The following news items are a result of a speech by Perry I. Prentice, for 25 years Vice President, Time, Inc., and the showing of the Robert Schalkenbach Foundation's prize winning film, "One Way To Better Cities," at a luncheon meeting of the Chamber of Commerce of Metropolitan Saint Louis, July 22, 1971.

On the opposite side is a reproduction of an advertisement taken from the Saint Louis Globe-Democrat. We think it important to show our face in this way, our way of telling people of serious errors in both taxation-education and taxation-practices today. It revaals a wave of possible reform in both areas pointed out by prominent economists and others now making news and views in many places.

We are convinced that our Council has developed clear, sound and effective ideas and techniques of communicating them to troubled citizens that will do much to solve or greatly mitigate our taxation and social problems.

Noah D. Alper, President, Public Revenue Education Council

ST. LOUIS POST-DISPATCH
THURSDAY, JULY 22, 1971

Urges City To Change Tax Method

Major tax revisions to "let the profit motive help reverse the decline of St. Louis" were urged in a talk here today by Perry Prentice, a specialist in urban affairs.

Prentice, who was vice president of Time, Inc., for 25 years and formerly edited House and Home, a leading building trades magazine, spoke at a luncheon of the Chamber of Commerce of Metropolitan St. Louis at Stouffer's Riverfront Inn.

He proposed legislative revisions that would place no tax on land improvements and a 6 per cent tax on the value of the land.

"What you have here," the speaker said, "is not a shortage of land but a very costly and unnecessary waste of land."

Prentice served for three years on the United States Chamber of Commerce task force on economic growth and opportunity, and now is a member of the national chamber's urban and regional affairs committee.

"Here is a city," he said, "that has lost nearly a third of its population, a city that has lost hundreds of industrial plants, a city that is described as further down the road to total abandonment than any other city in the country—and still you tell me that land is not available.

"This is a paradox to end all paradoxes."

Prentice said St. Louisans seemed to think mistakenly that a low real estate tax by itself was good for the city. "You have been taxing unused, underused and misused land so lightly that you have harnessed the profit motive to leaving it unused, underused or misused," he said.

"Why are you letting what the Center for Community Change calls an urban ghost town pre-empt the very heart of what must be one of the two or three most accessible and therefore most desirable and potentially most valuable urban locations between the Alleghenies and the Rockies—our country's busiest freight and trucking center and the busiest river port of all?"

As a starter in tax reform, Prentice said, improvements should be taxed only a quarter as heavily as their location values, with the ultimate goal to be the elimination of taxes on improvements.

He said pressure should be put on the State Legisalture to permit "St. Louis to be the first city in America whose tax rate on the location values (land values) created by the community is not tied in any way to the tax rate on the improvement values created by the owners' investment."

There is no more reason for taxing land and improvements alike "than there is for taxing cigarettes and cigars alike or for taxing hard liquor and beer at the same rates," he said.

8A St. Louis Globe-Democrat Fri., July 23, 1971

City Is Advised to Tax Land, Not Improvements

By JAMES FLOYD
Globe-Democrat Staff Writer

St. Louis now has a low, misapplied property tax that leads to "unuse, underuse and misuse of land in the city," and something should be done about it, according to Perry Prentice.

Prentice, vice president of Time, Inc., and a member of the National Chamber of Commerce urban and regional affairs committee, spoke Thursday at a luncheon of the Metropolitan St. Louis Chamber of Commerce at Stouffer's Riverfront Inn.

Prentice is pushing for high taxes on land and little or no tax on improvements.

"YOU HAVE BEEN taxing unused, underused and misused land so lightly that you have harnessed the property motive to leaving it unused, underused or misused . . . You have in effect, been subsidizing blight, decay, slum formation and land waste by undertaxation," he said.

What you have here in your city is not a shortage of land but a very costly and unnecessary waste of land," Prentice said.

For immediate remedies, Prentice backed recent proposals by Comptroller John H. Poelker and Assessor Joseph C. Sansone.

The Poelker proposal calls for improvements to be taxed only half as heavily as land.

Sansone has suggested giving property owners partial or complete exemption for hikes in assessments on future improvements.

BUT PRENTICE urged the city to go further.

"Proceed with all deliberate speed towards the goal of no tax on any improvement and a 6 per cent of true value tax on location values. This would combine the carrot of tax exemption with the stick of a fairly heavy tax on the land," he said.

Prentice said the proposal would require "a complete reassessment of every property in St. Louis, reflecting the enormous change in property values that the impending tax shift would entail."

The new property tax would force landowners to put their holdings to the best use, he said.

