

LAND VALUE TAXATION IN PRACTICE

By A. W. MADSEN, B.Sc.

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LAND VALUE TAXATION IN PRACTICE

The countries in which a measure of land value taxation is in force, that is, where this reform has advanced a certain stage under Acts passed to give it effect, are: Denmark, New Zealand, Queensland, New South Wales, Victoria, South Australia, West Australia, the Transvaal, Cape Province, Natal, Rhodesia, Kenya, British Columbia, Saskatchewan, Alberta, Manitoba, Pennsylvania, Spain, Argentina and Brazil.

As a taxation system, the principle involved is an equal payment on equal land value within the taxing area, whereby the landholder is called upon to contribute to the public revenue according to the actual value of the land alone apart from improvements or buildings that may be on or in the land. He pays upon an assessment of land value, separately made, and the tax imposed abolishes or reduces or prevents taxation that would otherwise fall upon buildings and other improvements, or upon wages, trade or industry.

In none of the countries named has land value taxation been carried near the point of absorbing the whole value of land for public purposes. Some have taken initial steps, others have made fair progress, but the important thing to observe is that the principle, whether in small or large degree, has been put in operation, and sufficient experience has been gained to provide a decisive answer to the questions: Can it work? Does it work? How does it work in practice? The public man or the student wanting information and precedents has an astonishing wealth of official material at his disposal; but here only a summary can be given of the legislation in force.

The assessment upon which the land value taxation is imposed in all the countries to be named is the capital value, understood as the amount at which the fee simple of any piece of land could be sold apart from the buildings

or other improvements on that land. Without discussing the respective merits of "capital value" and "annual value" as bases of taxation, it is important to notice that the basis actually adopted does not represent the whole value of land but only that part of it which is left in possession of landholders after collection of such taxes as fall upon land to-day so as to diminish the price that can be got for it. The selling value of land secures, however, the essential thing, which is a comparative valuation of all land, separated from buildings and improvements; and adopting that basis the countries named have made progress in transferring taxation on to land value to the degree that is here recorded.

DENMARK

A uniform national tax of one-third of a penny in the £ is imposed annually on the value of all land in town and country alike. In addition, all local authorities (towns, counties and rural parishes) raise a proportion of their revenues by land value rating. This averages 4d. in the £ of capital land value in the country districts, but is less in the towns, the highest urban land value rate being at present in Copenhagen and in Frederiksberg, where it is approximately 2d. in the £.

The greater development of the land value legislation in the country districts is due to the fact that from its inception the agitation for the reform has had the vigorous support of the small peasantry and also because of the existence of the old "hartkorn" tax, which with its assessment of the comparative fertility of the land did in part embody the underlying principle. The question was what modern form of taxation should take the place of the "hartkorn" that had been in operation in Denmark for the past two and a half centuries. That tax, being based on what each piece of land *could* produce, took contribution whether the land was used or not; it did not penalize the industrious man nor allow the man to escape who neglected his land; it did not tax improvements; but the assessment had long gone out of date because it took no account of the land value arising from advantage of position. It should be modernized by the taxation of land values,

and the small peasantry or "housemen" made the strongest representations to the then Government in the matter.

The attitude of the "housemen," who in their associations now number well over 80,000, was expressed in their historic resolution and political manifesto adopted at their annual convention in Køge in 1902, declaring that:—

As small farms and independent husbandry have proved the most advantageous form of agriculture, in the interests both of the community and the individual, and may therefore be expected to become the most general (and in future possibly the only) system of Danish agriculture, our occupation and progress cannot be virtually supported by any help from the State or from other classes in the community. We can only prosper if the law fully recognizes that the small-holders and all other classes in the community have equal rights.

The small-holders, therefore, do not ask for any favours in the way of taxation. . . . We do demand the earliest possible removal of all tariffs and taxes levied upon articles of consumption, such as food, clothes, furniture, buildings, stock, tools, machines, raw materials and the products of industry, as all these burdens (often increased by fiscal protection) are pressing with an unjust weight upon labour and the small home.

