

# Principles of Taxation

## Those Who Benefit Should Pay

A drink tax to pay for alcohol-related problems might make sense. Using it to pay for transit makes no sense at all. However, access to transit increases urban land values by many times what a land value tax would cost.

## Taxes Should Not Burden the Poor

It is a myth that a drink tax falls on the rich. Wealthy people are more likely to entertain privately and escape the tax. Property tax occasionally falls on the poor, but land value tax almost never falls on the poor.

## Taxes Should Not Drag the Economy Down

Drink taxes make the county less attractive to tourists, vacationers and conventioners who bring money into the county and stimulate the economy. Land value taxes make the county less attractive to slumlords, speculators and absentee landlords who take money out of the county and hold back the economy.

Even property taxes prevent speculation and real estate bubbles. Cities with the lowest property taxes had the worst housing bubbles and now have the most foreclosures. We can stop taxing people's homes, but we must never stop taxing the value of land if we want stable land prices.

## A Tax on Restaurant Customers is Worse Than a Tax on Restaurant Owners

Most restaurant owners will pay more under a land value tax than under a property tax. Still, the ones we have talked to don't mind paying more if it allows their customers to pay a lot less. Restaurant owners view their customers as partners in trade. You give them something, and they give you something; what robs you, robs them.

Political developers and land speculators, on the other hand, view taxpayers as victims to be fleeced. They do not understand that nobody wins when working people and honest businesses are overtaxed.

# What You Can Do

Convince Allegheny county officials to repeal the drink tax, and convince state legislators and the governor to take away the drink-tax option. If you live in another Pennsylvania county, the drink tax could be coming your way if you don't act.

Call talk shows and write letters to the editor. Talk to your neighbors and friends.

Attend any of our presentations on land economics and tax policy, especially, "How to Fund Transportation Without a Drink Tax." Consider hosting a presentation yourself, or helping us promote presentations that are hosted elsewhere.

Help us distribute these flyers. You can get flyers directly from us, or you can print out your own flyers on legal sized paper from the following web site:

<http://savingcommunities.org/nodrinktax>

Select the file size that suits your needs.

Remember, if you spend money you might have to report it as a political contribution. If you want to make a contribution to us, send it to,

Saving Communities PAC  
George Lopez Subrebst, treasurer  
6637 Aylesboro Avenue  
Pittsburgh, PA 15217



For more information, contact,

Saving Communities  
Dan Sullivan, director  
631 Melwood Avenue  
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# Why Allegheny County Doesn't Need a Drink Tax

*County Executive Dan Onorato told us that we must choose between a new poured drink tax and a property tax increase, and that property tax would cost "elderly poor property owners" too much money.*

*Neither statement is true. Property tax isn't the only other option, and choosing the drink tax mostly protects rich people who own elderly poor properties, not elderly poor people in their own homes. The biggest owner of elderly poor property in the county is USX, and that's who Onorato's policies help.*



*The few home owners Onorato's policies help mostly live in richer neighborhoods, and even they could be paying lower taxes without the county getting less revenue...*

*...and without you paying a drink tax.*

# Why We Have a Drink Tax

Basically, the drink tax pays for corrupt county practices. Even though these practices are (mostly) legal, they are morally wrong and bad for the county's economy. They include:

## **Taking Land Off the Tax Rolls**

Development authorities have taken hundreds of millions of dollars worth of land off the tax rolls, often at the request of politically connected developers who want to off-load their property tax obligations. The developers know that one of them will get the property back when they are ready to do something with it, and get development subsidies besides.

## **Corporate Welfare**

Allegheny County and taxing districts within it have given politically connected developers massive tax breaks to redevelop properties in "blighted" neighborhoods. Often businesses in subsidized developments steal customers from local businesses that had paid their taxes all along, and subsidized homes in these developments steal buyers from unsubsidized home owners. Several projects have been hideous failures. All of them take tax money that could be replacing the drink tax.

## **The Illegal Assessment Freeze**

County Executive Dan Onorato's illegal assessment freeze has lost the county millions of dollars and has lost municipalities and school districts even more. It mostly protects people in richer neighborhoods, where property values have been going up. Onorato has also wasted \$millions in court to avoid his responsibilities, losing appeal after appeal at the county's expense. As a result, those in poor neighborhoods are paying their own taxes plus a share that is rightly owed by those in rich neighborhoods, and paying a drink tax besides.

## **Contract Patronage**

Onorato talks about eliminating "patronage jobs," but the real money is in government contracts, written to favor pre-selected companies. Contracts are often awarded when there have been only two bids. Evidence of the corrupt nature of these "pay to play" contracts can be seen in the massive contributions given to Onorato's campaign for governor by county contractors.

## **The Phony Choice**

Onorato insists that the only alternative to a drink tax is a property tax increase, which just isn't true. As a home-rule county, Allegheny County can levy a tax on land values. Pittsburgh City Council Presidents Bill Coyne, Bob Stone and Jack Wagner levied city land value taxes under home rule. They found that land tax cost home owners about 30% less than property tax would have cost them. The biggest savings were in neighborhoods where the most of the elderly people lived. It was slumlords and speculators, owners of "elderly poor properties," who paid much more. Unfortunately, Onorato has frozen the bogus land values that Sabre Systems had created instead of giving us honest land values that we could use to shift the real estate burden off of home owners.

## **Holding Transit Hostage**

Rather than ending these abuses of your tax money, or even choosing a less destructive tax option, Onorato has threatened to gut public transit unless he got his drink tax, pitting citizens against each other. These citizens should be united in the demand that the county obey the assessment law and stop squandering taxpayer money on corporate-welfare development projects.

# Ending the Drink Tax

If we stand up to corporate welfare and demand a sound, moral tax policy, we can have a prosperous county, a sound public transit system, affordable taxes on home owners, and no stupid, arbitrary taxes. If we do nothing, privilege will continue to grow, services will continue to

decline and taxes will continue to rise until the economy collapses. This is what the county must do:

## **Abolish the Redevelopment Authorities**

Technically, authorities are creations of the state, and only the state can eliminate them. That means we need to educate our legislators and our governor. However, the county executive and Pittsburgh's mayor can appoint board members to the authorities who will stop taking land off the tax rolls and will sell what they already hold as quickly as practicable. There will be debts to pay, but at least the debts will stop getting larger, and the land will go back on the tax rolls.

## **End Corporate Welfare**

No more subsidies and tax breaks for favored developers. The practice should be fair, honest taxes for all, special deals for none. If county politicians will not end corporate welfare, citizens should pass a home rule charter initiative to prohibit it.

## **Make Onorato Obey the Assessment Law**

It's the law. What more should we have to say? Well, this:

## **Michael Suley Must Go**

Michael Suley brought in Sabre Systems and had them lay off 85 assessors to get back at a whistle-blower with a seniority of 83. When county executive Jim Roddey wisely took the assessing function away from Suley's corrupt assessment board, Suley sued the county, losing appeal after appeal and wasting taxpayer money. Now that Onorato has put Suley back in charge, they waste taxpayer money being sued and losing in court together.

## **Replace the drink tax with a land value tax**

Once Suley is gone and the county starts assessing honestly, the county can shift to a land value tax. Home owners will pay less, land speculators will pay more, and economic development will increase, as it has in all 20 of the Pennsylvania taxing jurisdictions that use that tax.