

buildings, 96 mills on land. As in Pittsburgh, ability-to-pay arguments carried the day.<sup>107</sup>

TABLE 4.—BUILDING PERMITS, RAZED STRUCTURES, AND PROPERTY SALES, CITY OF PITTSBURGH, 1978 AND 1979

	1978	1979	Percent change
<b>1. Building permits—January through September:</b>			
New buildings.....	201	158	-21.4
Extensions and additions.....	185	221	19.5
Alterations.....	2,282	3,136	37.4
<b>Total.....</b>	<b>2,668</b>	<b>3,515</b>	<b>31.7</b>
<b>2. Razed structures—January through August:</b>			
Razed by owner.....	146	78	-46.6
Razed under condemnation.....	266	216	-18.8
Razed by owner after condemnation proceedings.....	37	51	37.8
<b>Total.....</b>	<b>499</b>	<b>345</b>	<b>-23.2</b>
<b>3. Property sales—January through August:</b>			
Total residential.....	4,077	3,816	-6.4
Owner single unit.....	(2,786)	(2,656)	(-4.7)
Owner multiple units.....	(77)	(62)	(-19.5)
Rented single unit.....	(1,040)	(941)	(-9.5)
Rented less than 5 units.....	(69)	(95)	(37.7)
Rented greater than 4 units.....	(105)	(62)	(-31.0)
Commercial and industrial.....	290	304	4.8
Vacant lot.....	412	480	16.5
<b>Total (including unknown).....</b>	<b>4,781</b>	<b>4,601</b>	<b>-3.8</b>

From: "The Pittsburgh Property Tax." Center for Local Tax Research, 1979.

Sources: (1) "Monthly Reports", Bureau of Building Inspection, Department of Public Safety, City of Pittsburgh. (2) "Demolition Reports", Ibid., (3) City Information System, City of Pittsburgh.

Harrisburg in 1974 enacted its first differential rates, 17 mills on buildings, 23 on land—something then-Mayor Harold Swenson called "surprisingly easy to sell." In 1977 the rates were raised to 29 mills on land and dropped to 16 mills on buildings. For 1980 the building rate was kept the same, but the land rate was raised to 55 mills. Republicans and Democrats were unanimous in support of uptaxing land and holding building taxes low.<sup>108</sup>

McKeesport became the next city to follow suit. From a flat rate of 24.5 mills, it decreased the rate on buildings to 20 mills and raised it on land to 90 mills. The city cut back wage taxes because of local unemployment and adopted higher land taxes in the hope they would spur construction and rehabilitation.<sup>109</sup>

As to land use implications, the differential tax system, says Coyne, "promotes the highest and best use of urban land." Converting vacant and underutilized city lots to productive and revenue-producing sites is the way a city becomes "a natural energy conservator," he asserts.<sup>110</sup>

*Entirely Exempting Buildings from Property Taxes.* Grady Clay cites equity reasons for taxing land and eliminating building taxes altogether: it will "return to the taxpayers those values created by society at large." And he gives practical reasons: It will "encourage maximum building development, and discourage premature wrecking of existing buildings and the underuse of city land."<sup>111</sup>

<sup>107</sup> Ibid.

<sup>108</sup> Incentive Taxation, Winter issue, Tujunga, California, 1980.

<sup>109</sup> Ibid.

<sup>110</sup> Compact Cities hearings, p. 215.

<sup>111</sup> Ibid., pp. 136, 139, 165.