

PROS AND CONS  
OF  
LAND VALUE TAXATION

A STUDY BY  
THE AFFIRMATIVE AND NEGATIVE  
SUB-COMMITTEES  
OF THE  
ERIE CITY COUNCIL OFFICIAL STUDY COMMITTEE  
APPOINTED TO INVESTIGATE THE MERITS OF  
LAND VALUE TAXATION FOR ERIE

PREPARED THROUGH THE COURTESY OF  
THE ERIE LAND TAX ASSOCIATION

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--STATEMENT OF PURPOSE--

During the month of April, 1963, the Erie City Council announced the names of a Special Study Committee to investigate the proposal that the City adopt the policy of basing the real estate tax on land value rather than on the total value of both land and buildings or improvements. Atty. John J. Held was named chairman of the Committee and the membership consisted of the following:

Paul T. Allen  
J. Robert Baldwin  
Harold Boehm  
John L. Corapi  
James E. Denhert  
Robert J. Kelleher

George E. Klemm  
James W. Logie  
M. J. Lynch  
Joseph P. Vigorito  
William E. Walker  
William J. Yuskovic

Two ex-officio members were named:

Chester L. Bukowski  
Assessor

Joseph M. Walsh  
Asst. to City Atty.

After a number of meetings had been held it was agreed in February, 1964, that two sub-committees would be named to bring in alternate reports. William E. Walker agreed to act as chairman of a committee to bring in an affirmative report. James W. Logie and M.J. Lynch were named to serve with him. J. Robert Baldwin agreed to act as chairman of a committee to bring in a negative report. Attorneys Robert J. Kelleher and Joseph M. Walsh were named to serve with him.

An affirmative statement was presented by the sub-committee in favor of making the change. It is in the form of questions and answers as supplied by the affirmative committee.

A negative statement was presented by the sub-committee against adopting the proposal. This statement is partially in the form of questions and partially in the form of observations believed to be valid by the negative committee. These are answered or commented upon by the affirmative committee in this report.

Opportunity was given the negative committee to answer questions in the negative and to give any comments deemed desirable in answer to the statements made by the affirmative committee.

All parties agreed to confine their discussion to the probable effects of applying Land Value Taxation on the City Tax only but to assume that the entire City Tax was to be on land. It was also agreed that all would confine their observations to the assumption that LVT\* would be applied on City property and not on any of the suburban areas. This action is legal now and permissive legislation goes only this far.

\*LVT will mean all City Tax on land value.

## PRELIMINARY STATEMENT

Before dealing with specific points raised we feel that a clear statement as to what Land Value Taxation is and how it is instituted would be essential to any understanding.

In at least two places the negative team refers to a land tax as a "double tax on land". This is entirely misleading and to our knowledge this is the only place where this phrase has ever been used to describe Land Value Taxation.

It is the current practice to assess both land value and building value then add the two together and base the tax upon the total. In Erie this has resulted in one-sixth of the total tax being collected from land and five-sixths from buildings.

In Erie, keeping our figures "round" for ease of handling, land assessments total \$60,000,000 and building assessments total \$320,000,000. The total assessment on land and buildings comes to \$420,000,000. City Tax revenue must total \$4,200,000. A 10 mill levy will raise this amount.

When instituting the Land Value Tax method all of the tax is borne by the land value of \$60,000,000. The \$320,000,000 of building value is disregarded. It therefore becomes necessary to put a 70 mill levy against land in order to raise the needed \$4,200,000. All that is necessary is for the assessor to multiply land assessments of individual parcels by .070 in order to ascertain the tax. It is a mathematical certainty that when all parcels throughout the city have been figured the total revenue will be \$4,200,000.

This means that the tax on a vacant lot assessed at \$1,000 would be \$10 under the present system but it would be \$70 under the LVT system. The phrase "a double tax on land" is meaningless here. The tax would be seven times as high on a vacant lot but it would be 50% less on a property where the land is assessed at \$1,000 and the building is assessed at \$13,000. Currently such a property would be taxed \$140, but under LVT it would be \$70.

By collecting the publicly created value of land, which always tends to attach itself to land and to reflect itself in the price of land or the rent of land, the city will no longer have to tax improvements. This then becomes an incentive tax. It tends to make land sites more readily available at reasonable rates and to spark new construction of all kinds. It would provide the economic motivation for all who are interested in building to do so bigger, better and sooner.

Questions and Answers Presented by  
The Committee Representing the Positive Position

1. IS THERE A MORAL AND JUST BASIS FOR THE CONSIDERATION OF LAND VALUE TAXATION FOR THE CITY OF ERIE?

"Only what is socially just is economically sound."

Basic rights of ownership are important. If our tax laws disregard natural rights of ownership, and if they sanction the claims of those who would appropriate for themselves what is not rightfully theirs, there is bound to be an accumulation of human reactions.

Our taxing authorities seldom recognize the distinction between the natural resources from which man draws materials, and the resultant forms of wealth, which are brought into existence by the application of labor to land.

Land is the technical name for all natural resources which are clearly independent of man and his products. The sea and air, the sun and rain, as well as that which is popularly known as land, are all included in the economic term "land."

Labor products are those things which have been produced by man. Only those things so produced, which fulfill some human need and have exchange value, can be called wealth. But we must learn to distinguish clearly between LAND, God's gift to all men, and WEALTH.

The average person has never been taught that the first step toward clarity of thought in economic matters is to make a clean-cut distinction between those things which are God-made and those things which are man-made.

Before any correct principle of taxation can be developed, this separation must be made and kept constantly in mind. Taxes produce diametrically opposite effects when levied against natural resources as when levied against labor products.

Obviously there can be no wealth without the use of land. Neither can there be any wealth apart from the application of human labor. Land is not wealth and to say it is wealth because socially created values attach themselves to land is to start a long process of confusion which becomes more confounding as time goes on.

There is no better way to determine the rights of ownership than by the test of production. If a man has produced something by his own labor, he has a right to think of it as his own, on condition that he has fulfilled proper considerations in acquiring the raw materials from which that thing was produced.

No man can produce land. No man therefore has a clear claim to be the exclusive owner of land including all the values which society creates and which attach themselves to

land. There is here a clear danger of becoming entangled in misconceptions for it is important that men be given the right to use land and to be protected in the right to improve land and in the right to claim personal title to the improvements, which they place on land.

As a community grows land values increase. No individual by his own effort does more than contribute a tiny share to the increase of land values. He is therefore not justified in claiming more of those values than he has been responsible for producing.

