

# Mueller Pushes Plan: Tax Land Not Buildings

JEFFERSON CITY

**T**O REP. Walt Mueller, his tax-revision plan is "an idea so simple it is complicated." In the past, this has caused lack of understanding and attention, but Mueller is trying again this year.

Mueller, R-Kirkwood, has been trying to sell the Legislature the idea of letting cities change their property tax laws so that all or most of the tax is levied against the land, and not against the buildings or improvements built on the land.

The result of this would be an incentive to build and a disincentive to allow property to deteriorate, he contends.

That's a good theory, but time has passed it by, say opponents who are beginning to gather now that Mueller looks like he is getting his bill close to passage. Changing to a land tax after centuries of the present system would result in chaos, the opponents argue.

Mueller said the chief beneficiary of such a change would be St. Louis, yet the city has never made the proposal a part of its legislative program. He said Mayor Vincent C. Schoemehl Jr. had "said twice he would look into it, but never has."

The city government has understood and used for 40 years the urban redevelopment law, the so-called 353 Law, named after the number of its chapter in Missouri statutes. But Mueller says the city has never understood that his proposal, "the site value tax," would apply the redevelopment incentive to the entire city — or to any jurisdiction that adopted it.

Mueller explained that the idea was not really his. In fact, he said, it is more than 100 years old and belongs to Henry George, author of a book in 1879 on abolishing all taxes except a tax on land. A small but dedicated school of "Georgist" followers operates internationally.

Mueller's proposal is in the form of a state constitutional amendment. It does not seek to wipe out all taxes except those on land; it proposes only to shift the burden of property taxes from buildings and improvements to land.

With little or no attention, Mueller guided the amendment through the House in 1984 and 1985. It died on the Senate calendar on closing night in 1985.

The core of the concept is to make it more expensive to let land lie idle, Mueller said. "It encourages a land speculator to get his act together, or abandon it," he said. "If someone buys or owns a vacant lot, the property tax would go up to the point where they would want to either do something with it or sell it."

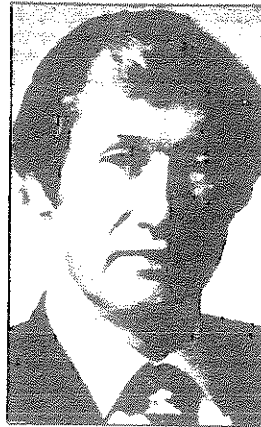
Many good things would flow from this fundamental change, Mueller argued.

All owners of homes and businesses would be encouraged to maintain and improve their property. There would be no penalty of having to pay a higher property tax for improvements, but there would be continuing high taxes if property was allowed to drop in earning capacity, he said.

The supply of housing could be increased, and the demand for public housing reduced, because slumlords

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— Walt Mueller



would be encouraged to maintain their holdings, rather than let them deteriorate.

Urban sprawl would be deterred, Mueller said, because owners of vacant city land would be encouraged to build on it instead of moving to the suburbs. Speculators would find it too expensive to buy suburban land and wait for the spreading city to increase its price.

This could even help revive mass transit, Mueller contended, because population density in the city would increase and the availability of downtown parking space would decrease.

One opponent of Mueller's plan argued it would have little effect on St. Louis. Rep. Francis M. Barnes, R-Kirkwood, said most of the vacant land in St. Louis already is owned by the city, and therefore Mueller's bill would produce no incentive to build on it.

"That is not entirely true," said former Mayor John H. Poelker, an advocate of the plan. "Not all the vacant

land is owned by the city. If the tax on downtown parking lots was the same as if they had a building on it, there would be an incentive to put a building on it."

If Mueller's constitutional amendment were passed in a statewide vote, it would require a majority vote by a city to put it into effect. It would apply only to first- and second-class counties, and agricultural land would be exempt.

At a hearing before the Senate Ways and Means Committee, Sen. Wayne Goode, D-Normandy, contended that if Normandy voted to use the new system, it would affect a dozen other taxing districts that include Normandy — school, fire, sewer, library, cultural, junior college and the like.

