

M E M O R A N D U M

TO: Messrs. William E. Schoyer, Percy R. Williams  
Steven Cord, John F. Kelley; Dr. Archibald M.  
Woodruff, Jr.; Miss Vie Peterson

FROM: Perry Prentice

RE: The Concerned Taxpayers of Pennsylvania

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The Concerned Taxpayers of Pennsylvania, an Association of 17 local taxpayers' associations in the cities of Pennsylvania, has gotten interested in the urgency of property tax reform uptaxing land and downtaxing improvements and wants to present the strongest possible case to the Pennsylvania Senate late this spring.

So Dave Landis, who is its vice-president and apparently No. 1 leader, has asked us to prepare the case and let him, in effect, serve as our mouthpiece.

At first he wanted us not only to prepare the case but to appear in Harrisburg to present it, but I persuaded him that it would be much more effective to have the presentation made directly by his organization of Concerned Taxpayers of Pennsylvania than to have it presented by anyone from outside the state or even by someone whose connection with the Georgist cause has long been known and is therefore discounted.

This is all fine, and I expect to spend much of the next two months on the presentation,

BUT...

I'm going to need a lot of help getting Pennsylvania examples, for I have learned from long experience that people don't get excited about the property tax evil unless and until they are told examples that bring our case right home

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to their personal finances. For example, I could not get my friend Phil Klutznick (former public housing director and now one of America's two or three biggest developers) much interested until I pointed out that the No. 1 reason he had to pay \$15 million to assemble the block-size site for his "Water Tower" project in Chicago was that the previous owners who had let this prime location decay were paying much less than \$100,000 a year in property taxes (I think Phil told me they were paying only \$35,000), so they were under no tax pressure to release it to Phil until he paid a ransom price for it; but after Phil completes this truly fascinating building the city will punish him for the improvement by taxing it \$2,000,000 a year!

I need Pennsylvania examples like that from cities other than Pittsburgh and Scranton (because Pittsburgh and Scranton examples would be discounted because they have had half-way property tax reform under the graded tax for fifty years or so.)

I also need examples of gross underassessment due to the way land is too often assessed on the basis of the income it derives from present use (like the "farm" half a mile from the Chevy Chase Shopping Center just outside Washington that will continue to enjoy a \$25,000 farm assessment until the owner can get the \$15,000,000 price he is asking for it, or the half abandoned slum block near downtown St. Louis that was taxed only \$350 a year until the owners sold it for a total ransom of \$540,000, or the farm on the edge of Rochester assessed at \$11,250 (actually much less than the minimum New York State "farm assessment" for that many acres) whose owner had turned down \$1,500,000 for it.

I also need specific examples from other cities in Pennsylvania of the enormous subsidies that have been needed for urban renewal, like the \$100,000,000 subsidy that is going into the redevelopment of five blocks on the north side of Market Street in Philadelphia's Market Street East renewal project. As you know, Mason Gaffney's studies indicate that no subsidies at all would be needed for urban renewal or orderly urban development if the whole weight of a fairly heavy property tax were to be taken off

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improvements and shifted to land only, because the tax shift would so change the arithmetic of property ownership that no subsidy would be needed to make it profitable for private investment to do the job without subsidy.

Subsidies are fine for those who get the subsidies, but they are costing other taxpayers hundreds of billions of dollars a year.

This paper I am trying to get Better Homes and Gardens to publish will give you some idea of the other kinds of examples I need from Pennsylvania, and I am also enclosing a copy of the presentation Lowell Harriss and I got up for Ohio. I'm sure this Ohio presentation would have been much more effective if it had been presented by an officer of the Ohio Taxpayers Associations instead of by two outsiders from New York.

I also need specifics on the tax rates of the various cities of Pennsylvania, but <sup>not</sup> just the nominal tax rate, but the tax rate on full value (i.e., 8% on 25% assessment is really 2%)

The sooner you can start feeding me the specifics I need the sooner I can get busy on the presentation. My address while I am working on it will be:

c/o Lyford Cay Club  
Nassau, BAHAMAS

but please send copies of your letters to my office at TIME INC, Time & Life Bldg., Rockefeller Center, New York, N.Y. 10020.

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