

the Henry George News

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Interest in Land Value Tax Spreads

SOUTHFIELD became a household word for advocates of LVT when Mayor Clarkson and Assessor Ted Gwartney built it into one of the fastest growing cities in the country. Following the last election however, Mr. Gwartney returned to Sacramento where he will greatly aid County Assessor Irene Hickman with important proposed California legislation. James Clarkson, the former mayor, is now a county judge. New incumbents in Southfield are not willing to attribute the city's phenomenal growth to the plan which attracted attention nationwide to the city and to the former officials.

In Detroit, however, which has suffered in comparison with this rapidly growing neighbor, a statement by the new mayor sounds like the sincerest form of flattery. Rowan S. Gribbs, who won in a close race, ran on a platform which included the position that "homeowners who add to the value of their property should not be penalized by increased taxation." He advocates stringent budget economies and revamped property assessments.

Students of LVT have always felt that if and when test cities could be established the plan would prove itself. This perhaps did not take into consideration the intricacies of politics.

However, Southfield's plan of assessment, even if it is abandoned there, will certainly continue to be considered elsewhere.

In Grand Rapids, according to a report in *The Interpreter*, local Jaycees are studying the property tax proposal as an effective tool for helping the economy.

Also in the Livonia (Mich.) Eagle we read of Jerry Raymond, a councilman, who has charged that the city government is being deprived of untold tax revenues through its failure to assess land in line with current zoning classifications. Admitting that the current budget is inadequate, he said he would be "derelict in his duty" in turning to the people for higher taxes before available procedures were exhausted.

He scored the city's policy of letting large landowners pay practically nothing on property worth from \$15,000 to \$30,000 an acre currently zoned as commercial or industrial but which is assessed as if it were still zoned for agricultural use. Such speculative practices he said, place an additional burden on residential homeowners who pay taxes based on proper assessments.

Raymond said Livonia should apply the same procedure recently used in

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Southfield, where speculators found they could no longer afford to hold land out of use and were forced to develop it almost immediately.

A reader of the Eagle suggested in a following letter that Mr. Raymond should carry his thinking one step further. He recommended a low tax on improvements as an incentive to build and improve existing construction, adding that there would be little opposition except from speculators and "pseudo farmers."

From Michigan the scene shifts to Ohio where the Clark County Taxpayers Association has also been calling attention to "The Southfield Plan." This appellation is denied in the Detroit suburb where officials refused to discuss land value taxation so long as it was labelled "Southfield plan," and in fact it is but a limited form of LVT as proposed by Henry George.

Dr. Harry L. Cloud, a 78-year-old retired Navy dentist, is president of the Clark County Taxpayers Association and has been watching Southfield grow. He reminds Ohio friends that Southfield has no slums and no city income tax and the revenues are up because so many improved properties are added to the tax rolls each year. He fears, however, that the new officials will now favor investors in the lucrative shopping center and shift the tax burden to the homeowners again. This will nullify the advantages of the plan, which is based on an aggressive annual reassessment of vacant land and industrial locations.

Dr. Cloud, who seeks no office but would like to leave his part of the world a little better, was instrumental in getting the new Schalkenbach film, "Better Cities," for a showing on November 24th before a legislative committee of the Ohio House and Senate in Columbus. On the following day it

was shown at the Springfield City Forum.

His taxpayers' group is sponsoring an amendment in the Ohio legislature which will allow cities of more than 60,000 to adopt the differential real estate tax plan if they wish. This plan, they believe, will serve as a means of 'returning the profit motive of the free enterprise system into property taxes.'

Alfred P. Strozdas, the Springfield City Manager, felt impelled at last to journey to Southfield to see what this was all about. The present assessor who succeeded Ted Gwartney did not hesitate in predicting a 30 percent raise in taxes to homeowners whose property, he said, had not been reassessed. He acknowledged that the 'plan' tended to force development of vacant land, but he viewed this as a form of harassment, unfair to the business man.

Judge Clarkson gladly drove the visiting city official through Southfield and neighboring communities. Southfield's growth and development in comparison to other cities with the same potential, was undeniable. While Judge Clarkson attributed this to the plan he originated, he acknowledged that it would be impossible to evaluate how much of the success was attributable to the natural growth of the Detroit area, the building of an expressway and interchange, and the availability of vacant land.

Mr. Strozdas sees the plan benefiting Springfield but even more the whole of Clark County, since the county gets 90 percent of current real estate taxes and the city receives only a tenth. While conceding an advantage in redistributing the real estate tax load in such a way as to retard decay and stimulate modernization and repair of buildings, he noted that Springfield is an older city and not in the same growth cycle with Southfield, incorporated only ten years ago. For a graded tax plan of this type to be effective he

said it was necessary to have an active market for real estate. There seems to be no good reason, however, why an older city cannot start growing by *having* an active market, and this is the method that would produce it.

The City Manager believed the entire system in Ohio needed overhaul and reform. He favored a serious look at some form of land value legislation that would put the burden of real estate taxes on land rather than improvements in order to encourage rather than penalize property owners for improving their properties.

Quoting from the recent study on Urban Problems by the Paul H. Douglas Commission, he read into his report to the city commission, the

statement that "new sources of financing for local government to take tax pressure off property" are a pressing need. This includes "bringing taxes on land, at least up to the fair and full assessed market value, and reducing tax pressure on property improvements."

All of this certainly indicates that interest in local assessment reform will keep cropping up at various places with dogged persistence. Verlin Gordon of St. Johns, Ohio, a former extension director, has been lecturing before church groups since last June. In his talks on justice he includes many of Henry George's ideas. Said Mr. Gordon, "people are truly hungry for the message we can bring to them."

Former Supreme Court Justice Arthur T. Goldberg was paid a \$50,000 fee to give advice to twelve Hudson County (New Jersey) mayors, and his proposal was a tax exemption on the land of homeowners. He said residential properties are assessed at 50 percent of true value and commercial properties at about 75 percent. His primary motivation for taking the job, he said, was to make suggestions that would "run against the abandonment of cities."

Mayor Hugh Addonizio of Newark ventured to ask if the Goldberg proposal might not bring land speculation. He said the idea is "sort of opposite to what we have suggested in the past—to give tax reductions to encourage people to build and fix up their homes." The Hudson mayors are fighting the provision in the state constitution that all properties must be assessed at 100 percent.

Mr. Addonizio has a practical understanding of how taxes motivate homeowners and businesses. It is true that exemption of improvements from taxes encourages building and "fixing up." Assessment of 100 percent of location value discourages holding and vacant or under-improved with slums.