Since the natural right of ownership rests back upon the act of production the recognition of this right should be as inviolate by the state as by any private individual. The state should not claim as its own that which is produced by its individual members, at least, until it has first collected the publicly created value of land. It should not be necessary for the state to lay claim to any privately produced wealth until it has exhausted the revenues which can be derived from the community created value of land. This it is correctly entitled to claim because the government represents the people and they, the people, created the values.

Our failure to understand the precise nature of land as distinguished from labor products is at the bottom of much of the deviltry that is loose in the world. The states have used their taxing power to rob the producers of wealth of their production because they failed in the first place to collect the publicly created value of land. This in turn set the stage for the producer to be robbed a second time by the high rents and high prices demanded for land. If we have the will to correct this basic wrong a host of evils will be dispersed.

2. IS THERE A LEGAL BASIS FOR THE ADOPTION OF LAND VALUE TAXATION IN THE CITY OF ERIE?

All cities, towns and boroughs in Pennsylvania take their taxing order from the State Legislature. The basic law relating to real estate taxes in all Third Class Cities is known as "The Third Class City Code." It was passed June 23, 1931. This code was reenacted and amended June 28, 1951 (P. L. 662) and amended again March 15, 1956 (P.L.1283).

The Erie Land Tax Association has prepared a brief account of the amendments to this code and this may be obtained by anyone upon request. (Copies have already been given to members of the Official Study Committee.)

In substance the portion pertaining to the possible use of land value as a tax base is this: By action of the City Councils of Third Class Cities it may be directed that buildings or improvements may be taxed at different rates than land and if a Council wishes to increase the tax on land value and decrease accordingly the tax on improvements, it may be free to levy as high a millage rate on land value

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alone as would be necessary to raise the maximum revenue permissible by law when levied against both land and buildings alike.

3. WILL LAND VALUE TAXATION MAINTAIN AND SUPPORT THE CITY OF ERIE?

Yes. We have already explained how city taxes can be raised by a levy against the total value of land. Under this arrangement all buildings and improvements, both present and future, are untaxed.

This process of securing the city revenue is referred to as collecting the economic rent of the unimproved land. If a realistic assessment of land were to be made so that all land was assessed as if it was unimproved in the midst of improved surroundings there would be far more economic rent available than would be taken in taxation by the City.

4. WILL LAND VALUE TAXATION TEND TOWARD THE IMPROVEMENT OF RESIDENTIAL PROPERTIES IN ERIE?

Yes. The land to building ratio on homes in Erie is 1 to 8. Therefore most of the homes in the city will enjoy reduced taxes, and this, coupled with the tax exemption on buildings, will tend to encourage property improvement.

Nice homes are important to most people. Even today with land costs as high as they are and taxes on improvements acting as a constant deterrent people go out and buy large lots and pour as much quality as they can afford into the house despite the fact that taxes on expensive homes are a constant annual drain. It is not that taxes are a matter of indifference but that a nice home is an object of strong desire.

If they understood that they could build more extensively and with more expensive materials, without suffering any increase in the tax, it is obvious that this would be sufficient motivation to build bigger, better and in most cases, sooner.

Rental properties will surely be improved. Not all owners would seize upon the opportunity but a percentage certainly would. These would attract renters at better rates and those who were reluctant to improve their properties would run the risk of losing their tenants to those who did improve.

Should Erie adopt Land Value Taxation there would be a rash of improvements of all kinds. The increased value of buildings throughout the city would enable the School Board and County to reduce their millage rates.

5. WOULD LVT TEND TOWARD THE GRADUAL IMPROVEMENT OF PRESENT INDUSTRIAL PROPERTY?

Since the average ratio of land to building values in industry are about 1 to 9, practically all industries will enjoy reduced tax bills. This question answers itself when it is observed that under LVT the taxes would be smaller than currently and any additions to plant or facilities would not increase the tax as it does now.

Older industries would be free to improve their facilities and this being so it is almost certain that such plants would do their expanding in Erie.

If industries in search of new locations were able to put up a building without paying any tax to the city for the plant they would find such an opportunity extremely attractive.

6. WOULD LVT TEND TOWARD THE GRADUAL IMPROVEMENT OF DOWNTOWN COMMERCIAL PROPERTY?

We now come to the most difficult aspect of LVT. It is obvious that we cannot blithely say "Taxes will be reduced in the downtown area, therefore--" The exact opposite is true. Except on those properties where the building value is in excess of six times the land value the taxes will be raised.

Under LVT most of the downtown commercial properties will have to pay higher taxes than currently. This always happens. It is because the buildings are old and they sit on very valuable land, so that the average ratio of land to buildings is sometimes as bad as 1 to  $\frac{1}{2}$ . For example--Land, \$20,000--Building, \$10,000.

Need we remind our readers that most of the buildings that have been renewed on State Street in the past thirty years were the result of fires. The great majority of buildings along State Street are completely obsolete and we are in the final stages of a process which is moving toward the final demise of the area. As fast as leases come up for renewal people are walking out. Even today it is almost impossible to find anyone to rent between 10th to 12th once a site is vacated.

But the pickings are still good for the high land value areas from 7th to 10th. These buildings have a few more years of high rent in them and the people who deal in this type of property are finding the profits very attractive. In due time however the leases will run out here and so will the tenants. Meanwhile there are high profits to be made and because the time is short the terms will have to be on a high interest basis.

It is a general rule that where you have a good building and a class A tenant that the rents will represent a 20-year schedule of return. As the declining property attracts the irresponsible firm or family the rents will represent as low as a five year schedule of return. Slumlords always expect to get their money back in five years and they usually do.

In discussing residential and industrial properties we have indicated that the taxes under LVT will be lower than currently and this coupled with the reduction of taxes on improvements is bound to spark much new construction. However, taxes on old commercial properties will be considerably increased and even though taxes on improvements might be reduced can we say with confidence that it will all work toward the gradual improvement of the area?

Our conclusion is not so obvious but let us state a few basic concepts. It is the purpose of LVT to encourage individuals to invest in capital goods and to increase the overall production of wealth. When dealing with a purely consumer situation such as that of a homeowner it is axiomatic that a lower tax bill, coupled with a reduction of taxes on improvements, is bound to encourage further investment and to increase the supply of wealth.

The situation in the downtown commercial area is a bit more complex. History proves that downtown commercial areas tend toward decay. There are factors at work here which cause decay and blight even as suburbs are being beautified. Would any change in the taxing system be great enough to have a positive effect toward improvement?

In discussing this problem let us set aside the whole idea of Urban Renewal a la the federal government. Not that this CAN actually be set aside but let us do it here for purposes of discussion as we deal with this question.

Let us also for the moment think in terms of complete and total LVT. Not that this is possible but in dealing with the question the answer comes out clearer.

