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September 4, 1986

Dear Fellow Member of HGFA -

The phone rang. Bad news - the Business Manager for New Castle, Pa. is calling and he's saying that a couple of council members want to reduce the two-rate tax that city has had since 1982, or even rescind it altogether and go back to a flat rate!! Would I please come to New Castle and testify before the City Council?

Yes, of course I would. Gary Dodson, our new Administrative Assistant here, ~~and~~ and I arrived in the city two days early in order to do research and interviews. By the time we were ready to testify on Tuesday night, August 26, we had our facts all lined up, and there was good news for us to report to the Council members: new construction was up 70% per year in the four-year period after New Castle first adopted its two-rate tax (1982) as compared to the three-year period before. And what's more, new construction was greatly down in neighboring Farrell and Scranton, cities with comparable economies.

This study joins the many other similar studies all with similar findings. Taken all together, they indicate that a spurt in new construction results from a building-to-land property tax shift and is not due to other factors.

When we reported this to Council, we quieted the opponents. We answered their objections, among which were:

- If residents buy neighboring vacant lots from the city (which got them on tax default), they're penalized by the higher land tax rate.

Answer: their extra tax payment comes to only \$10 or so a year, and their assessment is too high (since the lots are too narrow to be built on) and so they should not bother the council members but go see the assessor instead.

- Some downtown property owners pay more with the two-rate tax and have complained.

Answer: again this is an assessment problem, not a rate problem. Since there hasn't been a re-assessment in town since 1959, when the downtown was flourishing, downtown land values are now greatly over-assessed. These owners should direct their complaints to the assessors, not the council members. Also, they have income property and the ability-to-pay (remember, we were talking to non-Georgist council members, just briefly). And if the town prospers from new construction, so will the downtown property owners.

The council members listened attentively. I am sure we made some impression and I have high hopes we turned the tide. When we came, three out of the five

councilmen were in favor of rescission! I even planted a seed for progress: since the city will be losing important federal revenue sharing funds, why not, I asked, raise the property tax rate - if they have to, but they will - on land-only and not at all on buildings? They seemed attracted to that. We shall see. I'll keep in touch with them.

After we left, they turned to the other 23 items on their agenda! They adjourned in the wee hours of the morn.

I tell you all this to give you one detailed example of what it takes to win real-world victories. But that is the Mission of this Foundation. Those who want to do everything at once wind up doing nothing at all.

After New Castle, Gary and I motored on to five other cities, drawing a blank in two, a maybe in one, and hot possibilities in two (Altoona and Johnstown). And thence to the office to write follow-up letters. All in four days! You see, we're out there representing you. Believe me, the landlords are well represented before city councils. We meet them all the time out on the campaign trail.

Recently I returned from Phoenix, where I did a study for City Council there. More follow-up will be required. We want to expand our efforts beyond Pennsylvania.

I'm running out of space, so I'll have to tell you later about our new office, our new computer and our new executive assistant. Also I'll tell you later about our myriad other contacts with non-Georgist city officials. Also about the lovely Henry George Day in Arden, Delaware where I was privileged to represent the Foundation. Wish you were there! Sometimes it's lonely being a Georgist, but your organization will try slowly to change all that.

Fraternally



Steven Cord

P.S. We just called the Finance Director in Coatesville, Pa. and there's real active support on Council for a two-rate property tax in 1987. But property tax rates won't be set till December so it's too early to count our as-yet unhatched chickens. Just keep fingers crossed.

One more thing: we are mounting our 1986-87 advertising campaign. The ads are already written and need only to be typeset.