

Town Adopts LVT as Key to its Future

HIGHER LEVY ON LAND THAN BUILDINGS SEEN AS INCENTIVE TO DEVELOP UNUSED PROPERTY reads a recent headline of *The Patriot-News*. The headline banners a recent change in the tax assessment laws of Steelton, Pa., which switches the tax burden from improvements to the land itself, in a move to what is popularly called a "two-rate" system.

"It's an important issue in a borough that is unable to expand geographically," says the article, "but has a great deal of under-used land. A land value tax, which would tax idle property at a higher rate than buildings, would provide an incentive for landowners to develop vacant property..." The story goes on to cite a report to the Borough Council compiled and presented by Josh Vincent, Executive Director of the Center for the Study of Economics Tax Policy and Research. The story quotes from Vincent's report which states that 70% of home owners would pay less tax under LVT. "The homeowners who would pay more would see their bills increase only a few dollars per year." Vincent's report, which took Harrisburg, Pa., as its model, cited that town's positive land-use changes since it went two-rate.

Since going two-rate, Harrisburg reduced its number of vacant structures from 4,200 in 1992 to "fewer than 500 today." Vincent went on to say that the new tax structure would "give a tax break to almost all the homeowners and working business in Steelton at no loss to the borough, and it would put more of the tax burden on vacant land." The largest increase would be on land that has idle structures or buildings that had been demolished. The hardest hit by the new changes would be Bethlehem Steel, which is the largest landowner in the city.

The tax has just been implemented with the year 2000 budget following which the precise tax rates will be determined. Borough officials plan to gradually phase in the higher tax rates on land over the next five years.

"I think this is a critical step for Steelton," Mayor George Hartwick was quoted as saying. "Obviously, we have made plans for development and diversification of our industry, and this is going to be our tool."

We thank Alanna Hartzok, NGO delegate to the UN, for bringing this story to our attention.

From the Archives

by Vesa Nelson

In last issue's article, I shared some of the research I have been doing into the role of land ownership and speculation in the development of what became the United States of America. In this article, I'd like to delve a little deeper into our country's past, seeing what can be dug up researching earlier struggles over frontier land in the Americas.

In the last article I quoted the historian Stewart H. Holbrook to the effect that the romantic view of our country's history, as it is presented in most school books, in the movies and on television, is far from an accurate history. To refresh our memory, the quote stated, "For generations we have cherished the romantic idea that in colonial times, and early days of the republic, all a man who wanted land had to do was to strike out in any direction into the wilderness to cut himself a clearing, build a cabin, then lay a fence..." Holbrook went on to say that "the pleasant myth of the solitary squatter" had little substance in fact for usually "the land sharks had got there ahead of him... in the form of a grantee-lord of whom he's never heard, or of a corporation he did not know existed."

Let's meet some of the grantee-lords and corporations of whom the early settler in the Americas never heard. First, General James Oglethorpe of the British Army. He and a group of trustees received, in 1732, a grant of land between the Savannah and Altamaha rivers from George II. Ownership of the area was already contested by the major European powers: Britain, Spain and France.

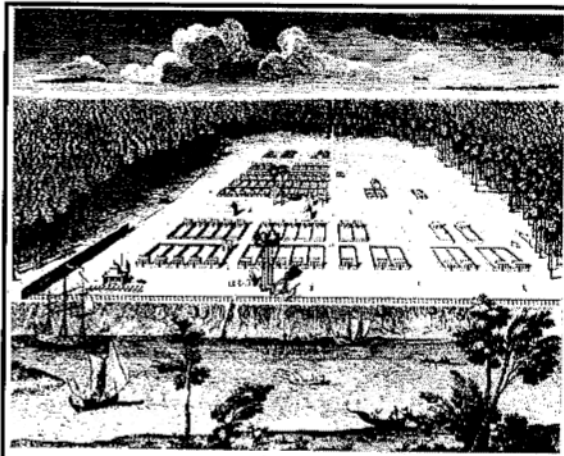
It seems that Spain had laid claim to the land as far north as present day South Carolina as part of what they called 'la Florida.' They based this claim on expeditions led by

Hernando de Soto in 1540 and Juan Pardo twenty-six years later. In 1686, Spain commanded her troops to destroy isolated outlying British settlements in southernmost Carolina, as a way of enforcing their claim. And later, in 1701, Spanish authorities incited the Yamasee Indians to make raids across the Savannah River against the British. Both outbreaks of hostilities mirrored the geopolitical struggles in the European theater, between Britain, Spain and France.

France based her claim to the territory on Jean Ribaut's 1562 (failed) settlement attempt at Port Royal Sound. France also made threatening gestures by manning Fort Toulouse (in modern Alabama) from 1715 onwards. George II resorted to the standard prescribed strategy — plant a buffer colony

that would be obliged to defend itself in the path of any rivals. This was a colony to be composed of the London poor, who were supposedly to be given a chance at a new life in a new land. They were, however, expected to provide for their own defense against any counter claims to the territory. A careful reading of the charter granted by George II confirms this:

Whereas we are credibly informed, that many of our poor subjects [in England], through misfortunes and want of employment... would be glad to settle in any of our provinces in America... we think it highly becoming our crown and royal dignity, to protect all our loving subjects... by reason of the smallness of their numbers [settlers in Carolina]... to extend our fatherly compassion... accomplishing those ends, that a regular colony of the said poor people [in England] be settled and established in the southern territories of Carolina...



A view of Savannah, Georgia in the early 1700s