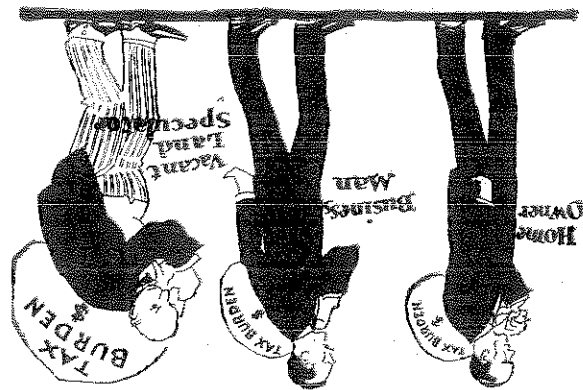
# Why Pittsburgh Adopted "The Pittsburgh Plan"

## Most Progressive System of Taxation in America

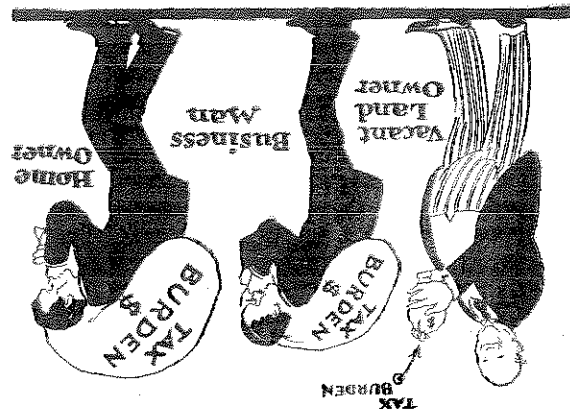
I will doubtless surprise many people to know what a modern system of taxation has done for Pennsylvania, particularly the cities of Pittsburgh and Scranton. It accounts in a large measure for their industrial leadership. It is applied economies, largely relieving industry of the cost of government and placing the tax burden on community-created values.

It exists as the result of a successful effort to correct the old system of assessing large tracts of land held out of use for speculation as "agricultural" at one-half the usual tax rate, and "houses surrounded by trees and shrubbery" as "rural" at one-third the tax rate. Interest created in taxation methods by this movement, with the aid of a progressive mayor (W. A. Magee, elected mayor again in 1921), resulted in the system of reduced taxes on improvements adopted in 1915.

The city has benefited greatly from this system and it has the enthusiastic support of all classes who want Pittsburgh to be a good place to live in and work in. The inside of this folder tells these benefits—and what Pittsburgh people think of their plan.



THE NEW WAY  
Business and Improvements  
Encouraged  
Land Speculation Discouraged



THE OLD WAY  
Business and Improvements  
Burdened by Taxes  
Land Speculation Encouraged

## THE NEXT STEP IN TAX PROGRESS

Amendment Proposed to Extend Benefits  
of Graded Tax Law

**R**ESOLUTIONS adopted by the Executive Organizations of the Allied Boards of Trade of Allegheny County, Pennsylvania.

**RESOLVED:** That we prepare and introduce in the Pennsylvania Legislature and urge for speedy passage the following bills:

**FIRST:** A bill or amendment to what is known as the "Pittsburgh Graded Tax Law" which will immediately reduce the tax on all buildings or improvements on land to 1% of the amount levied on land.

**SECOND:** A bill or amendment which will give counties and school districts the right to vote on the proposition of reducing their tax on all buildings or improvements on land, live stock or machinery to 1% of the amount levied on land.

This plan will result as follows as compared with equal millage on both land and buildings:

Vacant land will pay . . . . . 60% higher taxes  
Land, 30% in bldgs will pay 23% higher taxes  
" 70% in bldgs will pay same taxes  
" 100% in bldgs will pay 20% lower taxes  
" 200% in bldgs will pay 47% lower taxes  
" 300% in bldgs will pay 60% lower taxes  
" 700% in bldgs will pay 80% lower taxes

A \$600 lot improvement with a \$4,200 house would pay a total of \$144.00 on a 30-mill tax levied in the usual manner while under the plan proposed above the tax would be only \$28.80 or a saving of \$115.20 a year, or almost \$10.00 a month.

(145th Thousand. Revised to 1925)

## The PITTSBURGH PLAN

*Produces the Revenue*

*Stimulates Business*

*Taking the Trouble  
Out of Taxes*

Further data and copies of this circular  
furnished free

**ALLIED BOARDS OF TRADE  
of ALLEGHENY COUNTY**

HARRY BARSTOW, Secretary · 210 GRANT ST.  
PITTSBURGH, PA.

