



Model Four Minute “LVT Pitch” for Regional Conferences

Good [morning] conference. I'm here to promote Land Value Taxation. First a few words of explanation. Land Value Taxation, or LVT, is an annual tax on the rental value of land. The value of every parcel of land in Britain would be assessed regularly, based on market evidence, in accordance with the best use of the land within the planning regulations. LVT would replace some existing taxes, not add to the overall tax burden.

Land means the site alone. The value of buildings, crops, drainage and other works would be ignored. A vacant plot in a row of houses would be assessed at the same value as identical built up plots.

There are three strong arguments for the tax. It is socially just. It promotes efficient use of land. And it is the best way of financing infrastructure improvements.

First social justice. Property taxes are fairer than income tax. In the UK, property wealth is far more concentrated than income. The best paid 1% in the UK get about 8% of the national income. The richest 1%- often the same people- own almost 25% of national wealth.

More inequality means worse health; shorter lives; worse education; more crime. The harms reaches everyone, not just the poor. The evidence for this is telling summarized in the book “The Spirit Level”. If you base a tax system almost exclusively on income, as in the UK, you create high levels of structural inequality.

Second, economic efficiency. If we tax labour, buildings, services or profit, we discourage people from constructive activities and penalise enterprise and efficiency. The reverse is the case with LVT, which is payable regardless of how well the land is actually used. Because LVT deters speculative land holding, run down inner-city areas will be brought back into good use, reducing the pressure for building in the countryside.

Third, infrastructure. Winston Churchill, who served as chancellor in the Liberal government of 1909, eloquently stated: ***Roads are made, streets are made, railway services are improved, ...water is brought from reservoirs a hundred miles off in the mountains – and all the while the landlord sits still... To not one of these improvements does the land monopolist as a land monopolist contribute, and yet by every one of them the value of his land is sensibly enhanced.***

The geographical benefits of infrastructure investments are uneven: a fast rail line from London to Birmingham will provide a windfall for property owners in those places but less benefit elsewhere. An income based tax system captures none of this geographical benefit, and imposes costs uniformly.

I would like to bury three popular fallacies about LVT.

Myth 1: it will lead to higher rents. This is untrue. Landlords already charge what the market will bear. This tax cannot change levels of rent.

Myth 2: it is not based on ability to pay. But land ownership itself provides the ability to pay through methods such as equity release.

Myth 3: it will encourage authorities to sanction building over residential parks and gardens. This is the reverse of the truth. Greenery enhances residential land values hence increases the authority's tax take.

Lastly, a sales pitch. I am a member of the Liberal Democrat ALTER, which promotes LVT. I urge anyone who is swayed by these argument to join us.LVT is already in the Liberal Democrat manifesto.

I urge conference to demand the rapid introduction of LVT to government policy.