In place of these taxes we demand, for the provision of revenue for public needs, the taxation of land value, which is due to no person's individual labour, but arises from the growth and development of the community, reaches enormous figures, especially in the large towns, and is appropriated as an unearned gain by private speculators who have no title to it, instead of being paid into the public treasuries of the State and municipal authorities. The taxation of land value would not burden Labour but, on the contrary, cheapen land and make it easier for every man to obtain his own home.

This good advice was not acted upon. On the contrary, the Government in 1903 imposed the new taxes, national and local, on land *and improvements*, and in effect shifted the burden on to the best used and most intensively cultivated land where the relation of improvement value to land value was highest. The small landholder suffered and the large landholder benefited. The latter enjoyed enormous reductions in taxation which were duly capitalized in the enhanced selling price of land, raising a new and formidable barrier against the would-be user. The agitation for the land value policy grew in volume and has succeeded in turning the tide of the reactionary legislation of 1903.

The steps Parliament took were halting and tentative at first. In 1916 and again in 1920, on the making of the periodic valuation of the whole country, the land value of every property was separately ascertained. Although the public got only a demonstration of land value as an assessable and taxable subject, the Government in this demonstration had provided most convincing propaganda.

Taxation, national and local, on real estate has since been split into two taxes; one on the value of the land alone and the other, at a lower rate, on improvements with a certain amount of improvement value wholly exempted.

The Act of 1922 introduced the national land value tax (and the tax at a lower rate on improvements) leviable annually from 1924 onwards on all land in town and country alike. Small as the land value tax is, being equivalent to one-third of a penny in the £ (capital value), it established the principle. It made necessary the periodic assessment of land value and paved the way for the measure of local rating of land values since adopted.

The Act of 1926 required all local authorities, towns, counties and rural parishes, to convert their then existing taxation on landed property into (a) a rate on land values only and (b) a lower rate on improvements only, subject to a certain amount of improvement value being exempt. There is also provision, unfortunately restricted in the towns but allowing wide option to the rural parishes, for reducing the local income tax and substituting for it new taxes under the Act.

The result of this legislation was to give such a measure of land value taxation throughout the countryside that the rate averages 4d. in the £ of capital land value. The towns under their present limited powers have to be satisfied with less, and 2d. in the £ is about the maximum land value rate which, under provisions of the Act, any of the towns can reach.

In 1928 an Act was passed enabling local authorities under permissive powers to remit or reduce local taxation on new houses and new buildings erected for dwelling purposes. This relief is given only in respect of the value

of *the structure*, the value of the site being taxed as before.

In 1933 county taxation was amended to increase the rates on land values and correspondingly reduce the rates on improvements.

Danish land value legislation also embodies a tax on increases in land values, leviable as an *annual* and additional charge on the amount by which the assessed value of any land has increased between the valuation dates 1932 and 1937, and so for every future increase as recorded at the subsequent periodic valuations, taking 1932 as the datum line. Normally and subject to certain provisions too detailed for brief description, this additional and special tax will take *annually* about 2 per cent of the increase in the capital land value.

Periodic valuations were made in 1916, 1920, 1924, 1927 and 1932, and are repeated every fifth year, covering the whole country. The work is done on each occasion within 12 months and at a cost not exceeding £10,000. Valuation lists are deposited for public inspection before valuations are finally settled (the rule obtaining in most countries) and the deposit of the lists is the one and sufficient notice to the property owners concerned. The obligation is on them to inspect the list, and as no forms need thereafter be sent there is an immense saving of departmental time and expense. The use of official land value maps—an extraordinarily important instrument—has been widely developed whereby the Valuation Boards secure both the co-operation and the confidence of the public in arriving at just assessments.

NEW ZEALAND

Wellington, the capital city, derives its whole rate-revenue from land value rating, buildings and improvements being entirely exempt from local taxation. Eighty-five other boroughs, counties, and independent town districts have also carried this system fully into operation for local purposes, and sixty-six more (out of the total of 265) levy the main part of their rates on land values.