## STATE REVENUE

Pennsylvania State and County Taxes Do Not  
Limit Benefits of Pittsburgh's Local  
Tax System

**T**HE general laws of the state are fairly satisfactory to begin with, as the great bulk of the state revenue is raised from a capital stock tax on corporations other than manufacturing corporations, and from a four-mill tax on money at interest, which is largely evaded except in the case of mortgages, which have to be placed on the public records. The usual state tax is imposed on automobiles and inheritances and a recent law taxes gasoline and hard coal.

There is a small mercantile license tax on dealers which is very obnoxious to a large number of people and will probably be repealed in the near future. Practically no taxes are levied anywhere in the state on personal property, so that household goods, stocks of goods, and checking bank accounts are entirely free of taxation. Machinery used in manufacturing is exempted in the cities of Philadelphia, Pittsburgh and Scranton, but is assessed for county purposes at low values.

Practically all municipal revenue throughout the state is derived from tax on real estate which is assessed in separate items for land and buildings at 60% to 80% of value.

## The "Graded Tax Law"

WHAT has become known as "THE PITTSBURGH PLAN" exists under special legislation covering only second-class cities—Pittsburgh and Scranton—and has proven of such value that the third-class cities of the state are endeavoring to have the legislature extend the system to them. It will doubtless be extended throughout the state before many years have passed. Philadelphia is "taking notice." A movement has also started to levy school and county taxes on the same basis.

This law, locally referred to as the "Graded Tax Law," was enacted in 1913. It provided that the municipal millage on buildings, as compared with that on land, shall be reduced 10% for the years 1914 and 1915, and an additional 10% each third year thereafter, until the millage on buildings shall be 50% of that charged on land.

Came into full effect in 1925 and a feeling is growing that the law should be amended so that tax reductions on buildings may continue to the vanishing point.

## How Pittsburgh Likes It

PITTSBURGH FIRMS say:

WESTINGHOUSE ELECTRIC AND MFG. CO.: "The graded tax on real estate has also proved very satisfactory."

NATIONAL FIREPROOFING CO.: "By reason of the very liberal municipal tax laws, manufacturing industries thrive and prosper."

AMERICAN BRIDGE CO.: "It induces corporations to improve their manufacturing facilities and tends to the growth of industry."

H. J. HEINZ CO.: "Popular with the taxpayers, encourages the improvement of vacant land—sound in principal and advantageous in operation."

ARMSTRONG CORK CO.: "It has been a distinct advantage and we think the city has profited as well."

WAVERLY OIL WORKS CO.: "Pittsburgh manufacturers have a tremendous advantage over manufacturers in other states."

JOSEPH W. MARSH, President Standard Underground Cable Co., referring to exemption of machinery and tools, etc., and to the Graded Tax Laws, says: "This explains why Pennsylvania is practically the foremost industrial state in America."

PITTSBURGH BUILDING AND LOAN OFFICIALS say:

"Reduces tax on houses."

"Is approved by B. & L. investors."

"Encourages people to become home owners."

"Breaks up large land holdings."

"Hastens the improvement of land."

"Encourages homes for working people."

"Reduces tendency to land speculation."

PITTSBURGH REALTORS say:

"Certainly a good thing for Pittsburgh."

"Pittsburgh Real Estate Board endorsed the law."

"Most rational system of taxation in the country."

# WHAT PITTSBURGH DID:

## Many Years' Trial Proves These Benefits

THE Graded Tax Law was much needed, as owing to wild speculation, land values in Pittsburgh had been boosted beyond all reason, and were preventing new plants from locating in the city. It was thought that this law would stimulate building and would have a tendency to prevent further land inflation, all of which has been borne out by experience—*large landed estates held intact for several generations, with a fixed "no sale" policy, are now glad to sell land at reasonable prices.*

The benefit of the Graded Tax Law is most clearly demonstrated by the stimulation it has given building, and when selfish interests attempted its repeal, the Pittsburgh Chamber of Commerce and all other civic bodies came to its defense although some of them had originally opposed it.

