

RAISING PROPERTY TAXES FOR PUBLIC PENSIONS

Response to Jon Coupal's article in Orange County (CA)
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<http://www.ocregister.com/2017/08/26/raising-property-taxes-for-public-pensions/>
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And who, besides the property owners within the benefited area, ought to be paying for the services rendered, which they voted to receive over the years?

Tax the commuters who have been forced, by the effects of Prop 13, to drive far further to the lower value land in order to qualify for a mortgage?

Tax the tourists, who add to the vitality of the local economy

Impose sales taxes, which we all know burden the poor and some of us realize damage the economy and penalize those who work?

Use wage taxes, which penalize workers and steal from them value they create?

When we tax land value, we don't steal from anyone that which they created.

Those who pause to think it through will recognize that:

1. In most parts of California, the market value of a home consists 70%, 80%, 90% of land values and 30%, 20%, 10% of the value of the existing building.

2. Houses do not appreciate. Even with the best of maintenance, they depreciate -- at more or less 1.5% per year

3. What rises in value is the land. Land rises in value as population increases, as people flock to places with desirable climates, with smart laws, with vibrant economies and jobs that pay well, with good public services efficiently delivered.

We all need a bit of land, whether we occupy it alone or share occupancy with 20, 40, or more, others, in a high-rise building. Shouldn't we all be paying to our community, in proportion to the value of the bit of land we occupy? If the community votes for high-quality high value services, we should be paying for that, on a pay-as-we-go basis, in proportion to the value of our bit of land. At some point, some of those single-family-home neighborhoods will become multi-family, and instead of one family paying that land rent, 4 or 6 or more will split it.

Why on earth does a smart society finance the costs of the services which maintain and increase property values by taxing landowners lightly and unevenly, and burdening its economy with dumb taxes on (continued on page 16)

RAISING PROPERTY TAXES (from page 3)

wages, sales, buildings, tourists?

Who benefits? The big landowners ... the longtime owners. Who loses? nearly everyone -- in the form of an unjust burden, dumb taxes that hurt every generation, directly or indirectly.

Get rid of Prop 13. Phase it out, if you want to be very kind, for a few more years, to those who you've been subsidizing for the last 30+ years. But get rid of it. Reassess every property in California, recognizing first the value of the piece of land within its bounds and secondarily the value of the existing building. Get the land value right. Publish it on maps, so everyone can see it and judge whether the numbers make sense. Staying revenue neutral, collect in taxes on the property the same amount collected last year, phasing it in over 2, 3, 4 years.

After that, while lowering sales taxes and the portion of the tax that falls on buildings, increase the tax on the land value to stay revenue neutral. Slowly ... over, say, 5 years.

What will happen? The price of housing will come down. The cost of living will come down. Seniors and other fortunates who have been subsidized in well-located homes will decide that perhaps it is time to move to something they can afford without a subsidy, and working people will find housing closer to their jobs more affordable. People will be employed building appealing and affordable midrises and highrises to meet the housing needs of the newly unsubsidized.

When we tax sales, we get fewer purchases -- and higher prices, and fewer jobs.

When we tax buildings, we get fewer buildings -- and fewer jobs.

When we tax wages, we get fewer jobs.

When we tax land value, not a square foot disappears. In fact, many lots will soon be made available to purchasers. When we tax land value, the effect is to LOWER the selling price of land, so we can have fewer and shorter mortgages, and more to spend on other essentials. Land speculation disappears, and well-located land gets better used. That creates jobs. Lots of them. And housing. And commercial buildings, venues for jobs.

Some will be sad when their anticipated windfall, in the form of the eventual selling price of their sites -- for themselves, or for their children or grandchildren -- disappears. We will weep for their loss. Briefly. And then all Californians will find themselves living in an economy in which all can succeed, and none need be forced into subsidizing the privilege of a relative few.

Or keep doing what you're doing, if you think it is really working. I don't think it works all that well for the vast majority. Cui bono? Who benefits?

And yes, fund those pensions. Don't expect future generations to pay for the services you're receiving today. That's just plain wrong. You have the right revenue source, the right tax base: the value of your land. Use it! <<