Now, let us go back just three or four years and pick up the assessments on an old but very valuable property at 8th and State. It consists of two stores located in an old three storied building which long since had paid for itself and was probably being carried on the books for \$1.00. We will identify the properties as 802 and 806 State Street.

	Land	Building	Total
Assessments on 802 were,	\$126,400	\$36,430	\$162,830
Assessments on 806 were,	61,800	20,160	81,960
Total Assessments:	\$188,200	\$56,590	\$244,790

Even at that time the assessment on the land was far too high. All land assessments on State Street were too high. The City allowed them to be set at that figure not because the land would bring that much on the market but because the rental incomes from these properties were high, and since the buildings were so near worthless it seemed to be justified in order that the city might realize a reasonable amount of revenue. Under such conditions the chance of anyone renewing such a property voluntarily was nil. The threat of increased taxes on any new building would give wings to every cent of profit.



We know that readers are interested in simple statements without having to bother with detailed computations so we will state in simple terms about what would happen if a land-owner did elect to put up, say a five story building. As things stood then he could sit tight and do nothing, collect the rent and let the future take care of itself. He could probably figure an annual income which would pay 6% on his investment and have anywhere from nine to twelve thousand dollars profit.

But if he were to build that five story building for \$300,000, and had the building proved rentable, which is highly doubtful, he might have been able to clear 6% on his investment and have a possible one or two thousand dollar profit besides. This is simply not enough to motivate a person to assume the fret and worry involved in such a venture.

Now let us assume that complete and total LVT is put into operation. One of our first duties would be to boil the fat out of the land assessment. It would have to be cut down to a realistic figure, not only draining out the deliberate addition by the city but what we call the "speculative advance in rent" as well. By speculative advance in rent we mean that part of a land price that is impossible to justify by one year's earnings. Currently all commercial sites are sold with the expectation that the buyer will be willing to pay an "exploitive price," that is more than the land is actually able to return at its present earning power. The buyer may be willing to pro-rate his loss in earnings over a period of years just to get complete control of the value already there.

All speculative advances in rent have to be drained out of a land assessment under LVT. This is especially true of commercial sites. If this is not done the tax will be excessive. For this reason a total land assessment in this case would be more nearly \$60,000 rather than \$188,200.

According to our calculations an owner operating under total LVT (City, School and County taxes all on land value) could build a building five stories high, run a very good chance of being able to rent it, and clear 6% on his investment, and come out at the end of each year with a profit of from \$18,000 to \$22,000. He would have a good income producing building and his annual profit would at least be respectable and worth assuming the headaches involved.

But all this is out of the question. We review the possibility only to show how LVT might work under proper application. Our next question would be, could the amount of LVT now possible work any miracles of renewal? Our answer is, No. You cannot expect to revamp an area as far gone as State Street with only a portion of LVT at work. Taxes would have to be paid on buildings to School and County authorities and the savings affected by LVT on the City Tax would be insufficient to untie the hands of the builders. Only some enormous action such as urban renewal or a moratorium on taxes on new improvements clear across the tax board would hold any promise of success. Chances of this happening are nil.

We are therefore prepared to admit that the amount of LVT now possible does not provide sufficient economic motivation to reset the stage on State Street. But we would eagerly and insistently point out that the adoption of a land based tax now would greatly enhance the prospects of finer buildings going up under an urban renewal push.

7. WILL LAND VALUE TAXATION AID IN THE ELIMINATION OF SLUMS?

Yes. We have checked the figures in Erie. Where a house is well maintained, even though it may be old, the taxes are usually a bit lower under LVT. Where the property is in a run-down condition, which is generally the case when the house is being rented, the taxes are a bit more under LVT. The wider the variation in the before and after figures the more will be the likelihood that improvements will be made on the property.

Land values will begin to go up in slum areas because a percentage of property owners will immediately take advantage of the tax exemption on improvements. As the values go up and the assessor can legitimately boost the assessments on land the owners, who were reluctant to improve their places at first, will be obliged to do so in order to get tenants. Gradually the built-in pressure toward improvement will result in slum elimination. The more land value taxation that is in effect the more rapid will be the tendency.

8. WILL LAND VALUE TAXATION ENCOURAGE NEW INDUSTRY TO COME TO ERIE?

Industry is not generally complaining about real estate taxes. There is very little comprehension as to the possible effects of a land based tax. More complaints are directed toward other kinds of federal taxes such as capital gains and excess profit taxes.

When industries realize that they can build new plants or make extensive improvements on their facilities there will be a much more pronounced tendency to reach out for the advantages of LVT.

News of such opportunities will spread fast and any city that has the courage to adopt LVT will find itself basking in a new limelight. Production costs will be reduced and where competition is a big factor LVT will make possible the shaving of prices in favor of the plant in the LVT area.

19. WILL LAND VALUE TAXATION INCREASE EMPLOYMENT (JOB OPPORTUNITY) IN ERIE?

Every time a new industry comes to a town a great deal is made of the numbers of people who will be added to the work force. With new industries coming into an area increased employment will be automatic.

It is however the building industry and the many related manufacturers, that will feel the most stimulation under LVT. News of such activity will spread and the tide of population will turn toward the LVT community. As they come, first to build new buildings for native landowners they will stay to help build the new homes and businesses which their own coming had prompted.

Always, when a community adopts LVT the flow of population and subsequently the flow of capital is toward the LVT community and away from those areas that are stuck with the current system. Production costs for new housing are reduced and production costs for all manufactured products will also go down.

It is a well worked out formula that when 100 families come into a community there are 160 new people needed to supply their economic needs. This is the kind of a non-vicious cycle that a community dreams of being "caught up in".

10. WOULD THE VALUE OF REAL ESTATE (TOTAL VALUE OF LAND AND BUILDINGS) BE ENHANCED BY LAND VALUE TAXATION IN THE CITY OF ERIE?

Land value is always affected by building value. Where buildings are poor land is cheaper and vice versa. In assessing the unimproved value of land, which is what an assessor must do under LVT, he imagines the site which he is assessing as being vacant and unimproved land. His assessment will be determined by the kinds and quality of the buildings surrounding that piece of land. The building on the site being assessed is not a part of the assessment process.

As the tax exemption on buildings tends toward the improvement of an area the land values in that area are bound to rise. The resulting tax is as nothing in comparison to what the increase in tax would have been under the current system.

11. WOULD LAND VALUE TAXATION TEND TO STIMULATE THE BUYING AND SELLING OF ALL KINDS OF PROPERTIES AND SO STIMULATE THE REAL ESTATE BUSINESS?

We predict that immediately upon the adoption of a land based tax the entire real estate business will suddenly come alive. Vacant land in the city will be viewed with a new and compelling interest. The prospect of enjoying a home in an area where buildings are untaxed will stimulate the buying of vacant land. Fortunately there is still a lot of good vacant land within the city limits.

