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Washington tax probe

by P.E. Poole

Residents of Washington, D.C. are to be told how much they would pay in taxes if their homes were exempt from property taxes.

This information can only be compiled by the League for Urban Land Conservation with the aid of computer and data systems of the Dept. of Finance and Revenue.

So the League, as part of its program of educating people to the benefits of land value taxation, is seeking official backing for the project.

Mr. Walter Rybeck, 54, the League's president, has written to Mayor Marion Barry seeking support. In his letter, Mr. Rybeck — who is special economic adviser to Representative Henry Reuss — recalled the work by the Committee on Finance & Revenue when Barry was its chairman.

"Your hearings showed how untaxing improvements would let economic development and housing renewal 'take off' throughout the entire District, rather than in only a few 'hot spots' and that this would induce enough new construction and rehabilitation to counteract the present displacement of residents.

"This activity would generate jobs, restore life to the now-defunct rental construction industry, increase housing supply generally, and hold rents and sales of dwellings to more reasonable levels."

The League wants to finance a city-

wide analysis of the impact of land value taxation on the U.S. capital, to inform homeowners and businessmen of the effect on their incomes.

In addition, the League intends to sponsor an ambitious project to study the medium term effect of a switch to land value taxation. Previous studies have concentrated on the immediate impact.

The "dynamic" study, designed by Mr. M. B. Hodges, a leading Washington economist-appraiser, will take into account trends in land sales, new construction, etc. These responses would be fed into a computer to calculate revised taxes. A panel of experts will advise on the way people will respond to the change in the tax structure.

"The land use and economic growth patterns projected for the decade are likely to be more realistic than previous forecasts of how a large city will respond to the untaxing of buildings," says the League.

"It is recognised, of course, that no panel can predict the future with precision because many factors other than the tax climate will be changing. But identification of the general directions of change should be significant to urban policy makers and useful to planners in the private sector as well."

The urgency for change in the property tax structure is well-illustrated by

"The mode of taxation is quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished and their power of producing wealth destroyed by taxation, which if levied in another way, could be borne with ease"

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the misuse of land and buildings in Washington itself.

The city is seeking developers to build new homes, such as the projected development on 11 acres in the 14th Street area. At the same time, however, the capital has a large number of unoccupied houses. Last year, there were 2,800 privately-owned vacant housing units and 1,300 city-owned vacant housing units. Many have been vacant for years. A suitably adapted property tax which penalized the underuse of valuable land would rapidly compel owners to modernize the housing stock and take some of the heat off the need to invest scarce capital in new constructions.