

A Land Value Tax for Wales?

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* to be read in conjunction with the slides provided

1. Land Value Tax (or 'Site Value Tax', as it is also known) is an old idea which has been developed from a range of different perspectives and purposes: it is an idea with a pedigree.
2. Land Value Tax proponents begin from the proposition that land is in fixed supply – as Mark Twain put it, 'Buy land: they're not making it any more'. Moreover, the world's 'real' resources are derived from the land, as opposed to the 'artificial' resources derived, for example, from the City. As Ruskin put it: 'There is no wealth but life'.
3. Land is shared very unequally in the UK, with some of the richest people deriving their incomes from rents charged on land holdings.
4. In contrast, there is a solid tradition of land as 'common wealth' – (or 'common treasury'—Gerard Winstanley) in which people are thought of as belonging to the land, rather than land belonging to people. If the land is a resource in common, being fixed and fundamental, then it should belong to the people: and those who have the privilege of ownership should pay something back for that privilege, through a Land Value Tax.
5. From a Green Party perspective, a LVT can form part of a bio-regional economy – a natural social unit, determined by ecology rather than economics, and a unit which, as far as possible, should seek to be self-sufficient in water, food, products and services, thus promoting security and self-reliance.
6. LVT is levied on the annual rental value of specific pieces of land, where the value is determined by different usages, for example, agricultural and industrial land.
7. In practice, an LVT would require a base-line survey of land usage, and a set of political decisions about value-ascription so that, for example, the rate of tax on agricultural land used to produce food could be reduced as part of a drive to improve self-reliance.
8. Amongst the advantages of a LVT are:
 - it is cheap to collect
 - difficult to evade
 - discourages speculative land holding
 - encourages active use of land
 - can encourage economic activity by shifting taxation from employment to land
 - can reduce concentration of land ownership
9. LVT is a tax with a practical history. Australia: LVT exists in some form in every state. Russia has used a form of LVT in the post-communist period. There are well-documented examples of LVT in the USA, in Pennsylvania and Pittsburgh.

10. In the UK there is detailed work already carried out on the applicability of an LVT in particular contexts. Oxford unitary authority has a report already prepared on its utilisation; Scotland has a Land Reform Policy Group and Glasgow City Council has, over the past two years, been actively considering such a tax – see, for example, <http://news.stv.tv/scotland/103755-glasgow-floats-new-levy-to-replace-council-tax/#>

The Joseph Rowntree Foundation is also currently involved in a research programme on LVT.

11. From a Welsh policy perspective, the following factors are relevant:

- property is already heavily taxed, through the Council Tax
- the principle of a windfall tax on planning gain is one well established in previous fiscal policy
- In TAN 6, 'One Planet Development', planning policy for the countryside, Wales already has a policy approach which is sympathetic to land value principles.