Hundreds of people will begin to think in terms of improving their business sites. Many will find that new sites are now available and as they are able they will move up to better and more productive locations. Land prices will not suffer so much that those who have such sites will lose money in the transfers. Land prices will not increase because of the new interest in all kinds of business sites.

Many who own potential business sites are currently able to outwait the market and to demand a price in which a considerable amount of speculative rent is involved. By this we mean that amount in excess of the current earning power inherent in the land which a buyer has to pay in order to become the owner of his own business site. He knows that he will be having to share his future profits with the seller for some time to come. These he will pro-rate over a period of years but in order to eventually own the site he must pay the piper. The piper under LVT will have misplaced his flute.

Many property owners, despite the fact that they will have to pay no taxes on possible improvements, will not want to bother with making improvements themselves. These will be seeking buyers and real estate listings are bound to increase. In all probability there are not enough real estate men in Erie to handle the increased business that will result.

12. WILL LAND VALUE TAXATION TEND TO INCREASE THE NUMBER OF HOMEOWNERS IN THE CITY BY MAKING HOMEOWNING MORE ATTRACTIVE?

There are many people in Erie who are renting for the simple reason that the tax climate is so bad. Many who own homes are wishing they could unload them because taxes are high and going higher. Their numbers are increasing. If no change is made they will be forced either to pay the higher taxes or accept lower prices for their homes.

With tax exemption on all buildings and all improvements such as blacktopping, landscaping, garages and even swimming pools the urge to buy a home will be felt by many who are now renting.

People of limited means do not enjoy being cramped into close quarters. They would like space to move about in their homes as well as do people of means. When taxes are removed from buildings all can avail themselves of such advantages within the reasonable limits of their financial ability.

13. WILL LAND VALUE TAXATION REVERSE THE TREND OF POPULATION MOVING FROM THE CITY TO THE SUBURBS?

One of Erie's most acute problems is the movement of taxpayers away from the city into the suburbs. LVT will arrest this trend which is now in full swing. This trend causes those who remain to pay more taxes. Homeowners inside the city will be obliged to take less and less for the homes they will be wishing they could sell.

Not only will LVT stop the trend but it will reverse it. New people will come into the city to help share the tax load.

Under LVT the tendency of some areas to deteriorate will be arrested and the opportunities afforded to improve old run-down neighborhoods will cause the trend to be reversed. Under current conditions certain areas begin to slip and the acceleration toward decay becomes positive. Under LVT there is very little chance of slippage taking place anywhere.

14. WILL LAND VALUE TAXATION TEND TO INCREASE THE NUMBER AND QUALITY OF NEW HOMES IN THE CITY OF ERIE?

A yes answer to this question is so obvious that one scarcely needs to enlarge upon it at all. Remember that there are always families who are moving up the earning ladder. Families are larger, children are growing, and the old house is too small in view of the additional income now being enjoyed. These will be planning new homes. How could anyone answer this question in the negative? Would not they be influenced by the

fact that they could build better and bigger than they can currently. Let us move on to more obscure aspects of the study. (For question # 15 please turn to back of this page.)

16. WILL LAND VALUE TAXATION BE BENEFICIAL TO THE PERSONS PURCHASING AND IMPROVING LAND IN URBAN RENEWAL PROJECTS?

The answer to this question should be so obvious as to need no further comment. In the next few years there will be many new buildings planned in Erie. If LVT can become a reality before these plans are perfected the results of urban renewal will be vastly greater than they will be if Erie turns a deaf ear to these possibilities.

17. IS LAND VALUE TAXATION WORTH TRYING IN ERIE?

That we think so is certain. The decision of this City Council appointed committee is important in hastening the adoption of this tax policy. We believe that a positive recommendation by this committee will set the stage for action. Without wishing to appear melodramatic we believe that the future of America lies in the balance.

America is in the throes of all kinds of violence and it is going to get worse. There are so many people who have been disinherited in this country that the government is going to have to heed their insistent demands for more give away programs. They will be numerous enough and able to enlist enough sympathy to stand off the growing segment which opposes this kind of thing. There is a law of secondary returns involved here. What will the breaking point be? Who knows? All we know is that this all leads to a false security and false security is insecurity itself.

We need to readjust our thinking and behavior toward the colored race but back of the civil rights battle lies the fact that there is a poverty belt in which whites, blacks and minority groups are all involved. There can be no real solution to the civil rights problem without an all out war on poverty itself, a war that will never be won by more of the same kind of give-aways that has characterized our actions to date.

It seems to the negro that society is singling him out and there is a strong tendency to keep the majority in the poverty belt. We refuse to let them break out and compete on free and equal terms. A few gifted and talented have done it but most of the race is doomed to stay in this poverty belt which has no business existing in the first place.

All men should find it possible to have the good things which this age affords. Let us guarantee to all who live with poverty a chance to become self reliant. Let us see that they have the means of life which come from good useful work rather than the sops of an affluent society that is ashamed to allow human beings to die of hunger in the streets, but is willing to foist upon them the slow denial of life which poverty breeds.

Constant steady employemnt is what all men need. Work ably done and competence in doing worthwhile things is what really gives dignity to men.

We have canvassed the entire field and are now convinced that Land Value Taxation is The Key.

End of Positive Statement

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Question No. 15 was inadvertently omitted. We include it here.

45. WOULD LAND VALUE TAXATION MAKE COST REDUCTION AND ECONOMIES POSSIBLE IN THE SERVICES RENDERED BY PUBLIC AND PRIVATE ORGANIZATIONS?

All community services will be cheaper and easier to render under LVT. Delivery trucks, electric, gas and telephone lines, sewers, streets and even the paper boys will save because vacant areas have been filled in with service users.

With land fully utilized businesses of all kinds will enjoy a more solid clientele. Social organizations such as schools, churches, clubs and recreational facilities such as parks, theaters, bowling alleys will be more profitably operated.

Small businesses will have taken advantage of better business locations and all in all the productive power of the community will have been powerfully enhanced.

QUESTIONS POSED BY THE  
COMMITTEE REPRESENTING THE NEGATIVE POSITION

1. HAS INDUSTRY MOVED FROM THE ERIE MARKETING AREA BECAUSE OF HIGH REAL ESTATE TAXES?

We know of no such case. Conversely industry is not encouraged to move into Erie although such a tax attraction is now legal.

Industries move for various reasons. Since the taxing system is the same outside of Erie as it is inside there is no basic reason why a firm should leave Erie because of taxes.

