



## SOUTHFIELD AND OTHER SUCCESSFUL LAND VALUE ASSESSMENT EXPERIENCES

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(Ted Gwartney spoke on Aug. 5, 2015 at the Council of Georgist Organizations conference in Southfield, MI on Southfield's 1960s Boom and Other Successful Assessment Reforms.)

My background in becoming a Georgist land value tax assessor had a simple beginning. In 1963 I was a real estate major at San Diego State University. My college courses included real estate appraisal which interested me because my father was a real estate broker. While I was a student at SDSU I noticed an announcement on the bulletin board for an off-campus course given by the HGSD that advocated taxing land values and reducing all other taxes. I attended their meetings to try to prove that they were wrong. The course required reading "Progress & Poverty," by Henry George. Then I understood why they were advocating land value taxation. I became a Georgist. After first working as an appraiser for two years, I saw the opportunities of using Henry George's principles in an assessment career. As an Assessor I applied the principle of raising more revenue from land rather than from buildings.

### LAND ASSESSMENT POLICIES

Most state laws allow greater land value taxation to be achieved by simply using sound assessment methods:

- \* Improve assessment procedures, land is usually under assessed
- \* Increase the frequency of assessment, best done annually
- \* Assess property at the selling prices in the marketplace
- \* Show the land and building assessment portions separately
- \* Depreciate buildings and improvements
- \* Shift assessment off of buildings and onto land

Each property has a land value and if improved it also has a building value. Buildings are capital improvements that are created by man's labor and incur a cost to produce. They wear out over time and must be maintained and eventually replaced.

Since land value is not created by man it has no cost to produce and does not wear out over time. It is nature's gift

to mankind. Land is defined as everything that is freely supplied by nature, which includes all natural resources, such as air, soil, minerals, airwaves, forests and water. Everything not made by man, is categorized as land. Land's uniqueness stems from its distinctive location, fixed supply and immobility. Land is required in the production of all goods and services. Land is our most basic resource and the source of all wealth.

### LAND VALUE TAXES FOR COMMUNITY REVENUE

Land value comes from ecological and social endowments, not the personal activities of individuals. Land value varies by location and available amenities. It increases because of people's competitive desire to use the best land site. Since land is fixed in supply and cannot be expanded, demand is the sole determinant of land value. As the demand for land increases, the value of land will increase proportionally. Collecting a land value tax will enable the community to attain a sustainable and growing revenue base for funding community services. Land is visible and can't leave the community because it is taxed.

Collecting land value taxes (LVT) would fund public service needs and also provide economic benefits to the community. LVT would encourage urban development; reverse the detrimental use of farm land and the sprawl into rural areas. LVT would reduce land speculation and premature land use. Land speculators would be encouraged to build or sell to others to recover their carrying costs. This would foster the most efficient, "highest and best" use of land. Land would cost less and be more available.

### UNTAXING PRODUCTION

Raising revenue needs from land value taxes would allow lowering taxes on building, production and distribution which would foster economic activity. With increased private funds available by reduced taxes on productive activities, new small businesses could begin, with new investment and opportunity to be involved in productive activities. New jobs would be created and wages would increase. Collecting land value taxes would provide the sustainable public revenue for the community's economy. (continued on page 14)