

AN ALTERNATIVE OUTLOOK  
By Everett W. Gross

Compliments to Lloyd Reeves on his personal column of Aug. 20. In such a short space, he told very skillfully of some of the damage done to the economy by our system of taxation. This has been the whole point of all my efforts in this column now for a couple of years.

Lloyd realizes that if he adds a room to his house, his tax bill will increase. Even though it might not completely stop him from building, he sees that it will surely stop at least part of the thousand people in this county who might be considering building. And this tends to spoil the economy for all of us.

The only alternative that Lloyd's article suggests is the sales tax and Lloyd clearly outlines part but not all of the damage done by the sales tax.

How is it possible to break through the non-information barrier and inform at least a fair fraction of Crete News readers that it is possible to use a tax formula which does neither of the kinds of damage which Lloyd so clearly sees?

How is it possible to name, in a small space, all of the places where such a formula is actually in use, at least in part? And the result is always the community growth predicted by the theory which underlies it.

I have heard Chamber-of-Commerce people talk to groups as if they really would like suggestions for making the community grow. It is always a mystery to me why the suggestion of an Incentiv Tax draws only a blank look. Not one of them will even ask "What's that?"

So let me ask a question or two. Can anyone come up with one good reason why improvements (Lloyd's added room) should be used at all in calculating the property tax? I already know two of the replies I will get, but both of them are sick.

If any public improvement such as a road or a fire department is added to a community, is any house in that community made more valuable? No, it is not. The lot under that house is more valuable but the house is not. The value of the house never exceeds replacement cost, and the replacement cost is actually reduced by every community improvement that you can name.

If you want to point out to me that a new school makes your property more valuable, I will also point out to you that that same increase in price will also be found in every vacant lot. In every study that has ever been made, it is evident that such increased value is enough to pay for the public improvement which caused it. Vacant lots have no value except that which is caused by community improvement (or perhaps natural fertility).

Can some of us meet some time and discuss the topic of Incentive Taxation more fully?

C-100