Sometimes huge industrial plants are located in small taxing areas. The industry may draw its employees from a larger neighboring community but local tax needs are relatively low. In taxing both land and plant alike a community might get from the industry enough to provide a sizable tax break for all its residents. This is how it is in Lawrence Park. General Electric pays approximately \$250,000 less than it would if it were located in Erie.

Under LVT Erie could offer a basically different tax climate. A firm could buy land at more reasonable rates and the City would not levy any tax on plant facilities. This would tend to attract more outside firms into the taxing area. If the entire real estate tax were on land value in Erie and if the General Electric plant were in the Erie taxing area they would save \$300,000 annually on their present \$600,000 tax bill. There are currently no requests for annexation on file!

2. ASSUMING THAT THE SAME NUMBER OF TAX DOLLARS MUST BE COLLECTED BY THE CITY, WHAT GENERAL CATEGORIES OF PROPERTIES WILL PAY MORE TAXES AND WHAT CATEGORIES WILL PAY LESS TAXES?

In comparing current taxes with projected land value taxes one has to remember that any property having a land assessment which is more than one-sixth of its building assessment will be obliged to pay more under LVT than currently.

Properties having old and run down buildings, but located on fairly valuable land, will almost always pay more under LVT.

Owners of small homes, which are reasonably well maintained, will pay less under LVT.

Generally, owners of good homes that are well cared for and located on average sized and average priced lots will pay substantially less under LVT.

Manufacturing plants, with very few exceptions, will pay less under LVT. Savings will range from \$100 to \$50,000.

Owners of good homes, even though they may have a vacant lot adjacent, will usually pay less than before.

Poorly maintained properties, such as some on State Street, will draw substantial tax increases because the land is exceptionally high in value.

Wherever a landowner has put out relatively large capital funds for improvement purposes and has received a corresponding increased assessment he will find his taxes reduced.

3. WHAT WILL BE THE CITY'S COST IN SETTING UP THE LAND TAX SYSTEM?

Basic costs will be minimal. There is no reason why the present staff could not reassess the land according to an agreed upon pattern. Once this pattern is understood it will be a relatively simple matter for an experienced assessor to properly evaluate land.

Greater care would have to be taken by assessors to bring all land assessments to a proper level so that one area is not being assessed relatively more than another area. True market value of land must be the base-line in calculating all land assessments.

4. WOULD IT NOT BE NECESSARY TO MAINTAIN THE PRESENT TAX SYSTEM FOR THE BENEFIT OF THE SCHOOL TAX?

Yes, it would be necessary to maintain the present tax roll since under present Pennsylvania State law School Taxes must be raised in the conventional manner.

5. IN THE EVENT THAT THE CITY, LIKE MANY COMMUNITIES, HAS ADOPTED A COUNTYWIDE TAX ROLL, HOW WOULD THE LAND TAX METHOD BE INTEGRATED INTO A COUNTYWIDE ASSESSMENT AT SOME FUTURE DATE?

This presents no problem at all. If the city is authorized, as it now is, to base its tax upon land value, all the clerks in the assessment office would have to do would be to disregard the building values and figure the tax by multiplying an agreed upon number of mills against the land value of all properties within the city. This could be done now if City Officials were willing to accept County Assessment figures.

If such a practice were followed the same care should be taken by County assessors to bring land assessments either up to or down to market value. All land assessments thus made would become part of the School and County tax rolls. This procedure would be advantageous to all paying School and County taxes, especially if the final land assessment turns out to be forty or fifty ~~thousand~~ million dollars more than it would have been otherwise. A lower millage could be used on School and County levies and all taxpayers would pay less penalty for new construction under School and County taxes.



6. IN A CITY WHICH IS ALMOST 80% BUILT UP, WOULD THE BENEFITS OF THE LAND TAX METHOD BE SMALLER THAN IN A COMMUNITY WHICH, LET US SAY, ONLY 30% OF THE LAND HAS BEEN USED?

Not necessarily. LVT would be very beneficial for a new and growing community. The fact that a no-tax policy on buildings was in effect from the start would certainly motivate many to put up better buildings than they otherwise would have done. This would make for a finer looking city. However, in a community as old as Erie there are vast areas where one might say that the land is virtually vacant. Buildings are old and have long since paid for themselves. They may have use value but they no longer have any book value.

Under LVT hundreds of properties would be renewed. At first this would happen to only one-tenth of the old buildings the very fact that this percentage of buildings were renewed would provide pressure on another one-tenth to do likewise the next year. The newer buildings would attract the rental trade and property owners would have to renew their places to get tenants.

That area which we call the business district perimeter and which is now dying of dry rot will be given a sudden shot in the arm. The change would not be immediate if LVT was applied only on the City Tax but it would be progressive and in due time a great change would be noted wherever buildings had been allowed to fall into decay.

Erie is already a sizable town. The vacant properties on the edges of the city which have been passed by in favor of farther out residences would now become the object of wide interest. Hundreds of people in a town the size of Erie are always thinking of building some kind of building. If these hundreds were to concentrate on land in Erie the action might be much faster than that which would be experienced in a town that was growing and which had only 30% of its land occupied.

7. WOULD NOT THE LAND TAX METHOD BE IN EFFECT INVOLUNTARY CONVERSION WITHOUT THE BENEFIT OF CONDEMNATION AWARDS?

No. These words have no meaning under LVT. A man holds title to a piece of land. The government simply requires that he pay a tax on the land in keeping with its value. If the building is rundown and the resulting tax is higher than before, the owner can now improve the property in any way without additional tax.

No property owner is involuntarily forced to convert. He can let his property rot if he likes but this would not be wise for he can only make his property pay by investing in some capital improvement. If the City exempts all improvements that is reward enough. If a landowner does not choose to improve his property he will receive no reward.

8. WOULD LAND VALUES INCREASE OR DECREASE UNDER THE LAND TAX METHOD?

Land values always increase under a land tax system. The reason is that there is a constant built-in pressure toward property improvement. As better buildings are constructed land values in such areas are bound to increase.

It should be borne in mind that as land values increase the City should collect these community created land values into the public treasury and expand and improve community services.

9. ARE SOME OF THE ADVANTAGES OF THE LAND TAX METHOD DIMINISHED BY RESTRICTIONS SUCH AS ZONING, REQUIREMENTS SUCH AS 50% LAND COVERAGE, PARKING REQUIREMENTS, BUILDING HEIGHT REQUIREMENTS, LIGHT AND AIR REQUIREMENTS, LAND USE REQUIREMENTS, AND SO FORTH?

No. All such restrictions are made in order to protect all property owners in particular localities. These are socially conceived regulations and if disregarded under LVT the results would be fully as disastrous as they are currently. Good zoning regulations are essential for proper land use.

