

Earl Hanson

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Two-rate land tax needs a looking at

Editor, Spectrum:

In the Saturday issue of the *Daily Spectrum*, LaVarr Webb described the chaos resulting from inept government and weakening families and the role of the mounting national debt in helping to create the chaos.

But when he says he would support a value-added tax to retire the debt, he ignores the strong disincentive to the economy that would result.

The high unemployment in European countries that rely so heavily on VAT should help us avoid this kind of experimenting. Any consumer tax raises the price level, reducing demand and, therefore, tending to increase unemployment.

A land value tax has the disadvantage that it cannot be applied quickly enough to relieve the present sluggish economy. However, for state and local governments, it can be implemented with more speed.

Utah, unfortunately, is one of the states that is prevented by the state Constitution from applying different property tax rates to land and improvements without a constitutional amendment. One was submitted to the 1989 Legislature, but it was killed by the Rules Committee without comment or debate.

Voters become pretty important people between now and Nov. 3. Find out if your legislative candidate will sponsor and support a two-rate property tax resolution for the needed constitutional amendment.

Candidates for congress can also be lobbied.

Land values in areas served by transit systems are increased by the transit service. In all fairness, the local support should then come from a land value tax. When it does not, land prices tend to increase, the sales tax burden is heavier, and the area tends to become more depressed rather than an enterprise zone.
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→ omission: A land value tax can not, in the long run, be passed on to consumers, so it will tend to decrease poverty and permit our country to be more competitive in world markets.

→ omission: Federal grants, for example, for city transit systems, should not be made to systems that contribute their local support from sales tax collections.