



Harrisburg, the capital of Pennsylvania USA, has an annual land value tax which has helped revitalise the city. Mayor Stephen R Reed says: "Without hesitation we can commend the importance and benefit of the land value tax policy."

*In the next four years the British Government has the opportunity to deliver a modern and fresh approach to taxation that will allow the whole of society to share in our country's natural wealth.*

*It requires a system that works in harmony with the economy, gives an incentive for enterprise, and encourages new endeavours.*

*Land Value Taxation (LVT), also known as Location Benefit Levy, is a simple and fair solution.*

A healthy economy  
Social inclusion  
Affordable housing  
Less urban sprawl  
A fairer society

## THE CHALLENGE

- **Land values are not created by landowners, but by the efforts of us all.** (Imagine the effect on the price of housing land if an area had no public or private facilities.)
- Natural justice decrees therefore that **land values belong to the whole community and not just landowners.**
- **The planning process often provides landowners with huge windfall gains.** These then 'spill over' from the site to be developed, into adjacent or related sites.

## PRINCIPLES OF THE NEW APPROACH

- **Land is a natural resource** that existed before mankind walked the earth.
- **Land values are created by the whole community** - because of our need to use land for housing, education, public services, leisure, agriculture, mining, business, transport and recreation.
- **Expenditure on public services usually leads to an increase in land values.** For example, with few exceptions, new motorways or rail systems lead to dramatic increases in land prices, totalling more than the projects cost.
- **LVT (taxing natural resources) can work for the benefit of all.** A good example is the Government's auction in 2001 of mobile phone airwaves (a natural resource) for 20 years raised £22.4billion (and of course, the airwaves can be auctioned again in 16 years time!). Landing slots at airports are also a natural resource that the Government should auction on a periodic basis.

**LAND VALUE TAX: A SIMPLE & FAIR SOLUTION**



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*LandCafe-subscribe@yahoogroups.com*

*Or visit the websites of  
the many organisations  
researching and  
campaigning for Land  
Value Tax:*

*www.labourland.org*

*www.landvaluetax.org*

*www.libdemsalter.org.uk*

## IMPLEMENTATION

- **Every site in the country would be valued annually**, according to its optimum, permitted planning use. The Government would decide the rate of LVT to be applied nationally.

In addition, Site Value Rating (the version of LVT for local government finance) would operate similarly (replacing Council Tax and Business Rates), but with local (or even community level) jurisdictions deciding their local rate. Studies show most households pay less than they currently pay with Council Tax and that LVT is cheaper to collect.

- **LVT could not be avoided.** Unlike income tax and business taxes where tax avoidance experts are in great demand and the 'shadow economy' flourishes to evade taxes. Every landowner would be required to register their land and to pay LVT on all their land holdings.

- **LVT would provide automatic compensation** for those sites which are disadvantaged by a new development.

For example: with a new railway line most sites (especially those near stations) benefit from big increases in land values but some sites (maybe housing close to the track and suffering from its noise and vibration) would lose some value. These sites would pay a lower Land Value Tax, providing automatic compensation without any complicated appeals system.

## THE BENEFITS

- Compared to taxes on buildings **LVT provides a broad tax base** because it would include all empty properties and empty sites. Properties in full use would incur less tax.
- **LVT would encourage new capital investment** rather than sterile land speculation as it would encourage a shift of private investment from land speculation (which creates no extra land but only higher land prices) to productive enterprises.
- **LVT would encourage the use of empty sites** creating more job opportunities and wealth.
- **LVT would help avoid urban sprawl.** As brown field sites would be developed within towns and cities it would be unnecessary to permit urban sprawl. Compact towns are also more efficient in their use of resources for transport and other services.
- **Lower interest rates.** The Bank of England tries to control land price and hence property inflation with a higher base rate. LVT would act as a damper on escalating land prices, allowing the Bank to lower interest rates for the benefit of homeowners, industry and small firms.



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