People sometimes leap to the conclusion that under LVT land would prove harder to come by and that there would be a tendency for all land users to restrict their use of land in order to enjoy a lower tax. This is not so. Under LVT both individuals and civic bodies will find land easier to assemble for specific purposes. The price will be lower and the tendency will be to secure all the land necessary to properly enhance the operation.

10. IS THE LAND TAX METHOD BASED UPON PEOPLES' ABILITY TO PAY? IF NOT, WOULD THIS WORK A HARDSHIP ON PROPERTY OWNERS WHO FOUND THEMSELVES IN TEMPORARY FINANCIAL DIFFICULTIES?

No. All those who understand and believe in the principle of land value taxation strongly repudiate the "ability to pay" theory of taxation. A land value tax is based upon the "service rendered" thesis. A piece of land has value because of what the community has done to make it valuable. Such services are not only rendered by the City Government but by the combined activity, — business, social and cultural, of the entire community. In paying a tax based upon the true market value of the land an individual pays without regard to "ability to pay". Whatever ability he has with which to pay the tax is determined by the productivity of the land itself.

As for the LVT system working a hardship on property owners who might be in temporary financial difficulties, we say, No. It would not. If the assessment is

right the value will be there. If the value is there credit should be available if improvements have to be made.

If a majority of people in an area are unable to pay the required tax and still make a reasonable profit this would indicate that the assessments are too high and should be lowered. If one individual is unable to pay the tax and still make a profit it would indicate that he might not be putting the land to its best use. He might be in the wrong kind of business for that area or it could mean that he was just plain incompetent.

Two men own adjacent properties. The tax is the same for each. One man makes much more on his land than the other. This is no reason why he should pay a higher tax. A government cannot make a judgment or it cannot pass out any special favors to the man in the wrong business or to the incompetent. Such a person must reorder his affairs or sell the land to another.

11. IS NOT THE ADVANTAGE OF THE LAND TAX METHOD LIMITED TO THE NEEDS OF A COMMUNITY? FOR EXAMPLE, IN ERIE WE DO NOT NEED A BUILDING THE SIZE OF THE EMPIRE STATE BUILDING.

People who own land must use good judgment in the ways they choose to use their land. In Erie, a building the size of the G. Daniel Baldwin building was too large for Erie at the time it was built. The builders discovered this much to their chagrin. Another such venture might well lose money for one operating under LVT.

We will say this, however. The chances of being able to make such a project pay under LVT is greater than it is currently. The positive pressure of this system should ultimately create a demand for more offices. This would encourage more people to invest in such buildings but all businessmen have to be careful about expanding beyond the needs of the community.

12. SHOULD NOT TAXES BE SHARED BY PEOPLE IN A COMMUNITY ACCORDING TO THEIR ABILITY TO PAY SUCH TAXES?

No. This is Marxian Socialism. Those who ask this question do not really believe in this idea. "From each according to his ability to each according to his need" is the classic expression. This has a sweet Christian ring to it and sometimes it leads people of good intent astray. To adopt this philosophy on the economic front is to fall into the trap of assuming that everybody can live at the expense of everybody else.

There are occasions when the strong should help to bear the burdens of the weak. As an everyday working principle to guide our economic behavior it can only bring disaster. Every man has to learn to stand on his own two feet.

It is a strange thing that the Western World, which has followed the policy of allowing individuals to collect for themselves most of the publicly created value of land, has come to the point where it denounces the Communist system on every occasion, but when some crisis arises in a country, which the knowing can see is caused by failure on the part of the state to collect the publicly created value of land, the first thing they do is to suggest some Communist type of corrective.

A tax policy which insists upon a taxpayer paying according to his ability is bound to hinder the production of wealth by applying penalties to all who are more effective producers than their fellows. The larger the building and the greater the amount of capital that a landowner sees fit to invest the greater is the tax penalty imposed upon him.

It is our thesis that a producer should be expected to pay for the land-source of whatever raw materials he uses in production and for the land upon which he works and lives. If all do this all will have equal opportunities and none will have any right to complain if they are less effective than others. The natural surge of desire on the part of all producers and the operation of the law of supply and demand would make it impossible for anyone to corner the wealth market. All would have an equal chance and none would be impeded.

13. SHOULD THE LAND TAX METHOD ALSO BE ADOPTED BY THE SCHOOL BOARD AND THE COUNTY?

In due time, yes. If expert calculation indicates that to do so would not take in taxes more than the full economic rent of the land we believe that the principle should be followed by other taxing authorities. The principle is sound and we believe that upon demonstration on the City tax that the people will want to see it applied to School and County taxes.

14. UNDER THE LAND TAX METHOD IS IT NOT TRUE THAT CERTAIN PROPERTIES ARE BEING DESTROYED AND OTHER PROPERTIES BEING SUBSIDIZED? IF THIS QUESTION IS ANSWERED IN THE AFFIRMATIVE, WHO ARE WE GOING TO PENALIZE AND WHO ARE WE GOING TO SUBSIDIZE?

No. No properties are being destroyed. Old rundown properties may have to be renewed and owners might feel some pressure to undertake their renewal because the tax under LVT is greater than it was. In no sense can it be said that their properties are being destroyed. If they do decide to renew they can do so without tax penalty. This is a uniform policy and all property owners are treated alike. If all pay according to the actual value of the land held none are receiving any special privileges. No properties are being destroyed and none are being subsidized.

15. IT HAS BEEN STATED THAT THE LAND TAX METHOD FORCES PEOPLE TO SELL PROPERTY IF THEY HAVE NO NEED FOR THE PROPERTY. THEREFORE, WOULD THE CITY NOT BECOME THE HOLDER OF LARGE AMOUNTS OF VACANT LAND, THUS REMOVING THESE LANDS FROM THE TAX ROLLS. WOULD NOT THE REMOVAL OF THESE LANDS FROM THE TAX ROLLS, THEREFORE, INCREASE THE AMOUNT OF TAX THAT THE REMAINING LAND WOULD HAVE TO PAY, THUS CREATING A VICIOUS CYCLE, IN WHICH, AS THE CITY ACQUIRED MORE VACANT LAND THROUGH THE NON-PAYMENT OF TAXES, TAXES ON THE REMAINING LAND BECOME HIGHER, THEREFORE MORE LAND IS ABANDONED TO THE CITY BECAUSE THE TAXES ARE PROHIBITIVE?

No. There is no reason why a city should have to appropriate vacant land because of unpaid taxes. It is true that a land value tax will put pressure on people who own land but have no use for it. This is good. Currently, far too much land is being held out of use, not because the tax is high but because the tax is low and the asking price is high. Under our present system the city does not become the owner of too much vacant land because the owner can get a price for it even though he may consider it small. His low tax will permit him to stall off such an evil day longer than it would under LVT.

