

# The Boulder Daily Camera

Boulder, Colorado

Home of University of Colorado

Tues., Dec. 1, 1959

## EDITORIALS

### Why Not Look At The Land Tax?

All this talk about local option sales taxes is out of harmony with one of the most welcome taxation trends in recent years. The first sign of this trend was the abolition of most personal property tax, leaving the large bulk of property taxation on real estate. The second sign was the proposal that the state get out of the property tax field and leave it to the communities. Steps have already been taken in that direction.

But municipalities seem to be overlooking the opportunity to solve a good many local problems through an enlightened system of real estate taxation, to the exclusion of the hodgepodge of sales taxes, income taxes, and other revenue raising measures that tend to create new problems while they bolster local treasuries only temporarily.

Taxes on income tend to discourage economic growth and initiative by confiscating part of what business, industry, and workmen create with their hands and brains. Taxes on sales tend to discourage free buying and selling.

But real estate taxes, when the major part is imposed on the land itself, encourage production, put no penalty on initiative to create new wealth, and confiscate nothing.

Man does not create the land. He is placed on it by no choice of his own. He must have space to live on as well as air to breathe. Land has scant value until it is occupied. And as it is lived on and as communities develop, the land grows in value. The community literally creates the major increase in land values. Since this is true, it is entirely reasonable that the community is entitled to a tax claim on part of that increased value. It is one of the fairest concepts of taxation yet devised. And as a revenue source, the land value system is limited only by the capacity of the community and its inhabitants to make the land more and more valuable, all to their own profit also.

Henry George first proposed the idea back in the last century. His plan did not take hold very widely in his native United States. But a number of other countries have adopted the land value tax in one degree or another, with excellent results. It has been employed in Canada, Australia, Denmark, New Zealand, South Africa, and elsewhere.

A few communities in the U.S. have used it for many years. But only recently have some of the larger communities begun to apply it in modified form, notably, Pittsburgh, Chicago, Washington, Kansas City, and Boston.

The results have been gratifying. Generally the first thing that happens with the employment of the land value tax is the disappearance of slums. It is a most potent tool in urban renewal

without dependence on federal handouts. The reason should be obvious: If slum land is taxed at its actual value, it is no longer profitable to maintain slum structures. But as long as run-down buildings are the basic factor in real estate taxation, it is unprofitable for slum owners to improve their property.

Another benefit of basic land taxation is that the homeowner and the business owner are not penalized for improving their property. If the main tax is on the ground, building improvement can be made without the prospect of being stuck with unreasonably higher taxes. Naturally, this contributes to general community beautification, a better-housed populace, and up-to-date business areas.

The full story of land value taxation is much too long to cover in a brief editorial. Nevertheless, there is much literature available, and of course, for all to see there are the actual results of the plan where it has been tried.

Karl Marx once referred to Henry George as his worst enemy, for the land plan accomplished under free-enterprise capitalism many of the reforms Marx thought could be brought about only under socialism.

One of the beauties of the land tax plan is its simplicity. There is no need for a topheavy, hodge-podge system of multiple taxes, involving tremendous expense in administration and collection.

The plan deserves at least a thorough investigation at this time, when the opportunity is ripe for revision of tax structures and transition into something simpler, fairer, and more productive than the present patchwork system that seems to demand ever more patches.

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HENRY GEORGE SCHOOL  
50 East 69th Street  
New York 21, N.Y.