

LAND TAX POLICIES FAULTY (Wilmington Evening News, December 1)

One of the best ways to help preserve Delaware's vanishing farmland would be to reduce the pressures causing its premature development. This problem relates to those of leap-frogging suburban sprawl and urban decay as they all represent patterns of poor and wasteful land use. And officials and land economists say these examples of misuse of our important land resources are not only related but are the result of a common cause - upside down land taxation policies that actually encourage and promote these very conditions.

Delaware's land-use problems mirror those of most states. Typically they originate in the urban sector and radiate outward into suburban and rural areas. The culprit is the archaic real estate tax practice (as in Wilmington) of taxing buildings much higher than land, with the result that land speculators buy land and hold it out of use while waiting for its future value. So says a recent report by the U.S. House of Representatives' Subcommittee on the City, which cited studies showing that in the nation's cities, large and small, the amount of vacant and underused land is more than twice as extensive as the land occupied by all their commercial and industrial activities combined. (Anyone viewing Wilmington and environs from the air would have to be impressed by the proliferation of boarded-up houses, vacant sites, surface parking lots and moribund industrial properties.)

The House subcommittee report concludes that the double standard in property taxation is the main reason for the pressures causing real estate developers to prematurely turn suburban areas and farmland into housing developments, shopping centers and industrial sites, while urban land sits unused. Other top officials agreeing with this general assessment include Edmund Muskie, former senator, now U.S. Secretary of State; Philip Klutznick, vice-chairman, Committee for Economic Development, and U.S. Secretary of Commerce; Jack Kemp, U.S. representative; and Henry Reuss, chairman of the House Committee on Banking, Finance and Urban Affairs.\*

As an answer to this tax problem, the report cites the action by Pittsburgh, which increased its land taxes in recent years but didn't increase taxes on buildings. (Spurred by this "incentive" tax change, plans for five new skyscrapers have been announced, and sales of vacant lots and new construction are up 20 percent over the previous years, despite recession and kangaroo jumps in mortgage rates.) To follow suit, legislators in New Jersey, Nebraska, California and Wisconsin have proposed tax changes that would impose higher rates on unimproved urban land.

- FRANK E. NELSON  
Delaware Representative  
Incentive Tax League

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\*These titles refer to the outgoing administration. In the new Congress, Henry Reuss is chairman of the Joint Economic Committee and Jack Kemp is chairman of the House Republican Conference. - Ed.

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