# GREEN TAXES FOR GREEN GOALS
## by Alanna Hartzok, Scotland, PA

There is a troublesome and painful contradiction in the lives of many of us who are working for peace, justice, poverty eradication, debt cancellation and sustainable development. While our hearts and minds focus on building a better world for everyone, each day we hand over fistfuls of dollars to build weapons of mass destruction, fuel dangerous, dirty and polluting technologies, and subsidize huge conglomerates which concentrate the wealth of the world in the control of the few. But together we can end tax tyranny and align our visions and values with how we finance our governments.

Taxation not only raises money to fund government services, it also reflects the overall value system of a society. The goal of green tax policy is to put in place a system of public finance which strengthens and maximizes incentives for:
* Fair distribution of wealth
* Environmental protection
* Basic needs production
* Provision of adequate government services
* Peaceful resolution of territorial conflicts

Green tax reform makes a clear distinction between private property and common property. Private property is that which is created by labor. Common property is that which is provided by nature. Green tax policy removes taxes from wages and other private property and increases taxes and user fees on common property. Reducing taxes on labor increases purchasing capacity; reducing taxes on houses and basic needs increases their affordability. Shifting taxes to land and resources curbs speculation and private profiteering in our common property and is a practical way to conserve and fairly share the earth.

Captured in brief sound bites, "tax waste, not work"; "tax bads, not goods"; "pay for what you take, not what you make"; and polluter pays become tax shift principles readily translated into voter friendly policy recommendations with broad-based political support.

Green tax policy CUTS taxes on:
* Wages and earned income
* Productive and sustainable capital
* Sales, especially for basic necessities
* Homes and other buildings

Green tax policy INCREASES taxes and fees on:
* Land sites according to land value
* Lands used for timber, grazing, mining
* Emissions into air, water, or soil
* Ocean and freshwater resources
* Electromagnetic spectrum
* Satellite orbital zones
* Oil and minerals

Green tax policy seeks to ELIMINATE subsidies environmentally or socially harmful, unnecessary or inequitable. Slated for drastic reduction or complete removal are subsidies for:
* Energy production
* Resource extraction
* Commerce and industry
* Agriculture and forestry
* Weapons of mass destruction

Towns and cities in Pennsylvania have been pioneering a form of green tax on surface land values. The so-called "split-rate" tax approach has been put in place to varying degrees in nineteen municipalities in our state. All have experienced notable improvements as a result. The Philadelphia Controller's Office has just released a substantial report which strongly recommends that the city shift a significant portion of its tax base off of wages and buildings and onto land values.

To understand how the split-rate tax works, it is helpful to view the property tax as actually two very different types of taxes. The tax which falls on buildings is a disincentive to improvements, renovations and good upkeep of residential, commercial and industrial property. The split-rate tax approach lowers taxes on buildings and improvements by levying a lower rate on their value.

The tax which falls on land values, however, is beneficial because it encourages good site use and discourages land speculation and profiteering in surface land, a common heritage resource. Land values increase due to the efforts of the entire community and to public investments in infrastructure such as roads, water and sewer lines. High quality educational systems funded by the public also increase land values. By increasing the rate on land values to make up for the lower taxes on buildings, the public recaptures more of the value that it has created. Land value may then be considered a form of "common wealth." And conversely, value and improvements created by the labor of individuals are kept in the private sector when building taxes are lowered. Effort and responsible land use are rewarded.

This public finance approach, by collecting more of the community created land value for community needs by levying taxes on the value of the site or location while lowering the tax on improvements contributed by individual effort is a constructive way of securing public revenue which:
* Encourages building upkeep and revitalizes the urban core
* Keeps land prices and housing affordable by discouraging land speculation and stimulating new housing construction where needed
* Discourages sprawl by encouraging good site use in already developed areas
* Lowers property taxes for most home and business owners who make good use of valuable sites.

An attractive and colorful four page Green Tax brochure can be downloaded from the website: www.greentax.net
(continued on page 10)

## FROM RED TO GREEEN

(continued from pg. 8)

claimed that his land tax would be sufficient to pay for all the costs of government. (Yet) the benefits from government programs are generally unevenly spread. (So instead) distribute (Rent) directly to people as a Common Heritage Dividend (about $4,000 per person per year in the US)."

(7) The British Green Party's platform (1986) claims, "Rent should never have been allowed to fall into private hands... it should now go back to everybody: it should reduce the burden on effort-based taxes in financing social services and the Basic Income Scheme."

(8) The Irish Green Party's Manifesto (1989) states, "The land tax, used together with energy and other ('sin') taxes (and user fees) as a source of funding of guaranteed basic income, is a means of ensuring that everyone shares in the wealth of the land by virtue of citizenship."