In assessing land under LVT an assessor has to be guided by the rule that the assessment figure must not be more than the top price which the land might bring if put on the market at that time. He does not use the asking figure. If there is an active market for the land and the assessor knows that it can be moved for a certain price he has the duty to assess the land at that figure. If the owner wants to keep it and use it he will do so. If he does not want to use it he will sell it to one who will.

Should any land be so poor or should there be no market for the land at all so that the owner could not sell at any price the assessment on the land should be nil and the tax zero.

16. DOES NOT THE LAND TAX METHOD, WHICH IS A DOUBLE TAX ON LAND, DISCOURAGE THE SUBDIVIDER, WHO MUST PAY HEAVY TAXES ON LAND DURING THE INITIAL DEVELOPMENT AND BEFORE THE FINAL SALE OF THE PROPERTY? FOR EXAMPLE, GLENWOOD HILLS AND FRONTIER AND TRACY PLACE WERE ALL LOST BY THE DEVELOPERS AND SUBSTANTIAL AMOUNTS OF THESE PROPERTIES BECAME THE PROPERTY OF THE CITY AND THE TAXING AUTHORITIES EVEN AT TAX RATES WHICH WERE NOT BASED ON THE LAND TAX METHOD. IN THE END THE PEOPLE WHO DID ALL THE WORK IN SUBDIVIDING THESE PROPERTIES AND CREATING THESE ADMITTEDLY FINE RESIDENTIAL NEIGHBORHOODS, WERE NEVER REPAID FOR THEIR ARDUOUS WORK. IT WAS THE OPPORTUNIST WHO PICKED UP THESE PROPERTIES AT A LATER DATE WHEN MARKET CONDITIONS WARRANTED THAT REAPED THE PROFITS WHICH IN ALL FAIRNESS, SHOULD HAVE GONE TO THE HARD WORKING SUBDIVIDER. THEREFORE, THE QUESTION, WOULD NOT THE LAND TAX METHOD DISCOURAGE THE SUBDIVIDER AND THE DEVELOPER OF BOTH RESIDENTIAL, COMMERCIAL OR INDUSTRIAL PARKS?

Let us begin our answer with a disclaimer. Land Value taxation is not "a double tax on land". This is a misnomer and to use the phrase is completely misleading.

No, land value taxation would not discourage the developer. It would rather give him a sense of security. Our present tax system makes land development extremely hazardous. The low tax on land prompts landowners to cling to useful land and forces the developer to leap-frog out beyond city lines in all directions.

Since land is often assembled miles beyond a city line it becomes necessary for the developer to put in roads and sewers and to arrange for gas, telephone and electric lines. This all has to be done according to specifications laid down by the taxing authority in that area. Much of the developer's time and money are involved. All this must be claimed later in the purchase price of the lots or homes. It often takes several years to get everything in order and by that time circumstances might have changed so as to have made the whole project unsalable.

Under LVT the problems and risks of the subdivider are reduced to a minimum. Wherever LVT is in force a city grows out solidly. There is no suburban sprawl. To accomplish this assessors and city planners must work hand in hand. Land beyond a certain distance from the city line will be assessed at agricultural land rates. This would keep the land on the edge of the city in constant supply at reduced rates. When the tax rate goes up the owner will either be obliged to improve the land or sell.

Under such conditions it would no longer be unreasonable to expect the city to lay out streets and sewer lines. It may take some time before a city is prepared to accept this responsibility. Meanwhile the subdivider will have to continue to provide these services but in the long run he will make his money out of building and will not be plagued with the problems of land speculation.

One of the objectives of LVT is to make certain that no one make money or lose money by merely investing in land. This is why we say it will give a developer a sense of security.

17. IS IT NOT TRUE THAT IN THE LAND TAX METHOD, THE GREATEST ADVANTAGE TO THE DEVELOPER IS TO BUILD THE LARGEST STRUCTURE POSSIBLE ON THE SMALLEST PIECE OF LAND, THEREFORE ENCOURAGING CONGESTED AREAS?

No, it never works out this way. Land is really not expensive, either to buy or to retain, under LVT. Most people will want a goodly amount of land for their homes and they will have to have parking facilities for their businesses. Most shopping centers which are built with ample land for parking would actually cost the owners less in taxes than it would under the current system. Land does not become a premium asset for the tax exemption on buildings offsets the increased tax on land.

With School and County taxes still levied against land value a builder would have to be careful about pushing the building idea too far. Even under total LVT it would not work in that way. Larger buildings, yes. But cramped land

building idea too far. Even under total LVT it would not work out that way. Larger buildings, yes. But cramped land space, no.

18. WOULD NOT THE LAND TAX METHOD FAVOR THE WEALTHY WHO CAN INVEST CAPITAL IN LARGE BUILDINGS AND PENALIZE THE POOR WHO MERELY WANT A NICE LITTLE HOUSE ON A LARGE PIECE OF LAND?

A land based tax helps everyone because it removes the penalties on production. It will make possible the profitable investments of both labor and capital in wealth producing enterprises and in doing so it will help all who become involved. If it would seem to help the rich more than the poor because the rich have more money to invest and a higher level of skill to contribute, let it also be borne in mind that it restricts the investment of money to wealth producing enterprises. It will limit land speculation and cut down on the practice of landowners taking for themselves the unearned increment of land. This is still the basic cause of poverty. Such wealth accumulation is non-productive since land speculation calls for no expenditure of labor, which is all many people have to invest.

Anyway, who are the rich and who are the poor? Between the extremes are the great majority of hard working people. If we work we all belong in this category. Millions of so-called small businessmen will find their opportunities for earning greatly enhanced under LVT. The very poor will at least have the opportunity to work, for under LVT there will be a minimum of unemployment.

19. DOES NOT THE PRESENT LAW LIMIT THE TAX ADVANTAGE TO THE DEVELOPER ONLY INSOFAR AS THE CITY'S TAX IS CONCERNED AND THEREFORE CHEAT THE SCHOOL AUTHORITIES OUT OF THEIR FAIR SHARE OF THE TAXES? FOR EXAMPLE, WHEN AN APPEAL IS MADE IN AN AREA WHERE THEY HAVE LAND TAX, THE COMPROMISE IS ALWAYS MADE BY REDUCING THE VALUE OF THE BUILDING, NEVER THE LAND; THEREFORE THE CITY, BEING THE TAXING AUTHORITY, WHEN IT REDUCES THE BUILDING ON THE TAX COMPROMISE INSTEAD OF THE LAND, IT IS IN EFFECT MAKING A SETTLEMENT WHICH IS NOT IN THE ADVANTAGE OF THE SCHOOL BOARD BUT IS UNFAIR TO THE SCHOOL BOARD?