He said each one of them would have to change their property taxes for parcels of their districts lying within Normandy. He argued that this could raise or lower their tax revenue, or shift the burden of property taxes, although Mueller's bill requires that the change shall have no effect on revenue.

Charles Schneider, St. Louis County assessor, testified that with 200 taxing units in the county, "it would be an administrative nightmare. If this comes about, I'll resign."

Since Mueller's idea raises taxes on commercial and residential land, Schneider said it would increase property taxes for many taxpayers in St. Louis County, which has a lot of land area. "I'd probably be kicked out of office" before he could resign, Schneider said.

He and Goode said the state just spent \$150 million to reassess all property, and the job would have to be done again if cities began switching to Mueller's concept.

"If we had started with this in 1879, we probably would be all right," Goode said. "But to do it now, on top of all the taxing units we have, it's not going to work."

Mueller countered that no reassessment was needed. Only the tax levy is changed to fall more heavily on the land, and not the property occupying it. The adjustment "would be simple mathematics," he said. Land in the best locations would be taxed most heavily, he said.

Pennsylvania has the law, and Pittsburgh and four other older, industrial cities in the state are using the system with good results, Mueller said. Opponents submitted data contending that the results in Pennsylvania are inconclusive.

Mueller compares his proposal to the practice of declaring a neighborhood blighted and then granting tax abatement on the new property built in that neighborhood. Under the blighting law, or 353 law, taxes on the land are held at the level of the old property it contained, and taxes on the new property built on it are abated for 25 years.

Under the site value tax, there is no abatement, only the shift in tax levy so that most or all of it falls on the land.

Another difference, he said, is that instead of waiting for a board of aldermen to declare a specific location blighted, the principle is applied citywide and all property owners receive the same treatment without waiting for politicians to act.

## Meeting Friday On Land Tax

Site-value taxation — levying greater taxes on land than on buildings — will be discussed at a public meeting at 7:30 p.m. Friday at the St. Louis County Library headquarters, 1640 South Lindbergh Blvd.

Speakers will be former U.S. Rep. Thomas B. Curtis and Don Phares, an economist. The meeting is sponsored by the Public Revenue Education Council, a group promoting site-value taxation.

ST. LOUIS POST-DISPATCH Sun., Mar. 9, 1987

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# PUBLIC REVENUE EDUCATION COUNCIL

Presents

AN EVENING OF PROVOCATIVE FILMS  
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on the topic

## PROMOTING LAND DEVELOPMENT THROUGH SITE-VALUE TAXATION - A TAX REVOLT FOR PROSPERITY

films: 7:30 p.m.

8:00 p.m.

"For the Land is Mine"  
"One Way to Better Cities"

speakers: 8:30 p.m.

Don Phares, Ph.D. (economics, UMsl.)  
Hon. Tom Curtis (fmr. U.S. congressman)

7:30 p.m. - 10:00 p.m.  
Friday, March 13, 1987  
St. Louis County Library Hdqtrs.  
1640 South Lindbergh Ladue, Missouri  
(just south of Highway 40--across from  
Plaza Frontenac)

FREE AND OPEN TO THE PUBLIC  
FREE LITERATURE  
QUESTION & ANSWER SESSION  
INFORMATION: 773-7970

### background:

--From state wide reassessment for property taxes to St. Louis City's recent tax bind. Must public revenue be complicated and burdensome? No!  
Fair, simple and efficient taxation is possible, not only for our local community, but our state too. The success of SITE-VALUE TAXATION has been demonstrated in many U.S. cities and other countries. The benefits have been heralded by numerous political, business and consumer groups.

### synopsis:

Currently in Missouri property taxes for land and buildings are assessed equally. So improvements to your business or home will penalize you with high and complex taxes. Site-value taxation would increase the property tax on land and drastically lower it on residential and business buildings. Land speculation, slums, tax abatement and absentee landlords are reduced while a virtual renaissance in new development and building improvements is encouraged!

### update:

Now pending in a Missouri House committee is HJR37 and in a Senate Committee is SJR14. The bills would submit a constitutional amendment to voters. The amendment will basically allow cities and municipalities the freedom of choice to try site-value taxation.