

**FROM THE HONORABLE PATRICK TOOMEY
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WASHINGTON, DC 20515**

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To the Mayor, City Council and Citizens of Lebanon, Pa.:

Thank you for giving me this opportunity to inform you about a program that has helped my hometown and I believe will help Lebanon as well.

I'm a neighbor of Lebanon, representing the 15th Congressional District, which includes Allentown, Pa. In 1994, as a concerned citizen of Allentown, I was part of a Home Rule Charter commission that was examining ways in which Allentown could become a better place to live, to work and do business.

We came to one conclusion pretty quickly: the property tax we had in place just didn't work. It discouraged productive people from opening businesses, from fixing up their homes and from even wanting to stay in the city.

After much research and contacting other Pennsylvania cities, we decided to recommend the land value tax. The land value tax is a flexible form of the property tax that lowers the tax rate on all buildings in the city and raises the tax rate on all land. A land tax rewards investment past *and* present. How does the land tax do this?

Let's say you're a homeowner and you fix up your home on your own dime and your own time. You make the neighborhood and the community a better place by building an addition or rehabbing the inside. What happens? The assessor comes by and adds to your assessment and so your taxes go higher – sometimes a lot higher. Some reward for doing your part!

Consider what happens to a house next door to you; it's owned by an absentee landlord, the roof is falling in and the windows are broken. They go to the assessor who gives THEM an assessment cut; THEIR taxes go down.

Such a system is exactly backwards.

When the people of Allentown voted for the land value tax in 1994, nearly 3 out of every 4 properties saw at least some sort of tax cut. Today, many of the properties that did pay more have new or better buildings on them, stabilizing the tax base to the point where we haven't had a tax increase in five years. In that time, the number of building permits in Allentown has increased by 32% from before we had a land tax.

Land value taxation is pro-homeowner, pro-business and pro-community. I can wholeheartedly recommend this program to the City of Lebanon.

Yours truly,
Representative Pat Toomey