This has been made possible under the optional rating powers the local authorities possess, the rates being levied either on the (capital) "unimproved value" of land or

on the capital value of land and improvements or on the annual value of land and improvements. As to this "annual value," it is important to remark that it may in no case be less than 5 per cent of the value of the fee simple, so that even where the "old system" prevails in New Zealand there is no such thing as valuable vacant land being entirely exempt from annual taxation as in Great Britain.¹

In 1896 the Act was passed giving local authorities power to levy their general rate on land values. This is exercised if a poll of ratepayers so decides and polls may be taken once every three years for adoption or for rescission after adoption. In 1911 an amending Act extended land value rating to include rates for all purposes, and successful polls taken after that date either extend the system where it had been partly in operation or enable local authorities to impose all their rates straight away on the value of land alone. Wellington carried the provisions of the 1896 Act in 1901 and adopted land value rating for all purposes in 1927.

Under one Act or the other, the land value rating system is now in operation in 56 of the 129 counties, 79 of the 120 boroughs and 16 of the independent town districts. It is very exceptional that any place has reverted from land value rating after adoption. Since 1927 one borough (Mount Albert) and one road district have done so, going back to the capital value of land and improvements on which their rates had previously been levied. In the same period one borough (Wanganui) and one road district abandoned land value rating, only to return to it again after three years' renewed experience of the "old system." Polls to rescind land value rating were defeated in four other boroughs and two town or road districts.

Over the whole of New Zealand, no matter which system of rating may be in operation in any place, the land is valued showing separately for each separate holding the capital value with improvements and the capital value of

¹ In the parts of Australia where "annual value" (of land and improvements) is still the basis of rating, similar provisions obtain for securing that rateable value shall be not less than a certain percentage of the capital value.

the land alone. These valuations are made by the Government Valuation Department. Revision takes place, not on any given date applying to the whole country, but from district to district and from time to time as occasion requires. Generally speaking, in the course of this work, at which the Department is always engaged, the valuations of all districts are revised once in every seven or eight years.

The value of land so ascertained is used for assessment to the Dominion Land Tax, which has been in force since 1891. The rate has varied from time to time and is now a uniform 1d. in the £ subject to a provision (which departs from the principle of land value taxation) giving an exemption of £500 from all assessed values up to £1,500. Beyond that, the exemption is diminished by £1 for every £2 of the land value, so that it disappears when the assessed value reaches £2,500.

QUEENSLAND

The capital City Brisbane levies all rates on land values as does every other local authority throughout the State, including both towns and shires. The only exception so far as local services are concerned is the specific charge of so much per load payable for the removal of garbage.

Local taxation of land values has been the accepted system for many years, being legislatively established in 1890 and made mandatory by the Act of 1902. Improvements are not even valued, much less taxed, for rating purposes. Land value alone is assessed, the local authorities making and revising the assessments every third year in the towns and every fifth year in the shires.

Queensland has also a State "Land Tax," to give the official designation. This was introduced in 1915, the rate of the tax varying from 1d. to 6d. or more in the £ according as the value of the land possessed by the taxpayer varies from £300 to £75,000 or more, land value of less than £300 being exempt. These exemption and graduation provisions applied to land value taxation are discussed under the Federal Land Tax, where the objections to them are stated.

NEW SOUTH WALES

The City of Sydney and its 40 metropolitan boroughs obtain their whole rate-revenue from rates levied on the capital value of land alone, buildings and improvements being entirely exempt.

Over the rest of the State, in municipalities and shires, the land value rating system is universal, except that only in one or two shires a small special rate is levied on improvements.

Water and sewerage services in the Sydney and Hunter River (Newcastle) districts are administered, not by the Councils, but by separate and autonomous Water and Sewerage Boards, which levy their rates on the annual value of land and improvements taken together and it is only under this distinct administration that any local taxation falls upon buildings and improvements in these districts. But there is a strong agitation to have the water and sewerage rates levied on land value alone, bringing this service into line with all the other local services in the way revenue is obtained to pay for them.

Land value rating was made mandatory to the extent of at least 1d. in the £ under the Acts of 1905 and 1906 which organized local government into shires and municipalities. This Act did not apply to the City of Sydney which had been incorporated under earlier legislation, but it applied to the 40 metropolitan boroughs which with the "City" make a metropolitan area of total population 1,300,000.

