UNH Professor: Taxing Land Instead Of Buildings - A Better Property Tax

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UNH Professor: Taxing Land Instead Of Buildings - A Better Property Tax
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DURHAM, N.H. - The land value tax, an increased tax rate on land and a reduced tax rate on buildings and improvements, can spur urban development and help contain sprawl, but its implementation has been sporadic, according to a new book co-edited by University of New Hampshire Professor Richard England. Published by the Lincoln Institute of Land Policy, "Land Value Taxation: Theory, Evidence, and Practice," includes a comprehensive review of research on the land value tax and explores the results of its implementation in the United States, primarily in Hawaii and Pennsylvania, and abroad in Australia, New Zealand, Jamaica, South Africa, Estonia, and elsewhere.

The book is edited by England, professor of economics and natural resources at UNH, and Richard Dye, professor at the Institute of Government and Public Affairs at the University of Illinois at Chicago and Ernest A. Johnson Professor of Economics Emeritus at Lake Forest College. Both professors are 2008-2009 visiting fellows at the Lincoln Institute.

"We rely heavily on the property tax to fund government services in New Hampshire. Getting rid of the property tax is impossible, but we could make our property tax a lot better by taxing buildings at a lower rate and land values at a higher rate," England said.

As an alternative to the property tax, a land value tax increases the tax rate on land and decreases or eliminates the tax rate on buildings. A tax on land is often claimed to be very efficient and produce few unintended economic costs, to increase the density of development, to reduce speculation in land, and to speed development generally. The authors conclude that theory supports the first two claims and indicates that a land tax will lower gain from speculation though not eliminate it. "Land Value Taxation: Theory, Evidence, and Practice" suggests that a land value tax does not alter the timing of development.

The property tax is an important source of government revenue in the United States and many other countries, but its unpopularity has led to a number of legal restrictions on its use and calls for further reforms, even total elimination. "Land Value Taxation: Theory, Evidence, and Practice" takes a new look at an old reform alternative that would keep what is good about the property tax—taxation of land value—and reduce what is bad—taxation of the value of buildings and other improvements.
"There has long been a need for a careful assessment of the statistical evidence on land value taxation," said Gregory Ingram, president of the Lincoln Institute of Land Policy, a think tank in Cambridge, Mass., whose founder, John C. Lincoln, was inspired by the writings of the 19th century journalist Henry George, an early proponent of land value taxation. "We wanted to learn why a form of taxation regarded as highly efficient by economists is often tried but then discarded, and whether it has achieved desired policy goals."

For review copies, please contact Anthony Flint at anthony.flint@lincolninst.edu. The Lincoln Institute of Land Policy www.lincolninst.edu is a leading resource for key issues concerning the use, regulation, and taxation of land.

The University of New Hampshire, founded in 1866, is a world-class public research university with the feel of a New England liberal arts college. A land, sea, space-grant and community-engaged university, UNH is the state’s flagship public institution, enrolling 11,800 undergraduate and 2,400 graduate students.

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