THE "UNDERTAXATION" of today encourages landowners to hold their land without improving it and is "bad for land developers, bad for homebuilders, bad for mortgage lenders, bad for architects, bad for building product suppliers, bad for home buyers and bad for the community," Prentice said.

The practice—by encouraging decay—has now brought drops in land values "and is beginning to be bad even for homeowners," he said.

He has been pushing proposal since '23

Since 1923, Noah Alper has been the voice of St. Louis calling for tax reform based on taxing land.

"We feel what we have done is prologue," Alper, president of the Public Revenue Education Council, said Thursday.

The speech before the Metropolitan St. Louis Chamber of Commerce recommending property tax reform that includes taxes on land and not on improvements encouraged Alper that more and more people are coming to the land tax issue.

"It feels great," Alper, who has often been the almost lone voice for the land tax in the area, said.

"The tax on land can reduce the cost of government by making land inside the city limits more useful and avoiding urban sprawl and its terrible costs," he said.

Mr. Prentice's speech entitled "A Proposal to Get Saint Louis Going Again" developed TV and Radio news casts heard by many in the Metropolitan Area.

Reproduced by:
Public Revenue Education Council,
705 Olive Street, Room 309,
Saint Louis, Missouri 63101

(ADVERTISEMENT)

Attention Property Owners and Renters; and Students of Economics, Political Science and Sociology!

AT LAST! AT LONG LAST!!

AN EXTREMELY IMPORTANT TRUTH ABOUT THE PROPERTY TAX IS SURFACING!!

READ WHAT EXPERTS IN TAXATION AND INDUSTRY ARE NOW BEGINNING TO REALIZE AND SAY!

Dr. C. Lowell Harris, Professor of Economics, Columbia University, and Economic Consultant to the Tax Foundation says of the real estate tax:

"But this tax is really two. One, the tax on improvments, can be "horrible;" but the tax on land can be "one of the best." (*) and, he continues:

"The property tax needs careful re-examination by scholars, government officials, the voting public and the world of business. Its inequalities horribly distort the shape of the city and its environs. In its present form the property tax creates an incentive against quality. Its administration is often defective. Above all, it discourages private efforts in all but the most **profitable areas of our cities."** (*)

Dr. Robert Hutchins, President of the Center for the Study of Democratic Institutions, says:

"The real property tax, which is the main support of local governments, reflects and promotes every unsound public policy imaginable. **It encourages urban blight, suburban sprawl and land speculation. It** thwarts urban rehabilitation, construction investment in buildings and improving homes. **And it prevents orderly development and planning."** (*)

Prof. Dick Netzer, "Dean of the Graduate School of Public Administration, New York University, and author of a special property tax study for The Brookings Institution, summarizes the net effect, and offers an alternative approach:

"The present property tax, with its weight on im-provement, tends to discourage investment in new construction and rehabilitation. In contrast, a change to the site-value tax **will encourage its more intensive use."** (*)

Eugene W. Rostow, distinguished political scientist, describes some of the costly economic consequences **of the property tax:**

"The **property tax is one of the most influential** breeders of waste in the economy, inducing the movement of people from cities to suburbs in flows which involve the premature abandonment of huge capital resources in roads, sewers, fire stations, police precincts, houses, schools, electrical, gas, water and other **utilities."** (*)

Gene Brewer, President, Southwest Forest Industries, is critical of how the property tax impedes private **in**vestment in deteriorated areas:

"Drastic overhaul of property taxation is essential in order to rebuild cities. Its misapplication is the major roadblock to the flow of private capital into urban renewal. If an intimate of Bedlam had been told to come up with an inequitable tax system, he could not **have done better."** (*)

Dr. Carl Madden, Chief Economist of the U. S. Chamber of Commerce, summarizes the benefits to private enterprise and the country by property tax reform:

"There is no doubt that the failure **of private enter**prise to produce self-renewing cities can be blamed in part on the present property **tax.** And that given the proper incentive through its revision, the tremendous productive and financial capacity of this country could be channeled to help overcome **the urban** crises." (*)

Dr. Robert Hutchins again:

"To survive the challenge the crises of the cities poses to our democratic institutions, we must put our financial **as well** as our social morality to rights. We must not, for instance, continue to foul our fiscal nest so that future generations can no longer live in it or even want to live in it. As a very simple start, we could remove the tax from improvements and put **it** on the land. In this way, each man would pay his fair share of what the community is doing for him, and would not be punished for what he is doing for the community by putting his land to good use." (*)

Hon. Thomas B. Curtis, former Congressman from Missouri, in "Towards **A** Better Understanding of Urban **America,"** Joint Economic Committee, Congress of the United States:

"The property tax needs more understanding and certainly a lot of updating if we are to enjoy its maximum advantages . . . It requires an understanding that idle land—raw land—should be taxed at a somewhat higher rate than improvements on the land, so that **there will be an** encouragement to put land to its most productive use. The property tax **is the** one tax of all taxes available to government that is anti-hoarding and hoarding, I submit, is the basic sin to a productive economy."