A State Land Tax of a uniform 1d. in the £ (though exempting land of less value than £240) had been in force since 1896. This tax was abandoned, the new mandatory local rate on land values virtually taking its place, and with the £240 exemptions abolished.

The Acts of 1905 and 1906 gave the local authorities permissive power to levy the rest of their rates either upon land value or upon the "improved capital value." The local councils quickly decided to adopt the former basis for all purposes, and so it has come about that over the whole State, with the small exceptions mentioned, there is no municipal or shire tax on improvements and all the rate-revenue is taken from land value.

The City (the central part) of Sydney, where the rating system was governed by a different Act, adopted land value rating in several stages, imposing upon land value a 1d. rate as from 1908, and in 1916 transferring all its rates to that basis. Part of the cost of the Sydney North Shore Bridge is met by a special land value rate levied annually (at $\frac{1}{2}$ d. in the £ to 1933 and $\frac{1}{3}$ d. in the £ to 1939) in the City and contiguous municipalities.

A State Valuation Department takes charge of the valuations, excepting in such shires as may decide to do this work themselves. Generally speaking throughout the shires, the land value only is ascertained, while in the municipalities three assessments are made: Land value, improved capital value, and annual value of land and improvements. The valuations are revised every three years.

VICTORIA

A State Tax on land values has been in force since 1910. The rate is $\frac{1}{2}$ d. in the £ plus 5 per cent of the tax payable. There is an exemption clause by which the exemption (of £250) diminishes at the rate of £1 for every £1 by which the owner's land value exceeds £250, so as to leave no exemption on values of £500 or more.

An optional measure for the local rating of land values was passed in 1914 and amended in 1920 to facilitate the making of revised and up-to-date land value assessments in the areas adopting the new system. Adoption depends upon a resolution in council or a poll of ratepayers if required. The procedure that must be followed is so cumbersome that it is not easy to get the matter decided. Nevertheless, overcoming the obstacles so unreasonably put in the way, 10 urban municipalities (Melbourne not included) and three shires have carried the provisions of the Act and now levy their rates on land values.

SOUTH AUSTRALIA

This State was the first in Australia to impose a land value tax, which at $\frac{1}{2}$ d. in the £ has been in force since 1884. Where the land value is £5,000 or more, an addi-

tional tax of $\frac{1}{2}$ d. in the £ is imposed. Valuations are made once in every five years.

Optional powers, enabling local authorities to levy their rates on land values, under the Act of 1893 and amending Acts, have been applied in 16 municipalities (Adelaide not included) and seven district councils, the latter being very large rural areas. The procedure, which Victoria appears to have copied, for getting resolutions through the councils and for taking polls of the ratepayers is hedged around with many restrictions, delays and special provisions. Parliament acted strangely in giving hostile elements so much opportunity to hold back the reform. Yet the places mentioned have succeeded in adopting it, and most notable is the acceptance and approval of land value rating in the large rural areas. In three of the municipalities attempts have been made to rescind the system after it had been in operation, but these attempts were defeated by the votes of the ratepayers.

WESTERN AUSTRALIA

By the Act of 1907, a State Land Tax at 1d. in the £ with £50 of land value exempt from taxation was introduced. By the Act of 1924 the exemption was repealed and the tax was raised to a uniform rate of 2d. in the £ of the capital value of land apart from improvements.

The local rating of land values is in force in the rural areas. The Roads Act of 1902 constituted local governing bodies outside the municipalities as "Road Districts" and gave them power to rate either on the annual value of land and improvements or on the capital unimproved value of the land. Of the 125 districts, 50 levy their rates on land value, while the remaining 75 levy part of their rates on that basis. There are also local Boards of Health, under the control of the Road Boards, which collect the greater part of their revenue by land value rating. The valuations for rating purposes have to be made by the Road Boards and they are revised once a year.

