



PHILADELPHIA CITY COUNCILORS HELD HEARING ON LAND VALUE TAXATION

On April 29, 2003, the Philadelphia City Council Committee of the Whole held an all-day public hearing at City Hall, presided over by Council President Anna Verna. Among the eight Councilors in attendance was Councilwoman Jannie Blackwell, who had sponsored the Resolution 020509 passed unanimously September 12, 2002.

Resolution 020509 authorized "the Council Committee of the Whole to hold hearings on real estate taxation in Philadelphia and the potential of land-value taxation to encourage development and discourage blight creation in the city; and, further authoriz[ed] the Committee to seek advice and recommendations on real estate tax policy and land-value taxation from citizens, community groups, economists, academia, business executives, officials from other jurisdictions, and other state legislative and executive branch officials."

This action followed the much publicized release on November 26, 2001 of the "Tax Structure Analysis Report" by City Controller Jonathan Saidel. (see November-December 2001 GroundSwell.)

Though a minority of the Philadelphia Councilors were present to hear the testimony April 29, a 222 page transcript of testimony was produced by a legal stenographer. Some of the testimony is posted on the Hallwatch web page of Philadelphian Ed Goppelt. http://www.goppelt.net/pdf/lvt_testimony.pdf.

Josh Vincent, Director of the Center for the Study of Economics, Philadelphia, reports that "a standing room only crowd of Philadelphia homeowners, public policy experts and Geoist advocates gathered in City Council chambers to press elected officials to adopt land value taxation. Dozens of others, including our Ken Ford, were turned away. Hundreds of private citizens showed up or faxed their support to Council, after they had been informed what land tax was and how it would affect them. Those Councilors present heard from dozens of witnesses with all but the Philly Auto Dealers asking for land value taxation. Geoist speakers included Joan Sage, Pat Lowe, Richard Biddle, Joshua Vincent, Al Hartheimer, Dan Sullivan, Sandy Sorlien and Ed Goppelt. Alanna Hartzok and Bill Batt sent written state-

ments. The presiding councilperson declared that more of Council would have shown up, but it was election year. Yet it was in all an upbeat day. The chairman of the Philadelphia Tax Reform Commission, former councilman Ed Schwartz pledged that the commission would take land tax up in a meeting."

Many witnesses, especially from neighborhood groups, commented on the blight-causing effect of the present property tax. Your GroundSwell editor has extracted a few of the other comments from selected testimony from the April 29 official transcript, as follows.

The first witness was City Controller Jonathan Saidel, who commented, in part, as follows. "This past summer, homeowners across Philadelphia received notice that their real estate taxes would increase because of a change in the market value of their homes. Like you, I was upset to see so many neighbors and seniors angrily complaining that their taxes have increased by more than 100 or even 200 percent. ...As one way to reduce real estate tax burdens for Philadelphia homeowners, we can change how we tax property. As I recommended in my November 2001 Tax Structure Analysis Report, I advocate for a system that will tax buildings less and tax land more to encourage individuals to maintain and improve their properties. At the same time, such a shift will discourage speculation and blight by decreasing incentives to allow buildings to decay. Based on my analysis, such a system would reduce real estate taxes on nearly 80 percent of residential property owners. Similar systems in Harrisburg and Allentown have reduced abandonment, encouraged development, and generated popular approval. ...While we have and will continue to reduce the wage tax and business taxes, land value taxation will bring relief to neighborhoods hit by August's reassessments. My proposal is to decrease the tax on structures and increase the tax on land so that Philadelphia could generate an equal amount of revenue from the tax on land and the tax on structures instead of the current situation where three quarters of real estate taxes are generated by the tax on buildings. ...The proposed shift to land value taxation would be revenue neutral as the shift to land value taxation would shift taxes from buildings to land while generating the same revenues. Under my proposal, the School District and the City will receive the same amount of taxes (continued on p. 11)