The Austrian Green Party joins the Irish and English GPs in pushing for a social salary, though for the Austrians it need not necessarily come from rent.

Some assume common ownership is a prerequisite to public sharing. (9) German Green Margrit Kennedy in "Interest And Inflation Free Money" (1988, p 32) elaborates: "a combination of private use and communal ownership would be the most advantageous solution for achieving social justice and allowing individual growth… (society) would buy up all its land and lease it out to its inhabitants... The constitution of ... Germany describes land as an asset which carries a 'social' responsibility." But why buy the land? If society is to compensate landholders, why not the landless? That issue aside, Dr. Kennedy claimed that the increase in German land and building value from 1950 to 1980 was enough to give every German DM800 a month for life. One wonders how much the dividend would be from only the land value.

Ex-British cabinet economist (10) James Robertson, founder of The Other Economic Summit, in his "Future Wealth" (1989; p 105-6): "tax the site-value of all land in its unimproved state. This tax was first proposed by the 19th century American economist Henry George. We should envisage the eventual removal of all taxes on incomes and value added, savings and financial capital. Taxes will take the form of Rents and charges reasonably paid in exchange either for the use of resources that would otherwise be available for other people, or for damage caused to other people." In his 1994 essay, "Benefits & Taxes", he argues the feasibility of a basic income in lieu of other entitlements ("enticements" is more like it).

(11) The German Institute for Economic Research, contracted by Greenpeace, concluded in their Economic Bulletin (v 31, n 7) that "an energy tax returned to firms as a reduction in employers' social insurance contributions and to private households as a per capita allowance ("eco bonus") would be feasible in legal terms and have positive effects even if implemented in a single country."

(12) Jakob von Uexkull, founder of the "Alternative Nobel Prizes" (the Right Livelihood Awards, who wrote Geonomy Society for more information), speaks for many when he says, "without fair compensation, all talk of the 'global commons' or the 'common heritage of mankind' will be seen by the poor as another attempt to expropriate their resources."

Some taxes and subsidies are better than others, yet all are fatally flawed. They distort price, the DNA-like carriers of information, noted Michael Rothschild in his "Bionomics" (1990), Alter genes, mutate offspring; alter price, mutate output. Echoing Henry George, Paul Hawken in "The Ecology of Commerce" (1993) noted that shifting taxes from goods to bads and subsidies from bads to goods "does not depend upon a transformed human nature but extends to commerce the interwoven, complex, and efficient models of natural systems ... so everyday acts of work and life accumulate into a better world as a matter of course, not conscious altruism." (13) William Ashworth (author of eight titles including "The Late Great Lakes") in his "The Economy of Nature" (1995; the first book published by the Sierra Club on economics) noted that were we to replace taxes and subsidies, we'd quit distorting price. We could replace taxes with fees and subsidies with dividends. Responding to precise prices, economies could then harmonize with the rest of the eco-system.

Common Assets promote a "sky dividend" paid to citizens from fees collected from corporations for using the atmosphere as a dump. Also known as the Sky Trust Initiative, it's a project of the (14) Corporation for Enterprise Development, Washington, DC.

Conceiver Peter Barnes spelled out the moral principle perfectly: "from each according to their use of the commons, to each according to their equal birthright." (YES! 1999 Spring).

(15) New America Foundation publishes "Public Assets, Private Profits" by David Bollier in which he writes: "explore innovations in private law and technology that can keep the commons healthy and intact. (Though we should do that not just for common property yet for all Earth.) Fostering the commons requires a larger cultural vision of community and personal fulfillment create stakeholder trusts that pay dividends to all citizens from collectively owned assets; and capture capital gains from public infrastructure." Yet we're all entitled to the Rent from all nature, not just the part held in common.

Rather than give away pollution permits for free, why not auction them off? Better than a fine or tax or set fee, requiring bids would charge industry before they pollute and let them decide how to reduce their emission. Auctions even let environmental groups bid on permits. An auction could raise $100 to $500 billion each year for carbon permits alone. (16) Americans for Equitable Climate Solutions suggests using one quarter of that in towns dependent on oil and coal to ease the transition to a clean economy and three quarters to fund a dividend which could be as much as $800 per American per year, a la the CED Sky Trust. (Christian Science Monitor, 2000 Nov 24)

Redefining Progress, which had a cover article in THE ATLANTIC MONTHLY (1995 October),

(continued on pg. 10)

**FROM RED TO GREEN** (continued from page 9)
has two main programs: (a) "correct the GNP to account for social and ecological costs" and (b) "replace taxes on labor and enterprise with ones on natural resources." And with taxes on sites, too, they later added in their 1999 report. The founder of Redefining Progress, (17) Ted Halstead, added the capstone in "A Politics for Generation X": "America could raise trillions of dollars by charging fair market value for the use of common assets - the oil and coal in the ground, the trees in our national forests, the airwaves and the electromagnetic spectrum - and the rights to pollute our air. Charge fair market value for the use of common assets and return the proceeds directly to each American citizen."