Under a proper land assessment schedule if one site owner gets a reduction in his land assessment all properties in that vicinity should be scaled down accordingly. To reduce the tax on the land because of an appeal would automatically pave the way for such a general reduction. On the other hand, if there is nothing wrong about taxing buildings and if all buildings are assessed according to a precise scale of values the authorities should not give in to the whims of a particular individual. The appeal should either be denied or the scale should be changed for the entire city. Otherwise the questioner does have a point here.

We say it is wrong to tax buildings at all and to do so is detrimental to the interests of taxpayers and tax authorities alike. If there is something wrong with the basic policy there are bound to arise numerous conflicts of interest.

20. IS THE PRESENT PENNSYLVANIA LAW SUCH THAT IF THERE ARE ADVANTAGES TO THE LAND TAX METHOD THAT THESE ADVANTAGES CAN BE FULLY REALIZED AT THIS TIME? IS IT NOT TRUE THAT AT THE PRESENT TIME THE LAND CAN ONLY BE TAXED AT TWICE THAT OF THE BUILDINGS?

It is true that as long as we can apply the principle of LVT only on the City tax we could not fully realize all the advantages of Land Value Taxation. As things stand now some city will have to test this much of LVT and show signs of wanting more, before the legislature will provide further permissive legislation. If a city adopts LVT and decides later that it wishes to go back to the old system it will have that right. It is not true that land can only be taxed at a rate that is twice that of the buildings. We do not even know what the questioner has in mind.

21. WOULD NOT MANY PEOPLE WHO ARE PRESENTLY INVESTED ON OUR PRESENT SYSTEM OF TAXATION BE ARBITRARILY PENALIZED BY CHANGING TO A NEW LAND TAX SYSTEM?

Certainly there will be a few who will consider themselves disadvantaged. They invested their money with the understanding that taxes would be low on land and high on good buildings. They are the ones who will have shied away from making improvements on their properties. They depended upon having to pay low taxes on their obsolete buildings. All of a sudden they find their situation changed and are confronted with the necessity of making improvements. If they really want to make improvements they will rejoice at the "plus" features of the law. Otherwise they will cry "foul".

We believe these will be few in number. Their presumed disadvantage will be as nothing compared to the vast numbers who will be benefitted. If the changeover were complete and total all at once, such people would have to "scramble", but when it is done gradually, as recommended by the ELTA Group, first on City taxes and later on School and County taxes when permitted, all will have ample opportunity to adjust.

22. WOULD NOT A FACTORY OR DEVELOPER WHO BUILT ON LAND WITH SUFFICIENT SIZE TO EXPAND BE PENALIZED DURING THE PERIOD IN WHICH HE DID NOT REQUIRE THE EXPANSION, THEREFORE THE LAND TAX METHOD WOULD LIMIT HIS PLANS TO IMMEDIATE REQUIREMENTS, ECONOMICALLY THEREFORE LOSING BENEFITS OF LONG RANGE PLANNING, THEREFORE CAUSING CROWDING AND ULTIMATELY THE NECESSITY FOR GOVERNMENT INTERVENTION IN ASSEMBLING LARGER PIECES OF LAND FOR INDUSTRIES OR COMMERCIAL OR INDUSTRIAL AREAS?

No. Under LVT land is kept in constant supply and it is not expensive. Should a firm wish to buy a tract of land large enough to guarantee that there would be plenty of



spare land available when the second or third stage of expansion is initiated it can be done far more reasonably than currently.

Let us give an example. A firm wishes to buy 10 acres. It plans to build on 5 acres and hold 5 for future development. 10 acres @ \$4,000 per acre will cost \$40,000. (Under LVT the cost would probably be less but we will go along with a cost figure that is reasonable now.)

Let us say that the land is assessed at \$30,000 under both systems. In building on the first five acres  $2\frac{1}{2}$  are used for building and  $2\frac{1}{2}$  acres are left for parking and shipping. There being 43,560 sq. ft. in an acre the building area will be 108,900 sq. ft. If the building cost is \$6.00 per sq. ft. the building will cost \$653,400.

Let us say that the land is assessed at \$30,000 and the building at \$600,000 giving a total valuation of \$630,000.

Currently taxes on this at 29.15 mills per \$1000 would be \$18,360. Under LVT, with the City Tax on Land Value and both School and County taxes remaining the same as now, the tax would be \$13,440.

#### Computation:

City Tax	Land Assessment	\$30,000 @ 70 mills	\$2,100
School	Land and Building Assmt.	630,000 @ 13.5 m.	8,505
County	Land and Building Assmt.	630,000 @ 4.5 m.	2,835

Since the current tax would be \$18,364 and the LVTax would be \$13,440, the annual tax saving would be \$4,924. In four years the tax savings would have paid for the extra land.

When the firm is ready to improve the last five acres, assuming that it followed the same procedure, the current tax would be \$35,854. Under LVT, with the land value tax only on the city tax, the total tax would be \$24,230, a saving of \$11,624.

#### Computation:

##### Currently:

Total land and building assessment \$1,230,000 @ 29.15 mills \$35,854.

##### Under LVT: (with land value taxes on City Taxes only)

City tax:	30,000 land value @ 70 mills	\$ 2,100
School:	\$1,230,000 total value @ 13.5 mills	16,605
Co. tax:	\$1,230,000 total value @ 4.5 mills	5,535

Total \$24,230

If all taxes were on land value and all buildings were exempt, the taxes would be approximately \$6,000.

Neg. 12

Computation:

City tax:	@ 70 mills on \$30,000 of land value----	\$2,100
School	@ 95 mills on " " " "	2,850
County	@ 32 mills on " " " "	<u>960</u>

Total \$5,910

Under such circumstances a company could afford to have six times as much land, which it was holding for future use, and still be better off, under LVT.

23. IT HAS BEEN STATED MANY TIMES BY THE PROPONENTS OF THE LAND TAX METHOD THAT GOD GAVE US THE LAND. AGREED. IT HAS ALSO BEEN SAID THAT THE DEVIL GAVE US THE TAXES. THEREFORE, THE QUESTION, SHOULD MAN PUT ALL THE TAXES WHICH THE DEVIL GAVE US ON ALL THE LAND WHICH GOD GAVE US?

We are sure this was meant as a facetious remark. It is one of those, when did you stop beating your wife? kind of questions. We do say that God gave us the land but we cannot agree that ALL taxes are of the devil. We must collaborate with one another in order to secure the kinds of social services which are as necessary for modern man as the land itself. We would say that such taxes, if collected on the publicly created value of land, are of God. We would affirm that most of the taxes on production, and that includes most of the current tax take, is of the devil.