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May 2, 1985

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Dear Bob:

I am sending out 250 pcs of this mailing to city officials, local business leaders and individuals this month--targeting the districts of legislative leaders to take advantage of the concern over failing small towns and the loss of farmers. I find the sketch on the importance of commercial land is very useful in getting legislators to pay attention to what I am saying.

People in your city are likely working just as hard for economic development for jobs and a desirable community as others are. Some appear successful, others not. Though most have the basis for economic development--plenty of commercial and industrial land, a productive workforce, adequate city services and banks ready to lend at reasonable rates on projects that will cash flow--double taxation prevents economic growth.

Taxes supporting government are one part of double taxation, the other is high land prices and land rents caused by speculation in land.

You can't beat double taxation by trying harder. Developments made with public or private money only causes speculators to raise the price of land beyond what it will cash flow at a profit given taxes on business. The  $\frac{3}{4}\%$  (30 mills) property tax amounts to a 15% tax rate on earnings which equal 20% of a building's taxable value. The sales tax on purchases, other than for inventory or production, averages \$1,300 each for 115,000 farmers and 100,000 businesses in Iowa after deducting the \$80 m. cut on machinery and equipment and allowing \$360 m. for household purchases. Taxes and high land costs impede development and cause fewer rental units and higher rents for business and households. Finally the personal income, sales and property tax reduces markets by severely limiting consumers spendable incomes.

The results are business failures, unemployment, emigration, break-up of families and communities, abandoned schools and churches, declining property values, rising tax rates and deteriorating public services. Retirees, who can't afford to re-locate, find their stores and services closing down. Double taxation harms all.

Just cutting government taxes won't help. Speculators will hold land from use enough to absorb consumers and merchants cash from the tax cuts. The second tax, land speculation, must also be abolished. Collecting public revenues based on land values, instead of relying on property, sales or income taxes, will end profits in land speculation.

Public revenues come from values created in land out of the aggregate efforts of people to provide the goods and services and social exchanges which make up a community. Those values cannot be attributed to acts of any one person or organization but are the indivisible sum of all efforts. Earnings from those values belong to the community not land speculators. Since taxes now paid by households and business exceeds each's public revenue liability, both consumers and producers would pay less. Homeowners will pay an average of \$540 less. Only owners of idle or badly used parcels owe more in public revenues than they now pay in taxes.

P.S. Thanks for the opportunities to participate in the Conference.

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Collecting public revenues in lieu of taxes encourages development and creates jobs. Owners of idle land need to earn money to pay public revenues yet can build to earn profits without being taxed for it. They will make more developing than speculating. Ending double taxation gives owners a financial motive for putting land to its highest and best use. It rewards people for keeping up their properties.

There are other benefits from collection of public revenues.

Though owners may pay more in public revenues than they now pay in taxes, this is the best way to save the family farm. A four-fold increase in agricultural land tax credits, with credits limited to a maximum of 320 acres farmed by the owner, will, with cuts in other taxes, offset public revenues for the 88% of farm families who own less than 320 acres. Non-operating owners won't get tax cuts to offset public revenues. This reduces earnings and encourages them to sell. For same reason lenders will be more apt to renegotiate land debt than foreclose. Farmers buying land will capitalize public revenues into lower land prices. Instead of paying high interest to banks they will pay public revenues to schools and to local government while avoiding unmanageable debt. Rising employment and more opportunities for industry to process and market farm products will improve markets and give farm tenants more options when resisting landlords attempts to raise rents. Less taxes, lower land costs and higher incomes will revive the family farm and rural communities.

Collection of public revenues will cut government costs. It encourages development where services exist and ends spending tax money to encourage development. With lower costs on business, government can contract out more of its functions at a savings.

A higher standard of living for all will follow development which produces real jobs and provides goods and services, including housing, at competitive prices.

Political and economic freedom will rise as employment and entrepreneurial choices increase.

YOU CAN HELP CUT TAXES AND CREATE JOBS AND BUSINESS OPPORTUNITIES BY JOINING YOUR ASSOCIATES IN LOBBYING IOWA LEGISLATORS TO VOTE FOR AN EFFECTIVE DEVELOPMENT STRATEGY:

1. Permit schools and local government to collect public revenues.
2. Collect public revenues statewide to fund state-aid.
3. Annually raise income tax credits by \$16, dependents by \$12.
4. Cut sales tax by one-half cent each year until abolished.
5. Abolish property tax in ten years by rolling back all taxable values, except land, by 10% each year.

The attached materials reveal the importance of commercial and industrial land to Iowa's economy and compare present taxes to public revenue liability (LVT) for occupants by property class and tenure. Sources and calculations are also provided.

