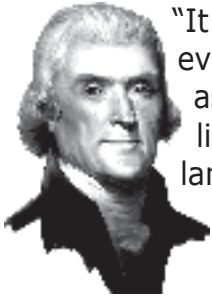


# Implementing The Founders' Plan

## Gradually Replace Property Tax with Land Value Tax



"It is not too soon to provide by every possible means that as few as possible shall be without a little portion of land. The small landholders are the most precious part of a state."

—Thomas Jefferson

## Stipends to the Elderly from Land Value Tax



"Every proprietor... owes to the community a ground-rent for the land which he holds... out of which there shall be paid the sum of ten pounds per annum, during life, to every person now living, of the age of fifty years, and to all others as they shall arrive at that age."

—Tom Paine

### Learn more about the Founders' Plan for property tax reform

Find out how your legislators can lower taxes on home owners, give real relief to the elderly and bring economic vitality to your community.

We provide expert speakers to local governments, advocacy groups and civic organizations.

#### To learn more, go to:

<http://savingcommunities.org/foundersplan>

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# Why America's Founders Wanted

# A Property Tax on Land Value

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# And NOT a Sales Tax!

## Why a Land Value Tax?

### Land for ordinary citizens

**William Penn** wanted to keep aristocrats from grabbing up land as they had in Europe. He declared Pennsylvania a “commonwealth” where each landholder would pay a modest rent that “would put an end to taxes, leave not a beggar, and make the greatest bank for national trade.” The first tax in Pennsylvania was a land value tax.

**Thomas Jefferson** also saw that land monopoly made ordinary Europeans poor, while cheap land made Americans rich. He also proposed taxes on real estate to prevent land grabbers from driving land prices up.

### Keeping taxing power local

Under the *Articles of Confederation*, the federal government taxed each state on its land value. Each state would tax each county, and citizens would never have to deal with state or federal tax collectors. Our founders did not trust strong central governments. They believed that people govern their own communities better than powerful states can govern them.

### A stipend for senior citizens

Tom Paine proposed to give each citizen over 50 an annual stipend from land value tax for the rest of his life. Paine’s proposal was the first (and probably the best) social security proposal.

### Today’s corporate aristocracy

The shift to sales and income taxes have helped corporate conglomerates drive out family farms, small manufacturers and local merchants.

Fewer than 3% of the landowners own more than 97% of the privately held land, including most of the valuable land in central business districts and at the convergence of major highways. Land grabbing has driven up real estate prices so much that fewer people own their homes free and clear than ever before.

Land value tax reduces the tax burden on ordinary citizens and gives the competitive edge back to small farmers and small businesses. It makes housing more affordable by driving speculators out of the housing market. It costs senior citizens far less than property tax, even without the stipend that Paine proposed.

## Why Not Sales Tax?

The **Boston Tea Party** was a revolt against a 3% sales tax on tea. Sales tax intruded on small businesses while aristocrats escaped their obligations.

Sales tax still violates personal freedoms our founders held dear. Business owners have to testify against themselves and face the “unreasonable search” of sales tax audits because we have abandoned the founders’ tax principles. (Income tax violates all productive citizens.)

### What Went Wrong?

After the revolution, landed aristocrats no longer needed strong public support. The federal government abolished its land value tax and instituted a sales tax on whiskey, triggering America’s first tax rebellion.

**Ben Franklin** complained, “Our legislators are all landholders, and they are not yet persuaded that all taxes are finally paid by the land... Therefore, we have been forced into the mode of indirect taxes.”

**Pennsylvania’s Whiskey Rebels** considered the tax “a clever move on the part of the eastern plutocracy to escape a land tax, and... reduce [the western farmer] to the economic, political and legal status of a European peasant.” The whiskey tax was repealed, but the federal land tax was not brought back. After the Civil War, railroads, oil companies and wealthy easterners grabbed up most western lands and opposed land value taxes.

Fortunately, local governments and even some states continued to rely on real estate taxes, causing big landholders to sell off their holdings. This helped ordinary citizens afford homes, farms and businesses.

Until the rise of big government, most tax revenue still came from local property taxes, and most property value was in land.

Today only a small fraction of tax revenues come from real estate, and most of the real estate tax falls on buildings and other improvements. Over their lifetimes, home owners pay far more in sales and income taxes than they would have to pay in land taxes or even property taxes.

We can protect small businesses, home owners, renters and especially senior citizens by implementing the founders’ original tax plan, coupled with Tom Paine’s stipend for seniors.