Owing to the stimulus of this law, the amount of Pittsburgh building permits per 1,000 of increased population, from 1914 to 1920, inclusive, exceeded those of her competitive cities as follows:

25% over New York      66% over Cleveland  
57% over St. Louis      87% over Buffalo  
66% over Philadelphia      186% over Detroit  
238% over Baltimore

### \*COMPARATIVE STATEMENT OF CITY TAX RATES UNDER GRADED TAX PLAN

Year	Land Tax Mills	Building Tax Mills	Flat Tax Rate Required to Raise Same Revenue
1914	9.4	8.46	9.05
1915	10.2	9.18	9.8
1916	12.6	10.06	11.63
1917	11.5	9.2	10.6
1918	14.5	11.6	13.3
1919	15.7	10.99	13.6
1920	19.	13.3	16.6
1921	20.	14.	17.5
1922	20.	12.	16.5
1923	20.	12.	16.58
1924	20.	12.	16.46
1925	19.5	9.75	15.2

\*Compiled by Pittsburgh Assessor's Office.

### \*Typical Tax Savings

#### APARTMENT HOUSES

Name	1925 Total Taxes	15.2 Old Plan Flat Tax	1925 Tax Saving
Bellefield Apt. ....	\$3,654.11	\$5,280.33	\$1,626.22
Ruskin Apt. ....	6,814.08	9,643.48	2,829.40
King Edward Apt. .	4,338.06	6,247.05	1,888.99
Georgian Apt. ....	2,057.25	2,819.60	762.35
Belvidere Apt. ....	1,173.56	1,636.74	463.18
Schenley Apts. ....	26,866.13	36,901.80	10,035.67
Terrace Court Apt. .	2,422.68	3,408.44	985.76
Alder Court Apts. .	2,026.16	2,910.50	884.34
Wightman Apt. ....	766.35	1,091.36	325.01
Morrowfield Apt. .	8,158.41	12,059.37	3,900.96

#### MANUFACTURING PLANTS

Name	1925 Total Taxes	15.2 Old Plan Flat Tax	1925 Tax Saving
Westinghouse Elec. & Mfg. Co. ....	\$6,961.61	\$9,169.85	\$2,208.29
Pgh. Meter Co. ....	4,906.85	6,175.15	1,268.36
National Biscuit Co.	13,211.60	17,568.16	4,356.54
Hershey Bros. ....	5,416.13	6,311.80	895.67
A. J. Logan & Co. .	2,735.46	3,181.05	445.59
Liberty Baking Co. .	4,191.72	5,395.38	1,203.66
Beck-McJunkin Dairy Co. ....	6,463.48	7,490.71	1,027.23
Armstrong Cork Co.	10,087.25	11,989.76	1,902.41
D. L. Clark Co. ....	3,840.14	4,505.72	665.58
Alling & Cory Co. .	2,812.68	3,256.44	443.76

#### OFFICE BUILDINGS

Name	1925 Total Taxes	15.2 Old Plan Flat Tax	1925 Tax Saving
Oliver Building. . .	\$61,833.53	\$69,098.45	\$7,264.90
Frick Building. . .	48,516.00	56,057.60	7,541.60
Frick Bldg. Annex. .	17,270.18	19,921.88	2,651.70
Union Bank Bldg. .	17,246.19	19,623.18	2,376.99
Commonwealth Bldg.	14,103.18	14,793.24	690.06
Keystone Bk Bldg. .	8,915.21	9,419.29	504.08
Carnegie Building. .	25,769.25	26,926.80	1,157.55
Keenan Building. . .	10,202.40	10,688.64	486.24
Westinghouse Bldg. .	10,520.38	11,844.60	1,324.22
Bessemer Building .	16,592.75	18,443.83	1,851.08
Fulton Building. . .	20,286.44	23,033.02	2,746.58
Highland Building .	5,751.33	7,523.08	1,771.75

#### RESIDENCES

Name	1925 Total Taxes	15.2 Old Plan Flat Tax	1925 Tax Saving
Samuel Rattner. . .	\$ 85.80	\$112.48	\$26.68
Michael J. Feeney. .	366.60	452.96	86.36
John Lauterbeck. .	20.48	27.36	6.88
Marke Pupich. . .	34.13	41.80	7.67
Margaret Arensburg	242.39	306.73	64.34
Rose V. Kraching. .	346.13	440.80	94.67
Anna B. Miller. . .	54.22	76.46	22.24
William B. Rodgers. .	54.61	73.72	19.11
Mary V. Lee. . . .	22.82	32.08	9.16
Charles Masur. . . .	66.31	95.00	28.69

All taxes, other than land taxes, are a dead load on both labor and capital. It will never be known how great a measure of civic and industrial prosperity is really possible until the burden of taxation is removed from the personally-created values of industry and enterprise, and placed where in all equity it belongs, on the community-created values of land