Travel for free thanks to LVT!

Involved with the Henry George School in Manhattan, seeing a way to incorporate the ideas of Henry George, TRIP developed two basic goals: to make mass transit in NYC free and to charge a 6% additional tax on the land value in NYC to pay for the transit system.

What are the benefits of a no-fare transit system? A free transportation system will encourage so many people to return to mass transit that there will be significantly fewer cars entering the city and traveling within. Gridlock and auto congestion will lessen substantially and air pollution will decrease to tolerable levels. There will also be other benefits, such as freeing personnel from fare collection and enforcement (catching fare-beaters) who can then provide increased informational services, respond to emergencies and fight crime. Free transit provides the whole city with increased access and travel to shopping, cultural activities, jobs, etc.

A LAND value tax (LVT) has applications in NYC and other urban areas facing similar problems. Taxing land value provides a way of redistributing the value which accrues to the fortunate landowner but is created by the actions of the community. The current rate of taxation in NYC is approximately 9.5% of the assessed value. The land value portion could probably be increased to a much higher level without seriously hurting landowners or disrupting real estate markets. That land in prime downtown locations can be kept vacant or as parking lots is an indication that landowners are not paying enough of a tax on its value.

Are we justified in advocating the landowner be taxed to pay for mass transit which he may not even use? The answer is "yes", because a landowner receives much more benefit than a bus or subway rider. Land derives its value from the community infrastructure. With land value related to its proximity to mass transportation it is only natural that some of this extra value ought to be used to finance it. Instead of charging riders a fare for each ride which leads to cycles of fare increases and ridership loss, why not charge the landowner a tax on the value of his (or her) land? It is an easy tax to collect and it would only take a 6% additional tax on the land value, assessed in 1989 at $19 billion, to make up for the loss of farebox revenues of about $1 billion.

Most major cities are facing severe fiscal problems and could benefit from adopting land-value taxation. Funding mass transit is really only a beginning and if TRIP is successful in getting its plan adopted then the ground will be broken for using LVT to fund other services.

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