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Bob. I spoke yesterday to a meeting sponsored by Iowa Citizen Action Network, ICAN. Many told me afterwards this was a very sound practical idea. Fortunately I followed many speakers who appeared to understand part of the problem but not George's remedy. Former Senator Dick Clark chaired the meeting. He now lives in Washington, D.C. - RW.

Nov. 30, 1985

MEMO TO:

THANKSGIVING ACTION ON POVERTY

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15
PRIVATE CHARITY AND PUBLIC ASSISTANCE ARE STOP-GAP ANSWERS TO HUNGER AND POVERTY IN THE U.S. AND THE WORLD. THOUGH THEY OFTEN BLAME ECONOMICS, ONLY POLITICIANS HAVE THE POWER TO END POVERTY. (15)

There is no economic reason why the poor cannot enter the economic stream and become fully employed producers and consumers. The poor are as intelligent and as willing and able to work as the affluent. There are plenty of lots (land) in established cities to which the poor can add their labor and capital to produce goods and services to satisfy their wants while producing a surplus to sell others as all do.

Politicians set rules and limits which control economics. Poverty and hunger is caused by an old primitive rule, that landowners have no economic responsibility to put land to the highest and best use. Instead, landowners are allowed to hold land from use with little cost in taxes while waiting for the needs of the rest of the community to drive up the price of land. Meanwhile developers, entrepreneurs and employees must pay property, sales and income taxes to provide public services which in turn increase land values.

Henry George, 100 years ago, told politicians how to change the rules to give people access to land and resources and end poverty. His remedy: "To abolish all taxation save that on land values." would in Iowa in 1985:

1. Eliminate all sales and property tax.
2. Increase personal income tax credits by \$156, dependents-\$115.
3. Lower taxes for most family farms owning under 320 acres.
4. Cut local tax 65% on developed commercial and industrial lots.
5. Lower total tax by \$650 per household.
6. Four-fold tax increase on rented agricultural land.
7. Six-fold tax increase on idle commercial and industrial lots.
8. Raise more tax revenues for schools and local government and not raise taxes for households, commerce and industry.

Higher tax on rented farm land would cause more to be sold to diversified family farms and would be kept out of over-production of cash grain crops.

Higher taxes on idle commercial and industrial land will cause owners to put the land into productive uses without being forced to pay taxes on the development. Development increases the supply of housing, provides more sites for commerce and industry at lower cost and creates more jobs. It is the only way to help the poor.

Using other taxes to finance aid to the poor or to encourage economic development, sharply increases taxes on households and commerce and industry while cutting taxes on speculators in idle land. (see table page 2)

1983-84 COMBINED TAXES AND FIVE CHOICES OF SINGLE
SOURCE LEVIES FOR SCHOOLS AND LOCAL GOVERNMENT
(dollars per parcel or housing unit)

| Alternate Single Source Levies-- | | | | | | | | |
|----------------------------------|---------------|------------------|----------|----------|-------------|--------|--------|--|
| -Land Values- | | | | | | | | |
| Households | Housing Units | Combined 1983-84 | A Values | B Values | Imprv -ment | Sales | Income | |
| Renters: | | | | | | | | |
| Commercial | 177,459 | 387 | -0- | -0- | -0- | 597 | 1758 | |
| Residential | 129,146 | 387 | -0- | -0- | -0- | 597 | 1758 | |
| Agricultural | 24,052 | 2392 | -0- | -0- | 743 | 7405 | 1758 | |
| Owners: | | | | | | | | |
| Agricultural | | | | | | | | |
| under 320A | 77,679 | 4502 | 6510 | 4599 | 3427 | 7758 | 2843 | |
| over 320A | 13,682 | 9199 | 32,139 | 28,772 | 3427 | 7758 | 2843 | |
| Residential | 614,417 | 1189 | 490 | 542 | 1294 | 951 | 2843 | |
| Commercial | 16,598 | 692 | N/A | N/A | N/A | 951 | 2843 | |
| Non-household Parcels | | | | | | | | |
| Resi. rentals | 181,400 | 704 | 626 | 680 | 1426 | -0- | -0- | |
| Dev. Com & Ind | 89,000 | 7021 | 2264 | 2453 | 8348 | 10,874 | -0- | |
| Agric. rentals | 149,000 | 1823 | 6156 | 6957 | 2780 | -0- | -0- | |
| Idle Com & Ind | 45,000 | 424 | 2264 | 2453 | -0- | -0- | -0- | |
| Idle Resi. | 109,000 | 118 | 626 | 680 | -0- | -0- | -0- | |
| Total levy(millions) | | 2,634.7 | 2,783.4 | 3,106 | 2740 | 2635 | 2635 | |

All levies include \$356.7 for cities, \$121.8 for townships and the balance for schools, area colleges, counties and state aid. Land Value Levy A includes \$93.5m for homestead cr., \$43.5 for agricultural land tax credits, and 11.7m for elderly tax credits.