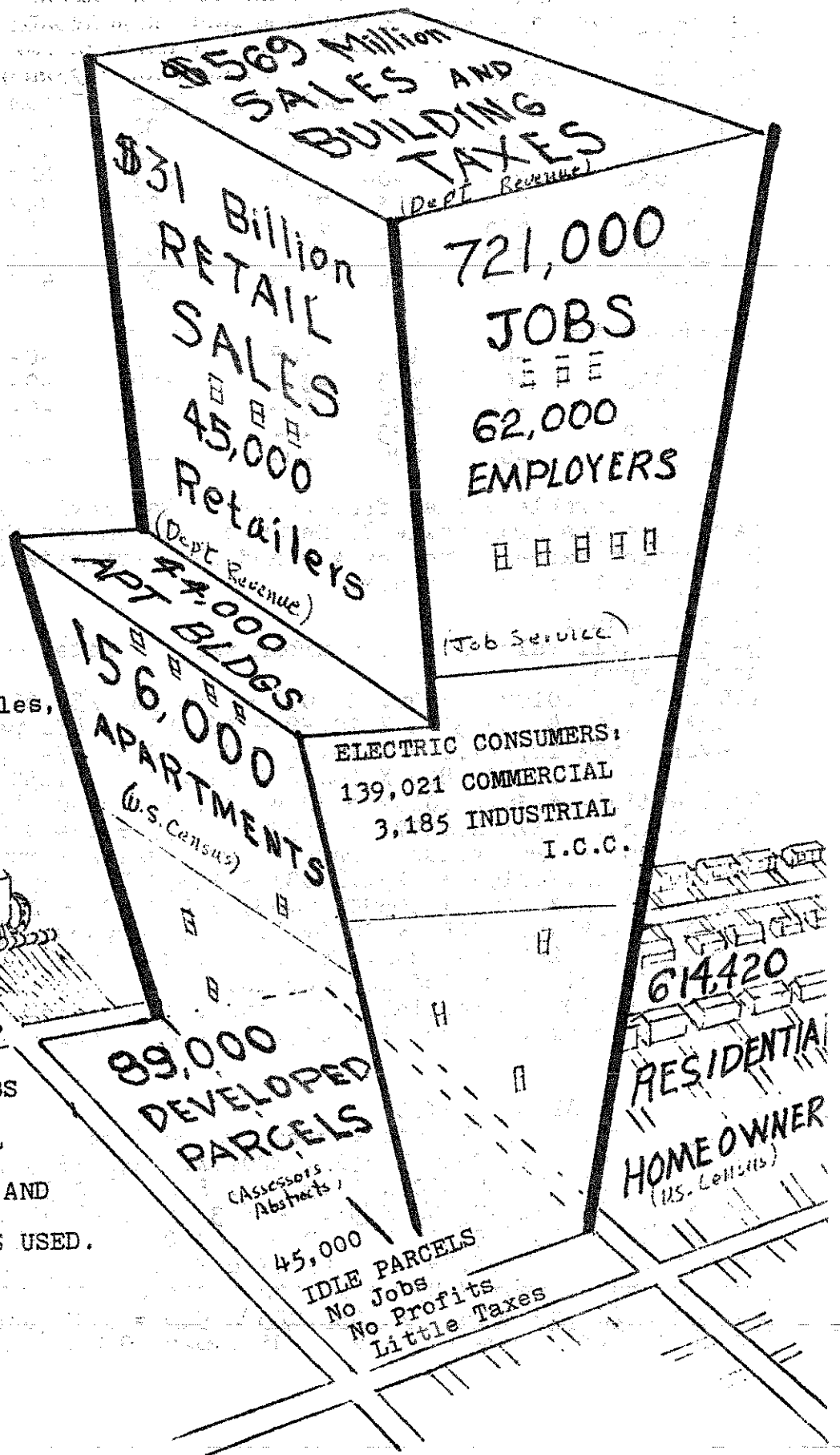
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ROBERT P. WILLIS  
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Tax Reform Memo:

10.5 Billion Gross Sales,  
115,000 Farms.

BUSINESSES AND JOBS  
DEPEND ON HOW WELL  
IOWA'S COMMERCIAL AND  
INDUSTRIAL LAND IS USED.