TASMANIA

Under the Hobart Corporation Act, 1924, provision was made for the adoption of land value rating by the

capital city but this prescribed such an intricate and tedious process for securing a decision by ratepayers and the council that the Act has remained inoperative. Public sentiment for the reform is shown in the demand the municipal associations continue to make upon Parliament for a law easily and quickly applied. The City of Launceston has taken and carried a referendum favouring the levy of rates upon land values.

State Land Tax was first imposed in 1905. This is based on land value, but like the Federal Land Tax and the Land Taxes in several other States, the poundage of the tax depends on the amount of the land value that the taxpayer holds. In the Tasmanian case, however, there is no exemption clause.

THE AUSTRALIAN FEDERAL LAND TAX

This tax, in operation since 1910, is additional to the land value rates and taxes levied in the several States. The Act exempted £5,000 of land value from taxation, except in the case of absentee owners. On the taxable value above that (the taxable value being the amount of land value attaching in the aggregate to *all* the land any person in Australia may own) the rate varied from 1d. in the £ to 9d. or more. The exemption, and the practice of cumulating the value against the owner for payment of a differential *rate* of tax, produces many anomalous results. For example, a piece of land worth £5,000 possessed by a party who has no other land in Australia (and the amount of investigation necessary in that regard may be imagined) is free from the Federal Land Tax; but if that same land was in the hands of another party who possessed much land elsewhere in Australia, the tax on it might be 9d. in the £ or more. This may be taxing landowners but it is certainly not taxing land values. Since 1910 the tax has been lowered, Parliament making such concession to the greater landowning interests: while it still yields a material part of the Federal revenue, it is the weakest link in the Australian land value legislation.

THE TRANSVAAL

Johannesburg, the largest city, levies the whole of its

local rates on land value alone. Pretoria, the capital, takes all but a small part of its revenues from the same source. Ten other towns rate land values only. In the remaining 14 towns the greater proportion of the rates fall upon land values. Out of the 31 village councils or rural districts, nine levy rates on land value only and in the others land value is the main source of revenue. The majority of the 20 areas governed by Health Committees levy their rates on the value of land alone.

These developments have followed from the Municipal Ordinance of 1916, whereby local authorities were required to levy a land value rate of 1d. in the £ and could not levy any tax on buildings that was not equalled by an additional land value rate. The option was given to exempt buildings entirely, saving that, in the towns on the Gold Reef, buildings or other improvements on ground held under a mining lease and not incidental to mining have to be assessed for taxation along with the site value of such land.

Valuations are made by the local assessors and are revised every third year. And already since 1903 (before land value rating was adopted) the assessments had to show in separate columns the capital value of the land with improvements and the value of the land alone.

CAPE PROVINCE

Under the 1912 Municipal Ordinance the local authorities were required when making their valuations (of land and improvements) to ascertain the value of the land alone and enter that in an additional column in the valuation rolls, although the rates fell upon the composite subject. This separate ascertainment of the land value had been the general practice for a number of years before that. The 1913 Ordinance established a Government Valuation Department which now makes all the valuations throughout the Province, the law providing for quinquennial revision; and for each property an assessment is made of (a) the site value, (b) the value of buildings, and (c) the value of "beneficial" improvements such as structural, irrigation, reclamation works, fences, subsoil, drainage, plantations, etc.

Optional powers to rate land values and correspondingly

take rates off buildings and improvements were given to the towns by the Ordinances of 1917 and 1918. Two towns (East London and Cambridge) at once took advantage of these powers, Cambridge placing all its rates on land values, while East London takes practically all its rate-revenue the same way, with the rate on improvements only one twenty-fourth of that levied on the value of the land.

NATAL

The City of Durban levies its local taxation so that the rate on buildings and improvements is half that on the land value of each property. This measure of land value rating has been in operation since 1923. One of the most illuminating documents in the official literature dealing with the land values principle is the Report issued in 1922, by a special Committee appointed by the Durban Town Council to investigate the subject.