Land value Levy B includes \$93.5m homestead. \$11.7m elderly cr. and \$366.27 agricultural land tax credits.

The single improvement levy includes \$93.5 homestead cr. and \$11.7m elderly credit.

Except for city and township all of the levy is based on statewide values found on page 4 of this memo. Also based on that table are the levies by property class which are then divided by parcels to get per parcel figure.

Original data is available from U.S. Census on Population and Housing and from Iowa Department of Revenue.

NOT A FACTOR IN THE DEVELOPMENT OF IOWA'S ECONOMY

Agricultural Land

33 Million Acres

115,000 Farms

\$10.5 Billion
Gross Sales

\$570 Million
Sales and Building Taxes

\$31 Billion
Retail Sales

45,000
Retailers

721,000
JOBS

62,000
EMPLOYERS
Job Service

44,000
APT. BLDGS
140,000
HOUSING
UNITS
U.S. CENSUS

ELECTRIC CONSUMERS
139,021 Commercial
3,185 Industrial
I.C.C.

COMMERCIAL AND INDUSTRIAL LAND

89,000
Developed
Parcels

45,000
Idle Parcels
No Jobs
No Profits
Land Speculation
Prevents Development

614,420

Homeowners

Residential Class
Property

WHY DEVELOPMENT OF COMMERCIAL AND INDUSTRIAL LAND IS
VITALLY IMPORTANT TO IOWA'S ECONOMY.

AGGREGATE TAXABLE VALUES AND TAX LEVIES IN IOWA
(Millions of Dollars)

| Property Class | Rural | Urban | Total |
|------------------------|-----------|-----------|-----------|
| Agricultural | | | |
| land | \$19,233. | \$ 319.99 | \$19,553. |
| Structures | 2,313.1 | 38.08 | 2,351.18 |
| Dwellings | 2,447.4 | 86.77 | 2,534.17 |
| Residential | | | |
| land | 615.06 | 3,223.74 | 3,838.8 |
| dwellings | 1,972.17 | 14,594.41 | 16,566.58 |
| Commercial | | | |
| land | 125.42 | 1,576.24 | 1,701.66 |
| buildings | 546.79 | 6,194.11 | 6,740.9 |
| equipment | 15.7 | 227.42 | 243.12 |
| Industrial | | | |
| land | 32.96 | 256.49 | 289.45 |
| buildings | 386.33 | 1,502. | 1,870.23 |
| machinery | 300.48 | 1,692.36 | 1,992.84 |
| Utility and Railroad | 3,427.92 | 1,935.55 | 5,363.47 |
| Personal Property | 1,303.88 | 1,422.77 | 2,726.65 |
| Total Taxable | 32,702.11 | 33,069.93 | 65,772.04 |
| Aggregate Property Tax | 641.75 | 970.15 | 1,611.9 |

Source: Iowa Department of Revenue, Property Tax Division.
1982 Property Valuation Report and 117 1982 city and county
Abstracts of Assessment.

IOWA HOUSING UNITS BY TENURE AND OCCUPANCY
STATUS BY NUMBER OF UNITS IN STRUCTURE

| Units per Structure | Total | Occupied | | |
|------------------------|-----------|----------|---------|---------|
| | | Vacant | Owner | Renter |
| 1, detached | 862,006 | 48,615 | 694,341 | 119,050 |
| 2 | 50,358 | 4,773 | 11,437 | 34,148 |
| 1, attached | 12,539 | 1,138 | 5,290 | 6,111 |
| 3 and 4 | 44,246 | 4,595 | 4,803 | 34,848 |
| 5 or more | 115,490 | 13,274 | 6,505 | 95,711 |
| Mobile Home | 46,660 | 5,871 | 34,145 | 6,644 |
| Totals | 1,131,299 | 78,266 | 756,521 | 296,512 |

Source: 1980 U.S. Census of Population and Housing.

AGGREGATE TOWNSHIP AND CITY 1983-84 COLLECTIONS BY TYPE OF TAX.
(Millions of Dollars)

| Sales and Income Use | Townships | Cities | Total |
|----------------------------|-----------|----------|----------|
| Tax for State | | | |
| Schools | 158.27 | 595.53 | 753.8 |
| City & County | 12.5 | 47.05 | 59.55 |
| Property Tax Cr. | 43.94 | 165.32 | 209.26 |
| Total sales and income tax | 214.71 | 807.9 | 1,022.61 |
| Property Tax | | | |
| K-12 Schools | 364.36 | 418.86 | 783.22 |
| Area Colleges | 14.6 | 14.28 | 28.88 |
| City | -- | 356.71 | 356.71 |
| Townships | 121.77 | -- | 121.77 |
| County | 141.02 | 180.03 | 321.05 |
| Total Property Taxes | 641.75 | 969.88 | 1,611.63 |
| Total Taxes | 856.46 | 1,777.78 | 2,634.24 |

Source: Governor of Iowa Budget Recommendations 1983-85.