



## Public Finance Alternatives Regional Forum Held in Philadelphia

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Public Finance Alternatives, A Philadelphia Regional Forum, was held on Thursday,



January 29 at the Arch Street Friends Meeting House Conference Center in Philadelphia. Featuring six speakers and co-sponsored by thirty governmental and non-profit organizations, the Forum was organized by Alanna Hartzok, State Coordinator of the Pennsylvania Fair Tax Coalition with assistance from Joshua Vincent of the Center for the Study of Economics. Other members of the PFTC and Common Ground, USA who played important supporting roles were Richard Biddle, Judy Douty, Joan Sage, Mike Curtis, Artie Yeatman, Ed Dodson, Jake Himmelstein, Heather Remoff, Hanno Beck, and Cameron Kelly.

The main purpose of the Forum was to educate citizens and public officials in Philadelphia and the surrounding region about the shift to land value taxation now proceeding in sixteen Pennsylvania cities and to compare this to other reform proposals such as homestead ex-

emptions, enterprise zones, and local income or sales taxes. Given the now well-documented positive effects of the land value tax reform policy, sometimes called the "split-rate tax" because of its gradual method of implementation, organizers sensed the time was right to push for its adoption by this major world city.

Philadelphia, recently dubbed "Blighttown, USA" by Philadelphia Weekly journalist Eils Lotozo, was chosen as the Forum venue in light of the following sobering statistics: Philadelphia has more than 700 vacant commercial buildings, 15,800 vacant lots, 27,000 empty houses, and 1500 acres of vacant land and brown fields. North Philadelphia is one of the most distressed areas in the country. HUD now has two major enterprise zones in the city. In recent years millions of dollars of local, state and federal monies have been pouring into the City of Brotherly Love in desperate efforts to stimulate economic revitalization.

Approximately 80 people listened attentively from the benches of the spacious room of the historic Meeting House Conference Center constructed in 1804 by the Religious Society of Friends on an original land grant, dated 1693, from William Penn.

Among the audience were officials from the City of Philadelphia, the City of Lancaster, the Borough of Yeadon, the Pennsylvania Legis-

lature, the Pennsylvania Economy League, the HUD Empowerment Zone, the Pennsylvania 21st Century Environmental Commission of the Department of Environmental Protection, the American Association of Retired Persons, the Pennsylvania School Reform Network, the Pearl S. Buck Foundation, the Education Summit, the Green Party of Pennsylvania, Pacem in Terris, the Democratic Freedom Caucus, School of Living, Health Alternatives International, and the United Nations NGO Representative for the Society of Friends.

Six Forum speakers addressed the following questions:

\* What are the economic development and environmental impacts of the shift to land value taxation?

\* Could this local tax reform promote home ownership and affordable housing in the Philadelphia Area?

\* How might this policy affect homeowners? Renters? Landlords? Industrial and commercial property owners?

\* Exactly how has this local tax reform been implemented?

\* Is this policy compatible with other tax reform options?

Press coverage was substantial with reporters from the Philadelphia Inquirer, Philadelphia Weekly, Philadelphia Daily News, and The Times Herald of nearby Norristown.

The Philadelphia Inquirer story

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(1/30/98) by Robert Moran was headlined "Forum examines tax on land itself, not on buildings - the split-rate tax would reduce idle sites." Richard S. Rybeck, an administrator with the Department of Public Works in Washington, D.C. was quoted to say "In order to protect and preserve the countryside, we must have viable and vibrant cities. And one of the threats to the countryside is the fact that our cities are not healthy, and development and related activities are spilling out, almost like refugees fleeing from the cities. With the tax on land value, people don't have an economic incentive to prematurely convert land that's being appropriately used for agriculture or conservation."

Mayor Anthony Spossey from the City of Washington, Pennsylvania, (population 16,000) near Pittsburgh called himself "a firm believer" in this tax policy approach and described the many benefits it has brought to his city. "This was a way for some meaningful tax reform that we could establish without having to wait for some mandate from an upper level of government," was his statement as published in the Inquirer.

