

## MILLAGE ON LAND

Pittsburgh Post Gazette, June 20, 2014

by Herbert Barry III, Oakland, PA

A June 9 article stated that Pittsburgh City Council was debating the recommendations under Pennsylvania's Act 47 program for distressed municipalities. ("Recovery Plan for City Leaves Sides at Odds"). Council is looking at a real estate millage increase.

A potential choice is between two millage increases. One is on the value of unimproved land. The other is on the value of the building or other improvement. Beginning in 1914, Pittsburgh had a higher millage rate on unimproved land. The lower millage on improvements encouraged desirable construction and expansion of buildings. The millage rates were equalized in 2001.

A return to a higher millage rate on unimproved land in 2015 would have desirable effects in addition to the augmented revenue for the city. The most valuable land is owned by wealthy individuals and corporations. They have prospered from insufficient assessment and taxation of the land throughout many past years. Owners of vacant lots would be motivated to sell them at reduced prices, making them available for new owners who would develop them.

Millage should not be increased on improvements. Most homeowners have a well maintained and adequately taxed house on a small plot of land in an inexpensive residential neighborhood. <<

## A POETIC PLAN

Pittsburgh Post-Gazette, March 3, 2013

by Herbert Barry III, Oakland, PA

In the Post-Gazette's Sunday Forum, on February 24, executive editor David M. Shribman's column "Overhaul the Tax System" recommended abolishing loopholes and deductions in the federal income tax.

I agree, but a more effective overhaul would be to abolish taxation of earnings. The revenue would be replaced by a federal tax on the value of unimproved land. The most valuable and extensive land is owned by wealthy individuals and corporations. The value of buildings would not be taxed.

Landowners are taxed only by local governments. The tax on land is insufficient because assessments are generally too high on buildings and too low on land. Insufficient tax on land caused a bubble in real estate prices, which resulted in the economic collapse in 2008. (concluded in column 2)

## A POETIC PLAN (from column 1)

The tax shift I propose would benefit most homeowners because their earnings and the value of their house would not be taxed. They own a small plot of land in a modestly priced residential neighborhood. My proposal is summarized by two brief lines that rhyme.

Tax land owners, not wealth earners. <<

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