This list of 17 keeps growing. If you hear of someone promoting some form of geonomics - sharing Rent in lieu of taxing effort - before we do, please, send the clipping to the Geonomy Society. We'll add them to the list. Soon as the number of geonomists reaches critical mass, then the environmental movement will win geonomics for all people, for the whole planet. And for the BIGists, too.

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(Jeffery J. Smith, 10731 SE Center St., Portland, OR 97266, is president of the Geonomy Society.) <<

**GREEN TAXES FOR GREEN GOALS** (continued from page 4)

For more information: Earth Rights Institute, P.O. Box 328, Scotland, PA 17254, USA; Phone: 717-264-5036, 1-888-471-3929. E-mail: earthrts@pa.net, URL: http://www.earthrights.net

(Alanna Hartzok, M.A., is the United Nations Non-Governmental Organization Representative for the International Union for Land Value Taxation, Vice-President of the Council of Georgist Organizations, State Coordinator for the Pennsylvania Fair Tax Coalition, and Director of Earth Rights Institute.)

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(editor's note: Hartzok's speech was presented at the first conference of the Global Institute for Taxation (GIFT), * "Taxation Alternatives for the 21st Century." (* GIFT is the brainchild of St. John's University tax Professor Patrick R. Colabella). Hartzok's presentation was given lengthly publicity in the CPA Journal's Trends in Taxation section in an article, by James A. Woehlke, "Reinventing Federal Taxation." A copy of the article was emailed by Alanna Hartzok to GroundSwell in July, 2000.) <<

**Worldwatch Publicized Tax Shift** (continued from page 6)
elevators and stairs are more expensive to build per square foot of usable space, so taxes on buildings fall disproportionately on taller structures.)

"Generally, the effect of taxes on buildings is to raise rents, disperse construction, and discourage urban redevelopment. A tax on land value, in contrast, is relatively benign. The worth of the land under the building depends only on location, so, theoretically, a tax on the land would neither deter an owner from making improvements nor promote spread-out development."

(The footnote is #94: David Perry, ed., "Building the Public City: the Politics, Governance, and Finance of Public Infrastructure" (Thousand Oaks, CA: Sage Publications, 1995); Roy Bahl and Johannes Linn, "Urban Public Finance in Developing Countries" (New York: Oxford University Press for the International Bank for Reconstruction and Development, 1992); Kenneth C. Wenzer, ed., "Land Value Taxation: The Equitable and Efficient Source of Public Finance" (Armonk, NY: M.E. Sharpe, 1999).
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**The Intelligent Man's Guide to Smart Growth.** The 546 page book by Randal O'Toole (Thoreau Institute, 2001) is reviewed by R. W. Bradford in the December 2001 issue of Liberty magazine. Selected excerpts of the review are quoted below.

"...In his new book on the subject ('The Vanishing Automobile and Other Urban Myths; How Smart Growth Will Harm American Cities'), Randal O'Toole observes: 'As planners describe it, smart growth is an attractive vision of people living and working in pedestrian-friendly communities, walking to the store, taking light rail on longer trips, and using the automobile only as a last resort. As a result, smart growth supposedly allows urban areas to grow without increasing congestion, pollution, taxes or the loss of open space.' ... Everything (in the book) is well-documented, and O'Toole provides web links for additional information whenever possible.

"... A half-century ago, urban renewal was the favored approach of people who wanted government to establish its hegemony amid the landscape, or the ruins, of downtown America. The plan was to 'renew' our cities by using the power of eminent domain to force the owners of buildings considered to be undesirable to sell their land to the government, which would then tear down whatever improvements existed on the land and resell it to developers. ... The program destroyed far more housing than it created; over 60% of the people whose housing was destroyed were members of racial minorities; and the housing created was almost all luxury housing for high-income people. ...

"'The Vanishing Automobile' has a lot in common with 'The Federal Bulldozer' (Martin Anderson, 1964). It closely examines a set of policies dedicated to increasing the government's power over the way people live. It gathers reliable data, analyzes them, and arrives at inescapable conclusions. Whether it will put an end to Smart Growth, as 'The Federal Bulldozer' put an end to urban renewal, remains to be seen. ..."

**Minnesota's Site Tax Legislation.** Referring to a note from Rich Nymoen, the 2-28-02 Georgist News reported, "Last year in Minnesota, the Republican controlled House passed legislation that would have shifted the newly created statewide business property tax toward site-based taxation over a 10-year period. The measure stalled in the Democratic Senate largely because the center cities of Minneapolis and St. Paul mistakenly believed it meant a tax increase for their business. □