

# Brooksider pushing land value tax plan



**FRANK E. NELSON**  
... seeks land-value taxation

By CELIA COHEN  
(Of the Post Staff)

A Brookside resident is trying to sell New Castle County on a different way to tax its citizens.

Frank Nelson, chairman of the Land Value Tax Committee of Delaware, wants the county to change its property tax so that landowners are taxed more heavily for their land, and less heavily for the improvements on it.

The average homeowner, said Nelson, "would see his taxes reduced." In addition, since landowners wouldn't be taxed heavily for land improvements, the new tax would encourage economic growth and development, he said.

Nelson, members of his committee and Dr. Steven Cord, a professor from Indiana State University in Pennsylvania, met last week with county council and staff to discuss the proposal, which is based on the economic analyses of Henry George, a 19th Century American.

After the meeting, County Executive Henry R. Folsom, Jr., called the concept "appealing."

"I would like to see the council become interested enough to explore it in greater depth," providing there wouldn't be much expense to the exploration, said Folsom.

For Nelson, the land value tax "seems so inherently right."

The current tax, he said, discourages growth, because a developer who improves his land faces higher taxes. In contrast, his land tax would encourage growth, because developers could make the best use of their land without incurring exorbitant tax rates, he said.

In addition, the land tax would discourage land speculators who hold out until the surrounding area is improved and property values go up, he said. With a heavy land tax, the speculators would be forced to pay their fair share of the property value

or sell, said Nelson.

The land tax would also discourage urban sprawl, said Nelson, since developers would be encouraged to build in areas of intensive use. In addition, builders wouldn't have to "leapfrog" over areas which have been held out of the market by land speculators, he said.

So with construction encouraged and urban sprawl discouraged, Nelson said he thinks the county should consider "uptaxing" land and "downtaxing" improvements.

But others see holes in the arguments -- particularly in Nelson's claim that urban sprawl would be reduced.

Both Peter M. Ross, county administrative officer, and Jane Aughey, executive director of the Civic League for New Castle County, which has also pondered the problem of tax reform, questioned how the land tax could encourage development where the county wanted it and discourage it where the county wants to preserve open space.

"I have not been able to get it into my head how this would reduce sprawl," said Mrs. Aughey, who termed the argument "soft soap" to sell the land tax.

Another problem, said Ross, would be that the county would have trouble determining which specific areas to encourage.

For example, there are 15,000 dwelling units projected for the Corridor land located between Rt. 40 and Interstate 95) that are being built at the rate of about 3,000 units a year, said Ross. The county would have trouble determining which 3,000 units it should encourage via a land tax, he said.

And Mrs. Aughey also said she saw the land tax as a possible help for industry and business, but not for residents, "when you consider the psychological or emotional factor."

For example, a marginal business could move if its state became more desirable and its taxes increased, she said, but with residents, "you don't want to have to move them as the taxes go higher and higher."

And Folsom, while encouraging the county council to review the concept, says he views the land tax with "intellectual skepticism."

The land tax could possibly work in Wilmington and encourage landowners to develop rundown areas, since they wouldn't fear increased taxes on improvements, he said. At the same time, Folsom said he wondered if undesired, undeveloped land would fall to the city by default as the taxes rose on them.

Nelson admitted "It's easier to see its immediate

benefits in an urban area," but added the county is a metropolitan area and "the concept doesn't stop at a city line."

Any change to a land tax

could be done on a gradual basis, he said.

But in the end, said Nelson, the change would result in "more tax equity for all."