

# LAND VALUE TAX COMMITTEE

OF DELAWARE

PROPERTY TAX REFORM TO HELP REMEDY ECONOMIC & SOCIAL ILLS OF OUR TIME

CONCEPT:

TAXING OF PUBLICLY-CREATED LAND VALUES MORE FULLY, RATHER  
THAN IMPROVEMENTS, WOULD BENEFIT THE ENTIRE COMMUNITY . . .

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## A Topsy-Turvy Tax System

WHEN I PUT some expensive improvements on my house, my real property tax goes up. If I let my property run down, my tax would be lower. I can't imagine a more inefficient and illogical way to run a community or a government.

Much of what we currently deplore as "urban blight" is the result of this topsy-turvy state of affairs. It encourages speculators, slum owners and absentee landlords. It discourages owners who want to improve their homes or their farms.

The real property tax is based on the market quality of the property. If I buy raw land and do nothing with it, waiting for the price to increase (as it inevitably must in our expanding population), I pay comparatively little in taxes. But the more I put into it, the more I must pay.

Under such an Alice-in-Wonderland system, it is hardly surprising that the nation's urban complexes are filled with blight, sprawl and greedy speculation; and that any program of urban rehabilitation, construction and development is hamstrung from the beginning.

But what if we took the tax off the improvements and put it on the land? Then nobody would be penalized for improving his property and adding to the value of the community; contrariwise, the incentive to speculate in land would be removed, and both the urban slums and the suburban sprawl would no longer pay rich dividends.

Every year our living, working and playing space gets more cramped and more expensive. The population explosion is driving more and more people from little towns into the big cities; and from the heart of the cities to the peripheries, where suburban slums are now springing up.

The whole theory and practice of our real property taxes cuts across the grain of American history and political economics. We grew strong and prosperous by encouraging people to own and cultivate their property, to make improvements, to add to the wealth of the community.

If we took the tax off the improvements—as we take the tax off other activities we want to encourage, such as charitable contributions—then the land-grabber would no longer get rich by sitting on his property until the need for space is so great that the potential buyers are willing to pay almost any price. And the speculator would no longer profit by squeezing the most housing into the smallest space, as so many of those shoddy suburban development firms have been doing.

Today the more a landlord lets a building deteriorate, the less he pays in real estate taxes, even though he may be making unconscionable profits by converting three apartments into 12. And the owner who wants to rehabilitate such a building pays a high premium for restoring the community value. Wouldn't it be exactly the other way around in a well-ordered society?

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