Meta Heller, Public Affairs Chairperson for Common Ground-USA in the State of Washington, reports that, last year, the Washington legislature, established a Commission to review the state's revenue system and to recommend reforms, without a net increase in taxes. This Commission concluded that Washington's heavy reliance on sales tax, 59.1%, was unfair to lower-middle income and lower income people, who must spend most or all of their earnings and thus carry more than their fair share of the tax burden. The Commission found that Washingtonians, with the lowest income, pay about 16% of their income in state and local taxes, that middle income people pay about 8 percent, and people in the top 10 percent pay less than 4 percent. One of the Commission's recommendations was that a small, flat, income tax be established to reduce Washington's dependence on sales and property taxes. Hugh Spitzer, a professor of law at the University of Washington, who was active on this Board, recommended a flat income tax and a reduced sales tax. Upper income Washingtonians, who itemize their Federal income taxes could reap the benefit of Federal deduction of the state income tax they would pay.

This Commission carefully avoided increasing the burden on any campaign contributor who might be concerned with the state's economy.

The Chairman of this Commission happens to be William Gates, Senior, the father of Microsoft Corporation's William Gates, Jr., who owns 58 billion dollars in assets. The fourth richest man in the nation is Paul Allen, Gates' associate in Microsoft. Gates Jr. and Allen paid property taxes on their homes which were reported to be assessed at $54 million and $48 million respectively. Understandably, they have contributed large sums to support initiatives that would put caps on property taxes.

Meta Heller, a Single Tax activist, has been attempting to persuade the Washington legislature to impose taxes on land, rather than taxes on earned income. Her presentation to legislators is received with interest until she mentions taxation of land values. Then they suddenly become fearful.

The same change of heart occurs in legislators of most states when land value taxation is proposed. But persistence may be the victor when the economic situation degrades to the point where rational action becomes essential. That may be the case now, when virtually every state in the Union is afflicted with massive financial deficits.

Forty years ago, a land value taxation bill was almost passed by the California legislature. ACA 20, a local option bill was defeated in the California Assembly by only two votes, 35 to 33, despite a highly favorable report submitted by Griffenhagen-Kroeger, Inc., of San Francisco. It is as applicable today as then.

GKI had been retained by an Assembly subcommittee to examine the economic effect on homeowners and industry that this legislation would have. They studied the tax impact on 397 properties scattered throughout Fresno County and eight downtown blocks in the city of Fresno. The report states, in part:

"We conclude that this measure is worthy of further serious consideration by the California Legislature. There is evidence in this report that through proper local application, the measure could bring greater tax equity and stimulate economic activity, while continuing to provide a full measure of support to necessary local governmental services.

"There is strong likelihood that the measure would eliminate slums and rebuild cities. It is clear that the present system penalizes improvements or an enterprise requiring the kind of equipment and inventory assessed as personality."

The report sets forth evidence that:
1. Private residences, in an overwhelming percentage, will benefit from exemption of both improvements and personal property.
2. About 2/3 of the commercial properties will develop lower taxes if both improvements and personal property are exempted.
3. An overwhelming percentage of industrial properties would develop lower taxes on both improvements and personal property.
4. The kind of property taxation we have now hinders central city development. A too-heavy burden falls upon new structures, and continues to rest, when they grow old, upon large, well-maintained buildings.
5. Assessments must be revised, whether or not the proposed amendment is adopted. The study shows many instances of poor assessment practices.

The report concludes:
"Should all land be assessed according to its highest economic use, speculative holdings would probably find their way to the market at prices encouraging home building." . . .

"It should be quite evident that the exemption of improvements and personalty would add the tremendous competitive advantage of being able to offer commercial and industrial sites that could be developed to their full potential and utilize equipment and inventory without the penalty of taxation." . . .

"There is certainly evidence in the present pattern of land use that the present Tax system does not encourage the best use."

The above information was taken from a paper published by the (no longer existent) Statewide Homeowners Association (of California) in 1963.

Meanwhile, back at the ranch, the Congressional boys are whooping it up as their patriotic duty to spend as much as they can of public money, regardless of the necessity. Those voters concerned about the cost of the Iraqi war, estimated to exceed $100 billion to $200 billion, may be shocked by these non military expenditures. Senator McCain is sending out a ton of voter information letters attacking the "impetus" expenditures as nothing more than wasteful pork barrel. He must have discovered, in his early years in the Senate, that since there seems to be little public concern about wasteful spending, it is best to take care of one’s campaign contributors. Up to a couple of years ago, the prince of pork was Rep. Bud Shuster of Pennsylva-nia, who was Chairman of the committee which decided what money would go for public works, roads, and every other projects better covered by local financing. Eventually, Bud went too far in his acceptance of bribe, forcing him to step down from his political throne and turn his seat over to his son.

The House Ethics Committee did not come down too strongly on Bud, because, he knew too much about the members’ shenanigans. The Committee just rebuked Shuster for committing “serious official misconduct” and allowed him immunity from prosecution, an unprecedented act, that a critic claimed was inappropriate.

The House found that Shuster improperly accepted gifts and misused congressional staff for political reasons, but spared him from penalties harsher than a reprimand. The Ethics Committee also asked the Justice Department to grant immunity to Shuster after he refused to turn over calendars from 1998 and 1996, citing “national security” and “attorney-client privilege” concerns.

The Justice Department granted Shuster immunity from incriminating himself by turning over other documents, as well. The information that Shuster was able to protect included items dealing with breeding of horses. Norman Ornstein, a congressional scholar at the American Enterprise Institute, a conservative Washington based think tank, said the immunity granted Shuster reflected badly on the committee. He called it an “embarrassment.” Actually, it was no embarrassment at all for Congressional members engaging in what they and practically every other member of congress did every day.

In his book entitled, The Triumph of Politics, David Stockman, President Reagan’s Budget Director, stated that the worst saboteurs of his attempt to balance the budget were the staff and Republican members of the Public Works Committee. Stockman stated that “They had already touted up billions in unjustified spending for highways, water projects, and mass transit. Now they turn their attention to rescuing the $600 million dollar Economic Development Administration from its planned and well deserved demise.”

Shuster complained that EDA is a good Republican program because “It creates jobs and investments.” Just guess who won out. Stockman who supported economy and a balanced budget or Shuster who supported what Stockman called called “a demonstrably useless program.”

Every time you read about this or that member of Congress espousing “economic impetus,” you can be very sure that what he/she really wishes to promote is a “demonstrably useless” expenditure of moneys to promote projects or legislation benefiting favored contributors.