

STANLEY A. FREDERIKSEN  
702 MOUNDAL DRIVE  
FERGUSON, MISSOURI 63135  
(314) 521-2514

PUBLIC REVENUE FROM LOCATION VALUES - -

WHY?

As "government" is civilization's framework within which people seek to live in harmony and satisfy their desires, it is obvious that those chosen to operate government must be paid for their time and effort. Their salaries must come from what we call "public revenue" - - that fund the public makes available for public purposes.

In our U.S., the government and the people are one and the same, and must be considered such in any discussion of economics, including this one. As elected officials are given the power to generate the funding which becomes public revenue, they need determine the source from which that revenue comes - - then activate the process to tap that source. Ideally, the revenue generated should equal exactly the amount of the government's budget. This hasn't worked out, however, as government waste and overspending have brought on our huge government deficit, which must be eliminated.

Those elected to generate public revenue can derive it from only two sources  
- - THERE ARE NO OTHERS!

One source - - the wrong source, but the one usually tapped by governments - - is "taxation". Taxation, of whatever kind, by whatever name, in whatever amount, is robbery! It confiscates wealth from those who have earned it, and distributes it to others, most of whom have done nothing to produce or earn it. Robbery is morally - - and legally - - wrong! No matter that the so-called "rich" are robbed in order to pay the "poor". Robbery is still wrong - - called "taxation" or whatever.

The other public revenue source - - the only right source - - is that value created by the public itself, just by its very existence. The people (public) create economic value to locations near which (not "on which") they live and/or work. The more people around (not "on") a location, the more valuable it is. Move millions of people away from a location near which they live and/or work, and it becomes economically worthless. The absence of people erases the need for "government" - - and thus for any public revenue.

Since the people, just by existing, create their own public revenue source - - location values - - it remains only for them to collect those values and put them into the public treasury as public revenue. In the amount needed to fund their government. As of now, those values (they are enormous - - variously estimated in the \$ multi-trillions) go unearned into the pockets of location title-holders as "rent". It is the tribute those title-holders extract from others, who must thus pay for the privilege of living on and from the earth - - thereby denying those others the same equal access to the source of all wealth now enjoyed by the title-holders. If the title-holders actually use their locations, and produce and earn legitimately from such use, there is no problem - - no inequity or injustice - - and no quarrel. When they hold the locations out of use, however, and deny access to others

who would use them productively, economic injustice is apparent. Those not owning locations must pay tribute to those who do, or starve. In paying, they relinquish to the title-holder that value which they (the non-owners) have given the locations. And then, to add insult to injury, they are "taxed" (robbed of their rightfully produced and earned wealth) in order to fund necessary government.

To correct this basic and obvious injustice, and thus remove the underlying cause of poverty, homelessness, joblessness, hunger and the rest, we need only change our public revenue system so that the public collects its publicly-created location values (instead of "taxes"), through a location value charge (note - this is not a "tax") and use the funds so collected as public revenue with which to fund necessary government. It remains only to shift the public revenue burden from labor and its products to location values. To repeat - the people levy a just charge (again, it's not a "tax") against the location owners - very light in sparsely populated areas where little or no government is needed, and very heavy in densely populated areas where government services are in enormous demand.

Here are some reasons why location values offer the only right and just base for public revenue: (For brevity, we'll call the location value charge "LVC")

1. All government services apply ultimately to locations. These include streets, sidewalks, sewers, schools, police and fire protection, tornado warning systems, trash collection and a myriad of others. The more government services available to any location, the more valuable that location is. And the surrounding public creates that value!
2. No location was created by people - thus people have no just claim to any location, except by virtue of conquest, coercion, stealth or fraud - OR - by paying its economic value to those who created that value!
3. As no one, nor no group, created a location (and thus can claim no "good" title to it), no one else can get good title by buying it from such person or group.
4. Humans cannot live except on and/or from locations on the earth. There is no exception to this basic natural law!
5. All locations on earth were here, and in the same place as they are now, when the earth was created. All locations are permanent. They cannot be moved, increased or decreased in number or size, nor hidden.
6. Ownership of any location is valid and just. BUT - he/she who would own a location should be willing to pay the legitimate charge for it - high for a valuable location - low (or none at all) for a remote location where few or no government services are needed. (When one buys a car, he/she pays an agreed upon price, which is not a "tax", to the one who has good title to convey.) When one leases an apartment, he/she pays an agreed upon lease or rent (again, not a "tax"). So it should be with a location.
7. The charge for a location is just and equitable because the payor gets precisely what he/she pays for - exclusive possession of the location. The transaction is voluntary. No one is coerced into buying a location, or into paying for one he/she does not get.