ORANGE FREE STATE

Under the Ordinance No. 11 of 1925, six towns have taken advantage of the powers given to reduce the rates on buildings by increasing the rate on land values. These towns are Kroonstad, Bothaville, Clarens, Voljoenskroon, Vrede and Petrus, the last-named imposing rates on land values only. In the Orange Free State, valuations are made every third year and, as is the case generally throughout South Africa, they have for many years shown in separate columns the total value and the land value of each property, as a matter of valuation practice and before any separate taxation of land values was instituted.

RHODESIA

The Municipal Ordinance No. 12 of 1914 permitted municipalities to differentiate in their rating between land and buildings or improvements. In 1915 Salisbury gave effect to this and by altering the incidence to make the rate on land value four times the rate on buildings. In 1917 Bulawayo followed suit and transferred about the same proportion of its local taxation on to land values, the Town Clerk reporting to the Durban Town Council

Committee that the altered basis of rating had been well received by the public.

KENYA

An Ordinance dated February 22nd, 1921, applying to the town of Nairobi, provided for a complete system of rates imposed on the selling value of land apart from improvements, for the revision of valuation and the levy and collection of rates in case of default. Rates in any one year may not exceed 2 per cent. The rates in Nairobi have been levied since, year by year, on land value only.

WESTERN CANADA

In the four Canadian Provinces of British Columbia, Saskatchewan, Alberta and Manitoba, land value taxation for local purposes is in force in varying degree. Improvements are relieved by taxing them at a percentage of the assessed value (or they are exempted altogether) while the land is taxed at 100 per cent of its assessed value. This results in improvements being taxed at a lower rate than land is; and if the improvements are entirely exempt, the tax falls on the value of the land alone.

In British Columbia, ten city and district municipalities rate land values only, the largest municipality among these being New Westminster. Nineteen tax improvements at less than 40 per cent of value; 29 at 50 per cent of value and two at 60 to 75 per cent of value. In the villages half of the value of improvements is exempt. The land is uniformly taxed at 100 per cent of assessed value.

In Alberta, improvements are not taxed in rural municipal districts. In the cities, towns and villages the position varies and while everywhere land is taxed at 100 per cent of assessed value, improvements in the majority of cases are taxed at two-thirds of their value.

In Saskatchewan, land in all cases is assessed and taxed at 100 per cent of actual value. In rural municipalities and villages 60 per cent of the fair actual value of improvements is taxable but in rural municipalities all buildings used for farming purposes are exempt. In the towns and cities buildings and improvements may be taxed at any proportion of actual value not exceeding 60 per cent.

In Manitoba also, so far as rural areas are concerned, local taxation on real property is based on the land value. In the cities, as in Winnipeg, improvements are taxed at two-thirds of value, and in Winnipeg the cost of the new water supply was met by a special rate on the value of the land alone.

PENNSYLVANIA

By special law passed in 1913 applying to Pittsburgh and Scranton, these cities were able to reduce the city taxes on buildings and correspondingly increase the taxation of land value. This was to be done by reducing the rate on buildings as compared with that on land value by 10 per cent for the years 1914 and 1915 and by 10 per cent each third year thereafter, until the rate on buildings became half that on land value. The result of the transfer was to take from the publicly created land values an additional annual contribution of £2,400,000 which had previously been exacted by taxing buildings, the total tax-revenue of the City being £15 millions. The policy of the present City Council, when the necessary legislative powers are obtained, is to carry the process further by eliminating all taxes on buildings and improvements and imposing the school rates also, which are distinct from the city rates, solely upon land values.

SPAIN

By the law of June 12th, 1911, all town councils were empowered to replace the taxes on foodstuffs by other taxes, including a tax of not more than one half per cent on the selling value of vacant land. Madrid and the majority of the provincial capitals as well as a number of other cities immediately took advantage of this power. Other laws passed in recent years gave the local councils power under certain conditions to increase the rate of tax imposed on the value of vacant land.

The municipal code of 1934 also permitted the local authorities to levy a tax of not more than one per cent on the value of land whether built upon or not, excluding the value of improvements, in substitution for an old tax on the annual value of land and improvements. The law,

however, provided that for a period of five years no more revenue should be raised by the tax on land values than by the tax to be replaced, and this has discouraged the municipalities from making use of the power.

