

## LVT Forum Held In Philadelphia *by Hanno T. Beck*

**A**lanna Hartzok of Pennsylvania recently brought Georgist ideas into the bright light of public attention, by coordinating and leading a forum in Philadelphia on January 29th. Called "Public Finance Alternatives — A Philadelphia Regional Forum," the event was sponsored by the Pennsylvania Fair Tax Coalition and was held in a large room at the Friends Meeting House in Philadelphia.

The forum involved presentations by six panelists and yielded many questions from the audience of some 70 people. The panelists, a mix of Georgist economists, Pennsylvania public officials and regional tax analysts, took turns presenting their views on the fiscal challenges confronting the Philadelphia region. The key reform discussed was a two-rate property tax. Inspired by Henry George's idea of removing all taxes save those upon land values, the two-rate method cuts that portion of taxes that falls on buildings, while raising the tax on land value. The revenue-neutral result is redevelopment in urban areas, as has been proven again and again in those cities that have tried a two-rate property tax.

Besides Hartzok herself, who presided over the event, the panelists were Joshua Vincent, Rick Rybeck, Anthony Spossey, Napoleon Saunders, Joanne Denworth and John Gardner.

Among the attenders were elected officials, a Green Party official, a high-level school district bureaucrat, a consultant to the AARP, a federal Empowerment Zone liaison, a number of journalists, concerned citizens, and others.

The Philadelphia *Inquirer*, that region's largest newspaper, reported on the forum, and understood that a "tax on land, not buildings, would spur development of properties." Philadelphia has suffered from a lack of inner-city redevelopment coupled with a shortage of funds to stimulate economic growth. The two-rate tax offers a mechanism for obtaining all the advantages of expensive incentives without any net cost.

Moreover, Philadelphia can help itself to this reform without seeking any special permission from the state government. As Mayor Anthony Spossey of Washington, Pa., stated concerning his city's experience with the two-rate property tax, "This was a way for some meaningful tax reform that we could establish without having to wait for some mandate from an upper level of government." Washington has repeatedly lowered its tax rates on buildings while raising them on land values.

Elsewhere in the Philadelphia region, urban *(continued on page 30)*

sprawl is considered a major problem, and other panelists discussed the need to focus development on the city so as to decrease sprawl pressures and help preserve green space. Again, the two-rate property tax appeared to be an ideal tool to do the job of making Philadelphia a magnet for development, cutting the tendency toward sprawl.

This event was Hartzok's second successful forum of this type — she organized one in 1997 — and Hartzok may put together another, similar forum this winter in the Washington D.C. area, which desperately needs the tax relief and redevelopment incentives offered by the two-rate property tax.

If you are interested in a videotape of the January 29 forum, contact Joshua Vincent for information, at the Center for the Study of Economics, 2000 Century Plaza, Suite 238, Columbia, MD 21044.

### **The Duh Tax**

*(from an article by Eils Lotozo in the Philadelphia Weekly, April 1, 1998)*

The land value tax could be a win-win for the city, but getting it passed won't be easy. To its proponents, it's a magic bullet for struggling towns and cities — a simple shift in tax policy that could lower property taxes for middle-class homeowners and turn inner city neighborhoods into natural empowerment zones. It could motivate center city developers to convert vacant office buildings into residential units and build more parking garages. It could limit the profitability of destructive real estate speculation... and slow the growth of suburban sprawl. ...eight Nobel Prize-winning economists have endorsed it. In Pennsylvania, 16 cities have already adopted it and across the nation and the world, 700 locales, including two Eastern European nations and the Big Island of Hawaii, have turned to it....

*[Lotozo goes on to write as glowing an endorsement of two-rate reform as one could want — quoting Mike Curtis of the Philadelphia Henry George School and Josh Vincent of the Henry George Foundation, favorably reviewing the recent LVT seminar held in Philadelphia, and giving a good summary of the reform's benefits to a city like Philadelphia. But Lotozo is not blind to the difficulties:]*

Still, if a serious proposal... should pick up more steam here, expect a chorus of objections and a well-funded derailment effort from those who would be likely to pay more — owners of abandoned industrial sites, surface parking lot owners, owners of big box stores with acres of parking lots, owners of mothballed center city office buildings, big time speculators clinging to dreams of riverboat gambling and sitting on prime riverfront property and small-time speculators holding abandoned houses and lots in the city's neighborhoods.