

TWO-RATE LAND TAX SEMINAR HELD IN

D.C.

by Dr. Steven Cord, Columbia, MD

The Lincoln Institute of Land Policy sponsored a Two-Rate Land Tax Seminar at George Washington University on January 31, 2003. Amidst the 60 or so in attendance, it was good to see so many practical Georgists (fortunately, they were quite vocal but respectful of the speakers).

Professors Oates and Schwab explained their study of how Graded-Tax Pittsburgh out-constructed and out-renovated 14 other one-rate big cities in the Northeast (their preliminary recommendations were published in "Incentive Taxation" in October 1992, and although their final study was not as supportive of Land Value Taxation as we would like, it was still supportive enough). Their grasp of LVT was primarily theoretical.

Then our personable Tony Coughlan, former city councilman of Fairfax, Va., got up to speak. He clearly gave the best presentation - he was able to explain how to implement the LVT.

Professor Thomas Nechyba (Duke U.) was the luncheon-speaker. Those in the back of the room couldn't hear him because he didn't talk into the microphone. His talk was full of theoretical mathematical functions, or something.

Up spoke Professor David Miller (U.Pitt) to explain why he advocated the rescission of Pittsburgh's Graded Tax when he was the city's Budget Director. He was full of mis-information (such as what the last Graded Tax rate exactly was) and he said most voters paid more with the Graded Tax.

When we pointed out that a study just completed showed that in a random sample, 54% of Pittsburgh's homeowners saved with the 2-rate Graded Tax over an equivalent-in-revenue 1-rate property tax (he called it the "single tax") and that every tenant per se saves with two-rate (they don't own any land), he acknowledged the study after it was pointed out that one of its co-authors was a U.Pitt professor (Dr. Herbert Barry III); nevertheless, he went on to state at great length that most Pittsburgh voters paid more (he presented no studies to buttress his case).

The final speaker was Jerome German, Director and Chief Assessor of the Lucas County Auditor's Office (Toledo, Ohio). He averred that GIS and CAMA computer techniques could make land valuation easier and more accurate (somehow), and he was enamored of regression techniques for assessing.

He said the separation of land and building values can be done, but he stressed the difficulty in doing so. Said he: "99%+ of assessors split building and land assessments but felt the split was (continued on pg. 9)

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artificial" (practically every assessment manual advocates the split; none oppose it). He concurred that the building-residual technique could separate land and building assessments, but regarded it as only one technique among many (even though the other techniques are wrong and will under-value land). "The typical assessor has little information on land values." He asserted that the voters were interested only in total property value, not land value. He said two-land-value assessment was possible (?). He also averred twice that accuracy was inconsistent with equity (!). His defense of this surprising statement was that equity was when two equal side-by-side residences bore the same assessment (even if those assessments differed).

A good time was had by all (but no LVT collection was induced).

[Dr. Steven Cord is the author of "Henry George, Dreamer or Realist?" available from the Robert Schalkenbach Foundation, www.progress.org/books, and author of "Society at the Crossroads," available by emailing aaurorapress@hotmail.com. (See May-June 2002 Groundswell.) He is past president of the Henry George Foundation of America, on which he presently serves as Secretary, and past president of the Center for the Study of Economics. Dr. Cord may be emailed at stevecord@hotmail.com.]