A Catalan law of April 13th, 1933, applying only to Barcelona, allowed that city to impose (in addition to the tax on vacant land) a tax on the value of all land apart from improvements of one quarter per cent. The city council has made use of this power and is now collecting some 5,000,000 pesetas a year.

Another Catalan law of March 19th, 1934, empowered all cities in Catalonia with a population exceeding 10,000 (except Barcelona) to impose a tax of not more than one per cent on the values of all land whether built on or not, excluding the value of the improvements.

ARGENTINA

Proposals for land value taxes or rates have been brought before the different provincial legislatures and local governing bodies time and again. Definite progress has been made in the province of Cordoba, where in 1914 a land value tax was instituted at the rate of 7 per 1,000, applying only to rural lands. Municipalities in this province have been given power to take some part of their revenue from land values, and in 1927 Cordoba City introduced a land value rate of 5 per 1,000. A similar (small) measure of land value rating has been adopted in a number of towns in the northern parts of the country, *e.g.*, Mendoza, Jujuy, Rosario and San Francisco.

BRAZIL

As in the Argentine, proposals for land value taxation have been much canvassed in legislative circles. Rio Grande do Sul, Bahia and Santa Catharina are among the States where some measure of the policy has been adopted. Various towns (*e.g.*, Garibaldi, Montenegro, Porto Alegre) in the various States have either adopted similar measures or have decided to do so, but usually the rate of taxation imposed or to be imposed is moderate in amount, not

exceeding 1 per cent. Most important is the progress in the State and Federal capital of Rio de Janeiro as showing the public support for the land value policy. Here a complete valuation made on systematic methods is being undertaken (1935) separating the value of land in all urban and rural areas.

HUNGARY

From 1919 to 1921, a measure of land value rating was in operation in Budapest and other Hungarian towns. In the political upheavals through which the country has passed this law has been suspended though not abrogated. The Budapest statute was a model of its kind in the methods and procedure adopted for ascertaining the land value of every piece of land in the City, and with the aid of land value maps and rolls open to public inspection. The whole City, comprising 40,000 sites, was valued by a comparatively small staff and at comparatively little cost in the course of eight and a half months.

LAND VALUATION IN OTHER COUNTRIES

In the cities and towns of at least 28 of the United States of America and in all the Cities of Ontario the valuation of the total capital value of land and improvements on which local taxation is levied shows in a separate column the value of the land alone. This is a matter of competent valuation practice and is done in order to get greater fairness and accuracy in the assessment of the composite subject, it being well recognized that the value of land and the value of improvements are due to or are derived from very different factors. These places levy the same rate on land values as on improvements and are, therefore, not examples speaking for the operation of land value rating, although of course the tax falls on the value of vacant land whereas under British practice such land is completely exempt. It is in regard to valuation as such that these places are mentioned, their experience disposing of the objection sometimes made that the separate ascertainment of land value presents more difficulties than

ascertaining the value of land and improvements together. New York City provides an outstanding instance of the application of scientific methods in valuation and of the efficiency with which, once every year, the responsible department makes record of the land value of every property.

TENURES BASED ON PUBLIC RIGHTS

The principle that the rent of land is a public fund while the improvements made on the land belong to the improver finds expression in the special legislation affecting Northern Nigeria, Tanganyika and the Malay States. The land is treated as public property and where it is alienated for private use and occupation, it is leased at rents which are revised at periodic intervals, that rent being an assessment of the land value alone. A similar system of land tenure has been established for Canberra, the new Federal Capital of Australia and a further example is found in the small holdings established in Denmark on land surrendered to the State when the feudal and entailed estates were enfranchised. These holdings are held subject to the payment of the annual value, which (at the current rate of interest) is based upon the capital value revised once every five years in accordance with the periodic valuation of the whole country.

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The foregoing summary of the operation of land value taxation is based upon data in the information Bureau of the United Committee for the Taxation of Land Values. Testimony to the beneficial social and economic results of the policy has been recorded from time to time in the columns of *Land & Liberty* and in the papers presented at the several representative conferences held under the auspices of the International Union for Land Value Taxation and Free Trade.