

The reader's view-

Opinion

COLUMBIA MISSOURIAN

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Development,
not annexation,
can ease sprawl,
over-population

the editor:

Our "Urban sprawl plagues Columbia" article by James E. Ludvik, in your May 29 issue, Beth Mollard's article, "Tax reassessment costs to top \$1 million," in the May 28 issue deserve a response. James Ludvik's article is a good example of

confused economic thinking. On the one hand, he speaks of "uncontrolled population growth" in your city and on the other he raises the spectre of "the urban sprawl." "Uncontrolled population growth" indicates massive overcrowding, while "the urban sprawl" is in direct contradiction, meaning a significant migration outward from Columbia, thereby relieving the "uncontrolled population growth." Just which of the two does he mean?

True, Columbia, like most other cities, has "problems" connected with its population and providing services to its citizens. But the solution to those problems doesn't lie in such palliatives as imposing user fees to outsiders on the city's recreational and educational services, charging an earnings tax on salaries and wages of those working in the city but living outside it (remember that they produce, in the city, the exact equivalent of what they take out of it in salaries: Why penalize them for this?), requiring city employees to live inside city boundaries, etc. It does lie in the last of the "alternatives" to annexation Mr. Ludvik mentions: "Encourage the development of vacant areas inside city limits suitable for building."

Please have a look at the "Annexation study for the city of Columbia," prepared by city staff, First Draft, February 1980, in response to council Bill No. 500-79 and council Bill No. 77-80. You'll see, on page 9:

"Within the present incorporated city there is enough vacant, developable land, suitable for residential, commercial, industrial and institutional uses to support a population equal

to twice the size of Columbia's estimated total." And, "almost half of all the existing land (47 percent) was vacant and developable."

Further in the same study, you'll find, on page 15, the following: "It remains to be seen out of use. Instead, they'll have to put it to provide for incentives for developing this vacant land within the city."

Your obvious solution to Columbia's problems, whether "urban sprawl" or "over-population," or both, lies, you will find, in putting that "vacant and developable land" to its best possible use, via the simple incentive of taking, for the city treasury, the enormous value (unearned increment) of that vacant land. In other words, tax the vacant land so high as to make it unprofitable for its owners to keep it out of use. Instead, they'll have to put it to productive use, whether as businesses or homes or institutions, in order to earn enough from that land to minimize, relatively, the tax they'll have to pay.

A radical idea? Not at all. But you'll have to get your state legislators, first, to pass enabling legislation to permit jurisdictions to separate the "property tax" into its two logical components: 1) the land itself (not created or produced by mankind); and 2) buildings and other improvements (which are created by man). Then, start raising the tax on the sites (land) and lowering the taxes on the buildings and improvements, until all the taxes (property) eventually fall upon the sites (land) and none upon buildings and improvements. Logical? You bet. When you un-

tax buildings, people build buildings.

There's real precedent, too. Pennsylvania has had the appropriate enabling legislation for many years, and is gradually seeing its taxes go up and building and improvement taxes go down. Pittsburgh, as an example, now taxes sites at five times the rate on buildings. McKeesport, Scranton, Harrisburg and other Pennsylvania cities are rapidly catching up. And, in our nation's capital, enabling legislation is already on the books, so that in the foreseeable future you will find the Site Value Taxation concept implemented in Washington D.C.

While you won't be able to pass along to your readers the information I've attached, you find an article in the Winter 1980 issue of "Incentive Taxation," written and edited by Dr. Steven Cord, 580 N. Sixth St., Indiana, PA 15701. Its lead article, "Four Pennsylvania cities adopt incentive land tax rates," you will find, supports what I've said in the paragraph above. Your officers and readers should subscribe to this fine bi-monthly little journal, at nominal subscription fee. It will put you on the right track, and show you the ideal way to solve Columbia's economic problems, while at the same time, getting closer to the American dream of letting everyone who works keep all he (or she) produces. Annexation, you will find, will not solve the problem at all, but rather, will compound it.

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APPENDIX C