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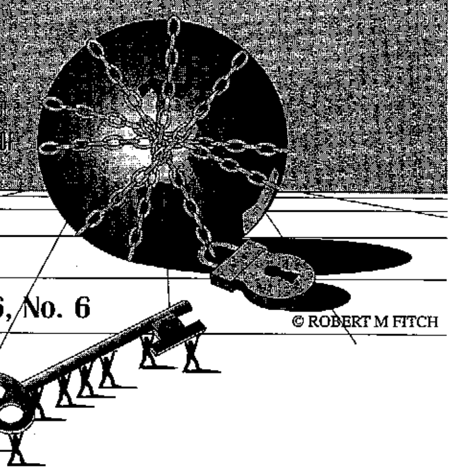

TAX STRATEGIES TO CURB SPRAWL

by Nadine Stoner, Beloit, WI

On December 5, 2003, at the Gamaliel Foundation (www.gamaliel.org) National Leadership Assembly in Milwaukee, WI, a workshop was held on the theme of "Tax Strategies that Redevelop Communities and Curb Sprawl." It was moderated by Rich Nymoen of St. Paul, MN, who is a Henry George Institute correspondence course graduate. The first presenter was Rev. Rich Creason, president of Metropolitan Congregations United for St. Louis. Three presenters talked on the 2-rate tax/land value taxation. They were Joshua Vincent, president of the Center for the Study of Economics; Rich Nymoen, of ISAIAH, which has backed legislation in Minnesota (see March-April 2002 GroundSwell); and Ann Pratt of Hartford, CT, an activist with the Interfaith Coalition for Equity & Justice.

Rev. Fr. Rich Creason, president of the Metropolitan Congregations United talked about their 3-year effort to get neighborhood tax credits redefined to promote reinvestment in the urban core of St. Louis city and the first and second ring suburbs. The entire city of St. Louis qualifies as a "distressed community," which is defined as an area where the income of people is 70% or below the median income of the region. A greater percentage of people have fled St. Louis than any other city in America during the 1980s and the 1990s. There has been a massive decline in the tax base leaving St. Louis without the resources to adequately fund city services, health care and education. We need to use tax credits for the common good. There are vacant lots, abandoned buildings, and massive brownfields for which they had been unsuccessful in accessing a brownfield tax credit. They talked to the city mayor who had not understood that St. Louis was in a position to receive tax credits. Without special tax incentives, there would be no investment capital or venture capital to do what is needed for the good of the community, to produce affordable family housing, attract new businesses, or create new jobs. They organized an Urban/Suburban Caucus of clergy, the Mayor of St. Louis, the Executive of St. Louis County, and 18 state Representatives and state Senators. With this power table they were in a better position to go lobbying in Jefferson City. Redefining a distressed community would tip the scale in terms of where development dollars would be applied. Around this they were able to create a tax credit to write down the cost of housing to make it more affordable, so that with home dollars and tax credits one could buy a $155,000 house for $95,000. They looked to the people in Kansas City who might be on their side, and finally got the Mayor and Catholic Conference to come around to their side. However, they are on guard as to the next legislative session when there is a movement to strip away the dollar value of tax credits, to lower the cap on some of the programs and move that money, and also the state development director wants to pool all tax credits. There are various tax credits, but the most important are Neighborhood Assistance Program, Affordable Housing, Brownfields, and Historic Tax Credits. There is a tax credit clearing house with a bank that markets to people that need credits and those that have a need for a tax liability. MCU is developing 40 new homes through a separate collaboration called Holy Ground. Not-for-profits qualify for the Neighborhood Assistance Credit.

Josh Vincent, president for the Center for the Study of Economics, Philadelphia, made a power point presentation on land reform and the concept called land value taxation. CSE's sibling organization, the Henry George Foundation of America was established in 1926 by the city assessor, several city councilmen, and several church leaders in Pittsburgh.

The Center for the Study of Economics works with governments all across the country and overseas to determine what their mill rates would be with a shift from the one-rate property tax to the two-rate property tax on land and buildings. This shift encourages local control over a city's destiny. Getting a break is less likely at the state and national level. When people lose access to land, they then lose access to job opportunities and housing opportunities.

The Center has helped enact the 2-rate/Land Value Tax and studied the effects in a number of Pennsylvania cities.

Aliquippa was a broken down old steel town. It used to have 30,000 people and now has 12,000 people. Aliquippa's steel plant helped win World War II, but then they were largely forgotten. Under the one rate property tax, their rate was 4.4%. Under the shift to the 2-rate property tax, their tax rate on land values is 16.5% and their tax rate on buildings is 2%, bringing in the same amount of revenues. (continued on pg.2)