

AN ALTERNATIVE OUTLOOK

By Everett W. Gross

Maybe I should start calling my essays tirades or harangues. At least last week's one finally got a response over a coffee cup. I had complained that whenever I had suggested to a Chamber-of Commerce type of person that community improvement could be accomplished by Incentive Taxation, I did not even get a "What's that?" response.

I finally got a "What's that?" response, but not from a member of the Chamber of Commerce. Actually, I wanted a chance to answer here even if I had not received that coffee cup response.

So I shall try. Virtually every tax you can think of is an incentive to do something or not do something. Suppose that for some strange reason we wanted to rid our town of a certain kind of tree. We could do a pretty good job with a tax. A small tax would get rid of a few and then we could increase the tax until we are satisfied. A tax acts as a fine whether it is intended that way or not.

The cities in Pennsylvania which are catching on are using the principle in their property taxes. The long range goal is that a location could be taxed as if it had improvements on it whether it has or not. And then when the improvements get built, the tax does not increase. This amounts to a fine or penalty for holding a location vacant but not for building on it.

In actual application there, it is not being done in one fell swoop, but the changeover in the formula is scheduled over several years. The reason for the gradual changeover is so that no one needs to be surprised. Each owner has plenty of time to decide just what he wants to put there (presumably within zoning rules.)

If he doesn't want to build, he has time to sell. But building in those cities is proceeding much faster than it is in comparable cities which tax mostly just the improvements. No one is forcing the people to build. They hurry to build because it pays. It pays much more than just the amount of the relief from taxes. It pays because of all the increased business that the near neighbors are doing. No matter what your position in the community is, your own pocketbook is best served by allowing your neighbor as well as yourself to build more and better.

I am using the word "building" in a much broader sense than just a hollow shell. I am also referring to the thriving activity which is contained therein.

You have heard it said that we should not tax a person for a vacant lot because he is not making any money on it. I say unto you: "Baloney! If he were not making as much money holding it vacant as he could by using it, he would not hold it vacant."