### Appendix Table 3

#### PER UNIT TAX COLLECTIONS, 1983-84 AND PROPOSED LAND LEVY.

Parcels	Personal				Personal	
Household	Income	Land	Building	Sales	Income	Land
177,459	760	-0-	-0-	300	447	-0-
129,146	760	-0-	-0-	300	447	-0-
24,052	760	-0-	-0-	1000	447	-0-
56,389	760	935	749	1000	447	1958
34,972	760	4273	749	1000	447	9553
614,417	760	120	446	300	447	430
16,598	760	below	below	300	447	below
Non-Household						
180,332	-0-	120	588	55	-0-	430
89,000	-0-	433	4351	2880	-0-	8237
147,000	-0-	1250	845	20	-0-	3284
45,000	-0-	433	-0-	-0-	-0-	8237
106,000	-0--	120	-0-	-0-	-0-	430

Source; Taxable values from Table 3, Tax levies from Table 2, Farm Acreages from Table 8, Revised land values from Table 9, Production parcels from page 9 and LVT levy rate calculations from page 12 of the report.

#### Calculations:

Land: (rural value X rate + urban value X rate) - credits =

#### Agricultural;

(19,233m. X .0197 + 320m. X .03) - 43.5m /32.612A = \$10.58/A

under 160A 4,430,300A X 10.58 ÷ 56,389 = \$831 per farm.

over 160A 12,547,800 X 10.58 ÷ 34,972 = \$3796 per farm.

rented; 15,633,800 X 10.58 ÷ 147,000 = \$1250 per parcel.

Residential-(615m.X .0197 + 3224m.X .03) ÷ 900,749 = \$120/par.

Com. & Ind: (157m.X.0197 + 1833m.X .03) ÷ 134,000 = \$433/par.

Buildings: (rural value X rate + urban value X rate)- credits =

Agri.-(4761m.X.0197 + 125m.X.03) ÷ 115,413) - \$96 = \$749/farm.

Resi.-(1972m.X.0197 + 14594m.X.03) ÷ 794749) - 142 = \$442/par.

Com.& I.-(1249m.X.0197 + 9616m.X.03) ÷ 89,000 = \$3451/par.

Sales Tax: \$280 to \$320m. for 1,053,033 households, 115,413 farmers at 81m., rented residential at 10m., agric. rental at 3m. and 89,000 commercial and industrial at \$256m.

Personal Income: \$800m. ÷ 1,053,033 = \$760 per household

#### UNDER LAND VALUE TAXATION:

Land: (rural value X rate + urban value X rate)

Agricultural- (19,233m.X.052 + 320m.X.06556) ÷ 32.612 = \$31.3/A

\*Under 160A- 4,430,300 X 31.3 - 6.38 X 4,430,300) ÷ 56,389=1958/f

\*Over 160A- 12,547,800 X 31.3 - 6.38 X 9,194,740) ÷ 34,972=9553/f

Rented- 15,633,800 X 31.3 ÷ 147,000 = \$3284 per parcel.

Residential-(979m.X.052 + 5131m.X.06556) ÷ 900,749 = \$430/lot.

Com. & Ind.-(1544m.X.052 + 15612m.X.06556) ÷ 134,000 = \$8237/lot.

Personal Income: \$800m./1,053,033 X 56% = \$447 per household

\*Assumes \$6.38/A ag-land tax credit, max. 320 acres. owner-occ.

## Appendix Table 2

1983-84 TAX COLLECTIONS BY TAXPAYER CLASS COMPARED WITH REVENUE NEUTRAL COLLECTIONS FROM A SUBSTITUTE LEVY ON LAND VALUES (LVT).

**LEGEND:**  
 Personal Income Tax-----IIII  
 Land Value Tax-----LLLL  
 Building Tax-----BBBB  
 Sales & Use Tax-----SSSS  
 Value per Character-\$10mi.

1983-84 TAX COLLECTIONS PER PARCEL OF LAND BY TENURE,  
WITH REVENUE NEUTRAL COLLECTIONS FROM A SUBSTITUTE LEVY

TAXPAYER CLASS:	
HOUSEHOLDS; 177,459 Rent Commercial	83-84-III LVT---IIII
129,146 Rent Residential	83-84-III LVT---IIII
24,052 Rent Agricultural	83-84-ISS LVT---I
56,389 Own <160A Agri.	83-84-III LVT---IIII
34,972 Own >160A Agri.	83-84-III LVT---IIII
614,417 Own Residential	83-84-III LVT---IIII
16,598 Own Commercial	83-84-IS LVT---I
NON-HOUSEHOLD; 180,332 Rented Residential	83-84-LLBB LVT---LLLL
89,000 Comm & Industrial	83-84-LLLL LVT---LLLL
147,000 Rental Agricultural	83-84-LLLL LVT---LLLL
45,000 Idle Comm. & Ind.	83-84-LL LVT---LLLL
106,000 Idle Residential	83-84-L LVT---LLLL