8. Remember that LVC is "instead of" -- not "in addition to" -- taxes. Taxes, as such, are unwarranted penalties, and should be abolished.
9. LVC satisfies both the "ability to pay" principle and the "value received" principle. For, who is better able to pay than those who "own" the storehouse that is earth, from which all people must obtain wealth? And doesn't the payor get "value received" in return for his/her payment?
10. As LVC is not a penalty in any sense, it is thus not a "tax", but a legitimate charge for benefits and value received.
11. LVC is the easiest of all sources from which to derive public revenue --
  - 11.1 It is easiest to assess, as it is the only thing assessed. A location need not even be visited -- its economic value is readily determined by studying its position on a map, with respect to the surrounding community and its characteristics.
  - 11.2 It is the easiest thing on which to levy a just charge. If the charge is too low, potential owners will out-bid each other to get title. If the charge is too high, the location will "go begging". Its value is determined almost automatically.
  - 11.3 Collection of the charge is easiest of all. As the location cannot be moved, enlarged or diminished in size, nor hidden, its title-holder must pay up, or release it to someone who will.
12. Under LVC, no one is robbed of a single penny of what he/she works for and earns. Each person can rightfully claim all he/she produces and earns.
13. The LVC system produces much more than enough value to fund all needed public revenue and all social services the voters may opt for, with plenty left over for the title-holder still to reap in vast wealth without lifting a finger to earn it.
14. All jurisdictions using the LVC public revenue source are experiencing growth, success and prosperity. This is true world-wide. No jurisdiction which ever adopted LVC has ever reverted back to the old discredited system of taxing buildings and improvements at the same level as the charge on the locations beneath them.
15. Heavy location charges in dense metro-centers bring people into those centers, and thus greatly reduce the urban sprawl that's eating away our precious open green space.
16. LVC means tax abatement on buildings and other man-made improvements for everyone, and for all time, not just for wealthy developers who, under our present real property taxing system, get ever wealthier at the expense of others who do not get the same abatement "tax break".
17. In most states, buildings and improvements already are assessed separately. Shifting the taxes off of buildings and improvements, and, as a legitimate charge, onto the locations beneath them, should be as simple as child's play.

18. LVC strongly encourages personal industry and wealth production, as those who produce may keep all they produce. On the other hand, penalty-type taxes on buildings and improvements discourage not only new construction, but also maintenance of older structures, because renovations and improvements on older structures are promptly the target of higher taxes. In fact, property owners can tear down old buildings to "save taxes".
19. As no location can be moved or hidden, there can be, under LVC, no such thing as a "tax loop-hole".
20. LVC will eliminate the budget deficit and insure a balanced budget at all times. The public revenue collecting authority designs the total expected revenue from location values to equal exactly the total budgeted. It's a pay-as-you-go system. If next year's budget is set at ten percent above this year's, the location charges are simply increased ten percent -- and the budget again is in balance.
21. Vast areas of valuable locations presently are held by absentee landlords -- many of them foreign land speculators. That's O.K. Simply charge the absentee owners the legitimate rate commensurate with their location values. Not only will much of our public revenue be paid by speculators living away from local communities, but their penchant for buying up U.S. locations will disappear promptly. They won't buy valuable locations whose increasing values will go not into their own pockets, but into the treasury of the community which creates them. Or, such absentee location owners will produce from their parcels (to more than offset the charges) thus creating jobs, generating wealth and alleviating the economic problems of hunger, poverty, homelessness and the rest.
22. The levies against location values (LVC) cannot be charged off against the cost of production or passed on to the consumer. Of course, if the site owner erects a building on his plot and rents it to others for homes, stores, offices, etc., he'll include, in his rents, an amount to more than offset his location value charge. HOWEVER -- if he leaves his location vacant, he can't charge anything off to his cost of production because he isn't producing anything! Nor is there anything to pass on to the consumer, as there is no consumer of a vacant lot!
23. LVC will reverse completely the ever-widening gap between the unjustly rich and the involuntary poor, and level out the wealth of all people, whose earnings will then be determined only their own industry and productivity.
24. LVC is non-partisan -- completely neutral as regards race, gender, age, color, religion or any other human factor, including political preference. Conservatives, Liberals, Democrats, Republicans and a myriad of other political philosophies embrace LVC. Pennsylvania, the one U.S. State which now (1992) employs LVC more than any other (17 cities there now flourish under LVC in one degree or another) is strongly Democratic. At the same time, Many Republicans point toward LVC as the public revenue system which will solve our major economic problems, while at the same time generating all needed public revenue and reducing public debt.

Stanley A. Fredericksen Board Member

*Stanley A. Fredericksen*  
PUBLIC REVENUE EDUCATION COUNCIL  
St. Louis, Missouri