The Times Herald (2/9/98) featured two major front-page stories by Jason Wermers, one headlined "Group says two-tiered taxing saves money" highlighted the Forum, and the other entitled "Could change boost Norristown's economy?" interviewed numerous Norristown public officials about their views on this tax policy. "All said they would be willing to examine the merits of the two-tiered tax system," reported Wermers.

The Times Herald story also paid particular attention to the statements of Mayor Spossey, as follows: "The areas inhabited by the low income and elderly, those who could less afford to pay, would benefit greatly - to the tune of about 70 percent (tax reduction) - with the

change from a single-rate to a two-rate system.... More than \$3 million in renovations has transformed Washington (PA) from a city that had many rundown buildings to one in which large office buildings are being constructed, and existing structures are being refurbished and added to." Washington taxes land at six times the rate of buildings.

The same story picked up on a statement by Napoleon A. Saunders, Business Administrator for the City of Harrisburg who said that "In Harrisburg, which was considered one of the country's most distressed cities at one time, the two-rate tax system has worked wonders." Saunders explained that by the early 1980s, downtown Harrisburg had only one department store and loads of deteriorating properties. In 1982, 4200 buildings were vacant.

But with the implementation of split-rate tax, and the city's later decision to tax land at four times the rate of buildings, things started to turn around. In 1997 Harrisburg had less than 400 vacant buildings, with a large project ongoing that may bring that number to below 200, Saunders said.

Saunders was further quoted to say that "the split-rate tax should not be seen as a panacea in and of itself. It should be implemented in combination with enterprise zones and other measures designed to lure businesses to blighted, urban downtowns."

Joshua Vincent of the Center for the Study of Economics was also quoted in the Inquirer story, saying that "with a split-rate tax, most Philadelphia homeowners would realize an immediate savings." Vincent went on to give further details of his preliminary study of the impact of the two-rate tax in Philadelphia and also described the substantial research on the beneficial effects of the two-rate tax in other Pennsylvania cities where significantly more buildings permits, increased employ-

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ment, lowered crime rates and other indicators of economic revitalization have been realized.

John E. Gardner, Jr., a spokesman from Association of Boroughs, said that "We don't view this as tax reform, we look at it more as a tool for community and economic development. Instead of eating up green space, we need to redirect our development to urban centers." Gardner described legislative efforts currently underway which would give the two-rate tax option to the boroughs, school districts, and townships of the state.

Joanne R. Denworth, president of the Pennsylvania Environmental Council and convener of 10,000 Friends of Pennsylvania composed of

ninety-five member organizations, described a tax recommendation that could be complementary to land value taxation. She presented results of a study commissioned by her organization that recommended regional revenue sharing between Philadelphia and its neighbors. In the question and answer period following the formal presentation the comment was made that surrounding municipalities would be more likely to agree to share the tax base if Philadelphia were to become once again a functional and sound metropolis.

Alanna Hartzok, who served as moderator for Public Finance Alternatives, reports that interest generated from the Forum is continuing. The Vice Mayor of the City of

Scranton called stating that the Pennsylvania Economy League proposals (local wage and sales taxes) which had been implemented were not working very well. He asked for consultations on how Scranton, currently a two-rate tax city, could move more strongly towards land value taxation. Lancaster officials are now conducting a study on the impact of two-rate tax for that city. The president of the County Commissioners of Cumberland County asked for a packet of information. A lengthy question-and-answer phone consultation was requested and received by an official of the Department of Environmental Protection.

Eils Lotozo, the reporter from the

Philadelphia Weekly, followed up with extensive interviews after the Forum for an article. Earni Young of the Philadelphia Daily News also has indicated her intention to write an article.

A professionally produced videotape of Public Finance Alternatives - A Philadelphia Regional Forum will soon be available.

To order the video, contact Joshua Vincent at the Center for the Study of Economics, 2000 Century Plaza, Suite 238, Columbia, MD 21044, telephone: 410-740-1177.

For suggestions on how to organize and conduct a successful Tax Reform Forum in your own community, you may contact Alanna Hartzok at Box 328, Scotland, PA 17254, telephone: 717-264-0957.