A Resolution on Property Tax Reform by The Urban and Regional Affairs Committee, Chamber of Commerce of the United States, February 16, 1971 (and followed a month later by a similar resolution with only two dissenting votes by the Chamber's Construction Committee) says:

"We believe it obvious that heavy taxes on improvements inhibit and often prevent private investment in improvements. Conversely we believe heavier taxation of location values could put effective pressure on the owners of underused or misused locations to put their property to better use or sell it to someone who will.

"We believe that many businessmen have insufficient understanding of the harm today's widespread misadministration of the property tax may be doing in their communities.

"Therefore, the Urban **and** Regional Affairs Committee urges that the National Chamber devote all feasible resources **to** developing and using information materials to inform its membership of the costs and the alternatives to ineffective property tax systems."

The Danforth Foundation **and the City of St. Louis** collaborated in setting up **a** "Challenge of the '70's Task Force" to program **ten** years future growth of Saint Louis. Two of six sections, as part of the over-all goal to be sought, reported:

PUBLIC FINANCE: Specific Objective No. 1; "Revise the basis for assessment of the City Property Tax to emphaize the value **of** land and its location rather than the value of its improvement or use."

URBAN DESIGN: "2.2 Study the feasibility and desireability of shifting the basis of the property tax to the location value of land and removing the tax on improvements."

John R. Poelker, Comptroller, City of St. Louis, in an appearance before the Missouri State Tax Study Commission, declared:

"We should have different formulas for the taxation of land location and improvement-values." He recommended that "assessments on land be 100 per cent of market value while improvements be assessed at only 25 percent of their depreciated value."

NOTE: THE PROPOSAL TO UNTAX IMPROVEMENTS AND COLLECT MORE OF THE PUBLICLY CREATED AND PUBLICLY EARNED LOCATION VALUE OF LAND — NATURAL PUBLIC REVENUE—FOR PUBLIC USE MEANS STATE-WIDE URBAN, SUBURBAN AND RURAL HOUSING RENEWAL BY PRIVATE CORPORATE AND INDIVIDUAL EFFORT WITHOUT GOVERNMENT SUBSIDIES TO SOME AT OTHER TAXPAYER EXPENSE.

(*) From a brochure describing the Robert Schalkenbach Foundation's prize winning film: "One Way To Better Cities."

CIVIC ORIENTED ORGANIZATIONS: Contact Public Revenue Education Council to arrange for a **FREE** showing of the Prize-Winning Robert Schalkenbach Foundation film: "One Way To Better Cities." (16mm, Sound-Color; 29 minutes)

Write for information about our FREE two, 2-hour sessions course in the "Economic Science of Public Revenue." Form your own group, 15 to 25 people, or plan to attend a group formed by the Council.

Write or phone for the following FREE literature:—

"A Proposal to Get the City of St. Louis Going Again," a speech to **the Chamber** of Commerce of Metropolitan St. Louis on July 22, 1971 by Perry I. Prentice, for 25 years Vice President of TIME, Inc. and Publisher and Editor of House and Home, the world's largest building trades magazine and The Architectural Forum when owned by TIME, Inc. "Why Do We Ignore One of Economic Sciences Most Important Principles?;" "A Serious Economic and Social Defect in Missouri's State Constitution;" and two brochures containing items from "Realtor's Headlines" and "Land Planning and the Property Tax," by Dr. Mason Gaffney, Chairman, Department of Economics, University of Wisconsin; "Three Myths of the Property Tax" by former Missouri Congressman, Thomas B. Curtis and "Land Value Taxation" by Dick Netzer, Dean of the Gradute School of Public Administration," of New York University.

(ASK FOR ENVELOPE G-D 1171)

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SPECIAL FOR SEMINARY AND CHURCH TEACHERS AND STUDENTS OF THE BIBLE. Write for a free copy of "The Voice and The Tax Committee." Learn of a created natural law provision that makes possible a more efficient fulfillment of the SPIRIT and PURPOSE of the ancient "Year of Jubilee" in modern times. It is exciting to know that even this was provided.