

# The Henry George News

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## Four Pennsylvania Cities Raise Land Taxes

Cities across Pennsylvania, two of them for the first time in history, have adopted substantially higher land taxes. The new levies, enacted in last year's sessions of the legislatures, are slated to go into effect this year.

In the largest single advance since the adoption of a graded tax, City Councils in Allentown, Harrisburg, McKeesport, Pittsburgh, and Scranton all imposed higher land rates while keeping improvements constant. Allentown later reversed itself under landlord pressure.

Pittsburgh raised its land tax from 97.5 to 125.5 mills, a ratio of more than 5:1, with improvements held constant at 24.5. Scranton raised its rate to 96 mills on land, almost doubling the 2:1 ratio that had been in effect since 1925. In Allentown, the city council voted 38 mills on land to 22.5 on buildings, before succumbing to pressure from major landholders there.

McKeesport, entering the ranks of graded tax cities for the first time in history, went all the way to a rate of 90 mills on the land, and 20 on improvements, from its previous overall rate of 24. The 4.5:1 land tax ratio is the second highest in the state, exceeded only by Pittsburgh's new rate.

*In the state capitol of Harrisburg, the land tax was raised from 20 mills to 55, with improvements kept constant at 16. The more than 3:1 ratio is likely to be observed closely by state legislators and other Pennsylvania officials for its effect on urban development as well as municipal revenues.*

"In moving Scranton to a higher ratio, much credit must go to the report on the Pittsburgh tax, which was prepared by the Center for Local Tax Research," according to John M. Kelly of Scranton, a member of the Board of Trustees of the Schalkenbach Foundation, and a leader in the fight for property tax reform. Extensive quotes from the report appeared in the Scranton Press, and were reported in the Scranton City Council. The report was also extensively cited in testimony before the Pittsburgh City Council by Councilman William Coyne, and Dan Sullivan, who gathered the data, under the direction of the Center.

A powerful new voice in favor of the increase in the land tax was raised by Nobel Laureate Herbert Simon, a professor of Economics at Carnegie-Mellon

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## Former School President Arnold Weinstein Dead at 68

Arnold A. Weinstein, former president of the Henry George School in New York, died on December 17, 1979, at Lenox Hill Hospital in New York after a long illness. He was 68.

A life-long resident of New York City, Mr. Weinstein graduated from New York University School of Law in 1933 and was admitted to the Bar a year later. He served in the National Industrial Recovery Administration's legal department (NRA, the first of the New Deal alphabet agencies) in 1935 and 36. It

was here that he learned at first hand what the machinations of governmental bureaucracy can mean to individual liberty - a lesson he was to remember throughout his life.

He returned to private law practice in New York and took two courses at the School in 1937. Three years later, he was named legal counsel for the School and was elected to the Board of Trustees in 1956. He held these two posts until his death.

In 1968, he accepted the presidency of the School, and guided the institution until 1973 through a period of considerable stress and change in the education field and the social environment.

Funeral services for Mr. Weinstein were held December 19 at Frank L. Campbell Funeral Home in New York, where Lancaster M. Greene and Rabbi Sobel, of Temple Emmanuel, delivered eulogies. Mr. Weinstein is survived by his wife Connie, his two children, Dr. Steven Weinstein and Susan Schuyler, his sister, Blanche Waldman, and two grandchildren.



Arnold A. Weinstein

# George In The News

The following two editorials appeared in the November 29, 1979 and December 14, 1979 issues of the *Scranton Times*, are being reprinted with permission of the publisher:

## PITTSBURGH PLAN WORKING, STUDY SHOWS

The Pittsburgh experience, with its change in the ratio of the city's tax on land and on improvements has been encouraging, according to a study of results in the first nine months that the plan has been in effect.

To avoid a major increase in the wage tax in Pittsburgh, its City Council decided to alter the ratio of its graded tax on land and on improvements. Like Scranton, Pittsburgh had since 1924, been taxing land at twice the rate of improvements. Effective this year, the land tax rate nearly doubled, causing opponents to claim that the higher tax on land would interfere with development, increase the number of abandoned buildings and cause high rates of turnover and instability in residential neighborhoods.

That has not been the case, according to a study by the Center for Local Tax Research, which is affiliated with the Henry George School, in New York City.

"The evidence indicates that the tax change was accompanied by positive trends in Pittsburgh's community development, when compared to previous years and to surrounding areas," the center reported.

An increase in the number of building permits, and a decline in the number of permits issued for the razing of structures, was interpreted by the center as the indication of "a trend toward more small home improvements, rather than large commercial undertakings. This evidence runs contrary to the fear that the high land tax would result in homeowner neglect and neighborhood deterioration."

The center notes that it is too early in Pittsburgh's experience with the increased land tax to reach final conclusions. Yet, the positive changes in Pittsburgh's development in the first nine months of the year suggest that the "beneficial effects (will be) magnified" as more property owners become aware of the tax advantages on highly improved properties.

## PITTSBURGH PLAN DESERVES CONSIDERATION

Members of the Scranton City Council would be missing a marvelous opportunity to take advantage of the unique benefits of a graded tax on real estate if they pay no heed to suggestions the so-called Pittsburgh Plan be followed.

At budget-making time last year in Pittsburgh, the council of that city was faced with the same situation Scranton lawmakers are confronting. The mayor

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## Pennsylvania

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University, in Pittsburgh. In testimony before the Pittsburgh City Council, Simon said: "The average increase in tax bills of city residents will be about twice as great with a wage tax increase as with a land tax increase."

Simon also noted that the land tax is economically sound "because it is the use of property that creates the need for the most expensive municipal services: fire and police protection, garbage collection, and public works."

The tide of reform in favor of land value taxation has led to new interest on the part of other cities, including Philadelphia, and other property tax jurisdictions including counties and school districts. Current Pennsylvania law permits the graded tax only for municipal purposes in cities of the second class. Legislation has been introduced in Harrisburg to permit the "Pittsburgh Plan" in all jurisdictions that levy the property tax, including school districts, the largest component of the property tax.

### Center for Local Tax Research

#### BUILDING PERMITS, RAZED STRUCTURES AND PROPERTY SALES CITY OF PITTSBURGH, 1978 AND 1979

	1978	1979	Percent Change
1. Building Permits- Jan. thru Sept.			
New Buildings	201	158	-21.4
Extensions and Additions	185	221	19.5
Alterations	2,282	3,136	37.4
TOTAL	2,668	3,515	31.7
2. Razed Structures- Jan. thru Aug.			
Razed by Owner	146	78	-46.6
Razed under Condemnation	266	216	-18.8
Razed by Owner After Condemnation Proceedings	37	51	37.8
TOTAL	449	345	-23.2
3. Property Sales- Jan. thru Aug.			
Total Residential	4,077	3,816	- 6.4
Owner Single Unit	2,786	2,656	- 4.7
Owner Multiple Units	77	62	-19.5
Rented Single Unit	1,040	941	- 9.5
Rented less Than 5 Units	69	95	37.7
Rented Greater than 4 Units	105	62	-31.0
Commercial and Industrial	290	304	4.8
Vacant Lot	412	480	16.5
TOTAL (including unknown)	4,781	4,601	- 3.8

#### Source:

1. *Monthly Reports*, Bureau of Building Inspection, Dept. of Public Safety, City of Pittsburgh.
2. *Demolition Reports*, Ibid.
3. *City Information Systems*, City of Pittsburgh.