

# the Henry George News

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## *Public Acceptance of Site Value Taxation Is Increasing Steadily*

AT least three states, California, Texas and Michigan, are being exposed to a consideration of land value taxation. The California Legislature, in its 1961 session, studied an amendment proposed by Vernon Kilpatrick. No action was taken, but a new assembly is now in session and the land value taxation bill, Amendment 20, has been reintroduced by James R. Mills, Democratic Assemblyman from San Diego County. This time it has behind it a favorable report by a firm of San Francisco consultants in public administration and finance. (See February HGN, p. 9).

In Michigan an amendment calling for local option allowing municipalities to tax land values exclusively, has also been reintroduced, as House Bill 180, by Representatives Waldron, DeMaso and Gillis.

Benjamin F. Smith, a mechanical engineer in Grand Rapids, was defeated recently when he ran for ward commissioner, however the votes he received were "for real," since he campaigned squarely on assessing land at full value, and did not compromise with issues. He says he may try again.

Judge John R. Fuchs, of New Braunfels, Texas, who has campaigned

vigorously most of his life for the single tax, drew up a proposed amendment to the Texas Constitution which would permit local governments to exempt certain properties and improvements from taxation. This was recently introduced in the Senate by Franklin Spears, a Senator from San Antonio, who said the measure was aimed primarily at providing local tax incentives to industry, and would be put into effect gradually.

Judge Fuchs, president of the Henry George Foundation, and author of *Constructive Taxation for Free Enterprise*, promptly drafted a statement to the committee considering this amendment granting cities the option to adopt constructive taxation. He reminded them that "Legislature wields no power that is of greater importance and of more far-reaching consequences than the power of taxation, since it can deter or promote the production and distribution of wealth.

"We can tax either personal property or land, and of course under our present laws improvements are considered a part of the land, while in truth they are not," the Judge pointed out. "What a man creates by his efforts, his

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skill, energy and initiative is his personal property, and when we tax this we are communizing—making common property out of individual personal property—and by the same token we leave to the individual what society has created. We enrich him at the expense of the people.

"What is it then that society has created? The answer is the value of the land (without its improvements). This 'economic rent' belongs to the people and justice requires that it be collected for the benefit of the people. Now it goes largely into the pockets of private owners." Judge Fuchs emphasized that he does not advocate nationalization or public administration of land, and stressed that "no division can be or should be attempted. From the days of the Gracchi this has been demonstrated to be the wrong method."

He called the proposed Constitutional Amendment "just a small step, but a step in the right direction," and said every legislator should and could support it for two reasons: "first, it is merely permissive; and second, it is giving practical power to the cities of local self government which we press at every occasion and which we give such vociferous support but do not follow through on. With this resolution the Legislature has a great opportunity to practically apply the bulwark of our liberties—local self government."

He admitted the tax reform would temporarily take gains from land-owners who speculate in land—but called it "a blessing to the man who uses this land because all his improvements will be exempt. Furthermore, it will promote the making of improvements, and the only thing it will destroy is the speculation in land which is not constructive but on the contrary very destructive to capitalism and labor."

Judge Fuchs was in the hospital for

a time but is now back at home and is, we trust, recovering rapidly. It is typical of his forthright love of his state and his country, that he closed with the statement, "as a citizen of Texas, whose grandfather came here over 100 years ago because he was opposed to monarchy, I plead with you to give this due consideration."

## The Pittsburgh Plan

Newspapers continue to feature the Georgist proposal in bolder and less apologetic headlines, and for Georgists who labored for years without ever seeing any mention of land value taxation in newspapers or magazines, this is a heartening trend indeed. The Real Estate Editor of The Sunday Press (Pittsburgh) in a headline, quoted Percy R. Williams, Executive Secretary of the Henry George Foundation, as saying that Graded Taxes Ease the Home Owners' Burden. This extensive two column report summarized Mr. Williams' article in The American Journal of Economics and Sociology with its battery of detailed facts in support of "Pittsburgh's 45-year-old 'experiment with incentive taxation.'" This article is one of a series which will eventually be published in a book, by the Robert Schalkenbach Foundation, publishers of the above journal.

Mr. Williams was a former City Assessor in Pittsburgh and was also secretary to the late Mayor William McNair. He is quoted as saying that "the only valid criticism advanced by friends of land-value-taxation is that the graded tax law does not go far enough." He concedes that "there still are some serious inequalities in land assessment, due chiefly to a tendency to undervalue land in the newer sections of the city, and to maintain a higher ratio of assessment to market value in older sections." He concluded however that "enough has been accomplished



to show how a city may make an effective approach toward untaxing improvements."

The "Pittsburgh Plan" has caused that city to be mentioned in many newspaper reports throughout the world, and its publicity value is perhaps overlooked in the many discussions over technicalities. In the Chicago Tribune of January 27th, for instance, we read that "the Beverly Woods-Kennedy Park Civic Association has indorsed a site value taxation system (as used in Pittsburgh, 16th largest city in the United States) to combat Chicago's rising real estate taxes, as well as encourage improvement and upkeep of neighborhoods."

The attorney and president of the association stated as the principal advantages of the site method that it forces improvement of valuable urban land to its highest income advantage, curtails land speculation because high 'site' taxes won't permit valuable vacant property to be held off the market for subsequent exorbitant profit, and would decrease the tax load on residential land away from highly valuable commercial sites.

And if further proof is needed of the growing acceptance which Henry George himself foresaw, we quote from a page torn out of a Florida AAA tour book, regarding Fairhope, Alabama which begins with these statements: "Henry George's Single Tax System was adopted by four families who founded Fairhope in 1894. They

established the Fairhope Single Tax Corporation and leased the land within the original village for 99 years. Tenants own the improvements, but the Single Tax Colony pays all the taxes."

New Zealand and Australia too, are often mentioned among the places where land value taxation is proving successful. Encouraging news from Wellington states that the New Zealand League for the Taxation of Land Values has been active in promoting rating polls up and down the country. The favorable tabulations of these polls are listed in a report from the president, Dr. Rolland O'Regan, who will come to the United States in the spring to address a number of universities, under sponsorship of the Robert Schalkenbach Foundation. He will be the guest of honor at the annual banquet of the Henry George School in New York on May 8th.

Present activity centers around Auckland City, largest in the country and one of the two remaining New Zealand cities not already benefiting from land value rating. In six months, with very little financing, nearly 15 per cent of ratepayers' signatures were obtained for the purposes of requisitioning the poll. It is expected that the necessary 1200 additional signatures will be raised later this year, and the poll would be held shortly afterward. If it is significantly heavy it will be one of the biggest single extensions of land value taxation ever.

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