

PHILADELPHIA

It has run items taken from the Philadelphia Controller's Report (released in November 2001) in the last few issues. Here are more excerpts:

☛ Philadelphia's population has declined steadily since 1950; it is now 73% of 1950's population. (p. 6)

☛ "Despite positive growth in the regional economy since 1993, it was not until after the city reduced taxes [on human production] that it experienced job growth." (p.8)

☛ In Philadelphia, 22.5% of the property tax now falls on land assessments, but the Controller suggests 50% by the fiscal year 2003. (p.4)

The Experts Write About Land Assessing

In 1978, the Lincoln Institute of Land Policy published Paul Smith's study entitled "Site Value Taxation." On page 9, he wrote:

"I would suspect that 60 percent or perhaps slightly more of the [assessing] staff time available is devoted to buildings. . . The nebulous nature of such factors as depreciation and obsolescence make building valuation a hazardous task to say the least. This is not to imply that land valuation is a simple or inexpensive process. It is obvious, however, that if an assessor had to value only the land his task would be greatly simplified, and, given the same total staff resources, his valuations would be more accurate. . . It must be kept in mind that it is not the assessor who makes values, it is the action of buyers and sellers in the market."

Smith quotes approvingly from the Woodruff/Ecker-Racz study (1969) of LVT practice in Australia and New Zealand:

"The argument commonly heard in America that site value rating [taxing] is administratively impossible because of the difficulty of assessing land apart from the buildings on it, is not heard at all in Australia and New Zealand. Many decades of experience have convinced even the most hardened skeptics that while it may be considerably more difficult to appraise the land component of a single improved parcel apart from the building on it, the reverse is true when great numbers

An Ability-to-Pay Tax

Anthony Pileggi's careful empirical study showed that in Indiana, Pennsylvania (pop. 15,000), 1.5% of the richest landowners paid 53.5% of a land value tax compared to the 30.6% of the U.S. income tax paid by the richest 3% (IF, 4/80, p. 1). In bigger cities, the disparity would be even greater

All this substantiates that a land value tax would be even more based on ability-to-pay than even the income tax, at least for the richest among us.

LVT Benefits Environment

Continued from page 1

Objection: Do you want Brazil's rain forest, "the lungs of the world," to be developed?

Answer: No. Brazil's rain forest is annually shrinking in size because land speculation produces vast vacant or underused acres elsewhere in the country, sending farmers into the rain forest in search of affordable land.

Both farmers and environmentalists need equal rights and land value taxation.

of properties have to be evaluated for tax purposes. Involved calculations need be made only for selected benchmark properties and the values established for the benchmarks may be extrapolated to all properties.

Enough Already

If you tax buildings less, there will obviously be more new construction and renovation.

☛ If you tax land assessments more, land-sites will obviously be developed more fully (thereby creating more new construction & renovation, and jobs)

Why not reduce the property tax on building assessments in five equal annual installments until it is zero? There would be no tax penalty at all on improving properties in your town

A two-rate property-tax switch is completely revenue-neutral and could be done simply at no extra tax cost

☛ Is your town so perfect that all land-sites are fully developed and all buildings are fully renovated? Isn't there any room for improvement?

☛ Don't you want to find jobs for your town's unemployed?

We will help you make the switch (free, no obligation) if you call 1-215-988-9998.

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