ENVIRONMENTAL TAX SHIFTERS HEAR GEONOMISTS
by Jeffery J. Smith, Portland, OR

You can't get any closer to being an advocate of shifting the property tax than advocating a shift of taxes in general for environmental benefit. Organizers of the Third Annual Global Conference on Environmental Taxation, April 12-13, did include a panel on the property tax, "Can Innovations in Property Taxation Produce Better Land Use," concurrent with two other sessions on taxing "bads" in general. About one-third of the about 111 government officials, lawyers, and economists from all over the world heard property tax shifters Bill Batt and Tony Vickers on this panel moderated by this reporter, Jeff Smith, his second appearance at this world series. A grant from the Robert Schalkenbach Foundation (www.schalkenbach.org) made Smith's presence possible.

Six universities worldwide sponsored and Merck co-funded the conference. Its venue, Larry Rockefeller's Woodstock Inn - a large wooden palace rebuilt from its original century-old design - lies in Woodstock in a narrow river valley in central Vermont close to the Connecticut River, the border with New Hampshire. After taxes, a standard 85/ night room totalled closer to $100. Yet the inn's banquet was savory, and affordable restaurants were within walking distance in the village, as were all other shops.

James Jeffords, the Vermont US senator who switched parties and shifted the balance of power in Washington, DC, keynoted the event, which was concurrent with the meeting in Canada of G7 environment ministers. "I think the rest of their cabinets to factor the environment into development policy. Afterwards, Jeff Smith shook hands and engaged in conversation. Jeffords had no "security" present. He left wearing a Hanno Beck "Tax Bads, Not Goods" (www.progress.org) button given to him by Bill Batt.

Since green taxes seek alternatives to regulation, they are tolerant of the Property Tax Shift. More enthusiastic about the power of recovering ground rent in lieu of taxing buildings was the local media. Out of the myriad of topics, The Valley News in two lengthy Sunday articles chose to cover only land use and Singapore's harsh regimen to curtail car-dependency. Out of all the presenters, the paper quoted only Singapore's speaker and the three (above) proponents of the property tax shift. Batt nailed it, saying, "taxing land value fosters people's investment in land."

In the property tax panel, Phyllis Myers of State Resource Strategies (www.srsmyers.org) reported a story noted in an earlier Geonome: how Massachusetts voters are willing to pay more property tax when funds are used to buy open space. Yet when buildable land shrinks, and demand for it doesn't, the cost of housing goes ballistic. Taxing site value would spur owners to seek best use, i.e., to develop for people, not cars, which takes up way less space. Co-panelist Eric Wilkinson of New Jersey Future (www.njfuture.org), a successfully funded group with office and staff, using beautiful Power Point told how localities, dependent on the property tax, over-zone for commercial; if the land gets used, it contributes greater property tax revenue at less governmental expenditure (stores don't need schools). Eric reported a victory for regionalism, how localities in northeast N.J. banded together to share revenue from a joint property tax base. He suggested a statewide property tax.

Noting that the poor spend more of their income on housing than on the rich, Eric concluded the property tax must be regressive. Actually, all basic necessities like food and clothing take a bigger chunk out of the poor's meager income. Yet lowering the property tax raises property price, inviting more speculation, so housing ends up costing the poor even more. Compared to other taxes on sales and income, the property tax is less regressive, while the property tax shift, since the poor tend to live in low-value areas, would save them money. Plus, collecting rent motivates owners to utilize their land, creating jobs, studies show. Striving for income parity, a jurisdiction could pay everyone an equal dividend from the recovered rents of all nature - sites, resources, spectrum, and sinks.

In his 15 minutes, Bill Batt showed how taxing site values could work in Vermont. Trying to shake up prevailing worldviews, he cited the values at the high end and the middle - $12.4 million per acre for a tiny lot in Burlington, a town of 40,000, and $770 p/a for the average statewide. After a property tax shift, most wealthy owners of prime commercial sites would pay more, most homeowners would pay less. Within two days of the end of the conference, Richard Minard, Co-E.D. of the N.H. Center for Public Policy Studies (www.unh.edu/pssrcnhepp), e-mailed Bill for a copy of his study. (continued on page 11)