APPALACHIAN CITIZENS PUSH LAND VALUE LEVY FOR MINES

Efforts are being made by five of Appalachia's most impoverished counties to enforce collection of about $350,000 a year in property taxes from the coal mining companies.

Six million tons of coal a year are being shipped out of East Tennessee and the counties are getting nothing in return. Thirteen Appalachian citizens, representing the interests of private landowners in these counties, have filed a petition with the State Board of Tax Equalization (headed by the Governor) which asked that coal reserves be assessed on the same basis as that of other property in the area, according to a New York Times report of September 25.

By October 2, the Tennessee State Board of Tax Equalization had declared its determination to see that coal, mineral and timber resources were considered in determining tax assessments of privately owned land. The vice-chairman of the Board said work would begin immediately to develop a formula by which these lands would be assessed not as undeveloped land, but on a more realistic basis.

This is a great step in the direction of fair assessment of privately owned and utilized land. It was hailed by a Vanderbilt University research team as a significant citizen challenge "to the large mining interests that have exploited the resources of the Appalachian region for years [leaving behind] ruined lands and widespread poverty."

But while more equitable taxation will in effect give the community a share in its resources, there is a serious difficulty here. Most of the coal is removed by strip mining. Currently, a strip mining regulatory bill is stymied in the Tennessee legislature largely as a result of efforts by the lobbyists for the coal mining companies. Enforcement of a land value tax might induce the mining companies to hasten their extraction of coal to the detriment of the ecology of Appalachia's terrain.

Thus, if the five counties do not manage to protect their interests with this regulatory bill, their successful efforts to rectify an unjust tax situation will serve to further impoverish their already devastated lands.

BOOK APPEAL

The School is engaged in the continuing process of enlarging its library and keeping it up to date. This is not only an exacting job, it is an expensive one.

Recent books on economics and social philosophy are always welcome additions. If you have such books and can contribute them, you will not only be aiding future readers by making up-to-date material available, you will be helping to make the school a more interesting and attractive place for students. And, incidentally, you may count these donations among your deductions for income tax purposes.

CHAMBER SUPPORTS REFORM

The Urban and Regional Affairs Committee Chamber of Commerce of the United States adopted a resolution supporting Property Tax Reform in February of 1971. A recent conversation with Mr. Owen Kugel of the Chamber disclosed that the policy statement is still in the process of being implemented. This means that outside of mountains of paper work and research, nothing has been done.

The Chamber's position is clear:

"Disincentives that inhibit private enterprise from helping to solve social and economic problems should be eliminated.

"To implement this Chamber policy and give it specific application to encouraging private enterprise to take a more active part in urban development and so lessen the need and pressure for costly subsidies, the Urban and Regional Affairs Committee recommends that the Chamber should take this same strong and unequivocal stand for reforming the administration of the local property tax. Such reform should include shifting the principal weight of property taxation off the owner-created value of the improvement onto the community-created value of the location, i.e., to what land in that location would be worth if the past and present owners had never done or spent anything to improve it.

"We believe it obvious that heavy taxes on improvements inhibit and often prevent private investment in improvements. Conversely, we believe heavier taxation of location values could put effective pressure on the owners of underused or misused locations to put their property to better use or sell it to someone who will.

"We believe that many businessmen have insufficient understanding of the harm today's widespread misadministration of the property tax may be doing in their communities.

"Therefore, the Urban and Regional Affairs Committee urges that the National Chamber devote all feasible resources to developing and using information materials to inform its membership of the costs and the alternatives to ineffective property tax systems."

Tax Promotes Best Land Use

by Steven Cord

Land value taxation has been characterized as a "tempest in a teapot" in that its economic benefits are said to be minimal, and as "non-ecological" because it would induce too-intensive land use—overbuilding and over-crowding. These two objections contradict each other. True, a heavier tax on land values would make underuse of land more expensive, but on the socio-ecological plane, empty lots, rickety buildings and slums hardly make fine city planning. The heavier tax on land values would encourage optimum use of land as determined by the market – not over-intensive use, but *optimum* use.

By discouraging urban sprawl, land value taxation would make more land available in the most desirable areas and thereby mitigate too-intensive use. Moreover, by reducing the land rent relative to the cost of improvements, it would lessen the need for intensive use. It would no longer be necessary to overcrowd simply to obtain an income from the building consistent with the land value.

Furthermore, the tax would encourage the construction of low-income housing on inexpensive land, again thwarting the tendency to overcrowd. Finally, although the "natural zoning" effects of land value taxation would reduce the necessity for government intervention, local zoning power could always be used to prevent overbuilding and to protect the social interest.