

# Galinsky 2024 Policy Brief www.galinsky2024.us

A New Path to Prosperity: Cutting Income Tax by One-Third & Replacing it with a Land Value Tax on Speculative Land Holdings



The current federal income tax system places a heavy burden on American taxpayers, reducing disposable income and stifling economic growth. This policy brief proposes a bold solution: cutting federal income tax by one-third and replacing the lost revenue with a Land Value Tax (LVT) on speculatively held lands.

This shift will incentivize the productive use of land, reduce speculation, increase conservation lands, and make housing and agricultural land more affordable for millions of Americans.

By gradually implementing the LVT and exempting conservation lands, this policy will support environmental goals while driving economic growth and expanding homeownership nationwide.

#### The Need for Tax Reform & Land Utilization

The United States is facing a growing crisis in housing affordability and land availability, with speculative landholding contributing substantially to the problem. At the same time, the federal income tax system imposes a significant burden on individuals and businesses, limiting economic potential. This policy brief presents a solution that addresses both issues simultaneously by reforming

- Cut Taxes, Increase Growth: Reducing federal income tax by onethird relieves pressure on taxpayers, stimulating economic growth.
- **Boost Land Development:** A Land Value Tax on speculative lands, valued at \$3.45 trillion using 2009 data, encourages productive use of degraded land, making housing and agricultural land more affordable.
- Phased, Fair Implementation: The policy includes a phased LVT introduction and exemptions for conservation lands, ensuring fairness while driving economic and environmental benefits.

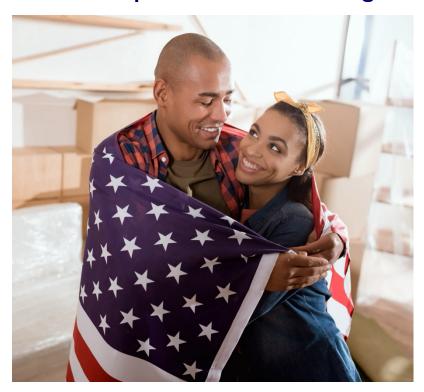
KEY TAKEAWAYS

the tax system to promote productive land use and economic growth for Americas middle class.

### The Dual Challenge of Tax Burdens and Speculative Landholding

The United States is facing dual challenges: a burdensome federal income tax system and widespread land speculation. The current system imposes significant financial pressure on individuals and businesses, collecting approximately \$2.18 trillion in individual income taxes in 2023 alone.

Simultaneously, a substantial portion of private land—around 15%, valued at \$3.45 trillion—remains idle, held for speculative purposes rather than being used productively. This situation contributes to rising housing costs and limited agricultural land availability, underscoring the need for a tax system that encourages development and stimulates economic growth.



### **Evaluating the Path Forward**

### **Maintain the Current Tax System:**

- **Pros**: Stability and predictability in federal revenue.
- **Cons**: Continued taxpayer burden, unaddressed land speculation issues, and home ownership remains out of reach for the majority of Americans.

#### Implement a Land Value Tax on All Private Lands:

- **Pros**: Promotes productive land use across all sectors.
- **Cons**: Burden on landowners actively using land for productive purposes, with an especially punitive impact on agriculture.

#### **Cut Income Tax by 1/3 and Implement LVT on Speculative Land (Recommended):**

- **Pros**: Reduces taxpayer burden, incentivizes land development, and makes housing more affordable for low and middle income Americans, while opening further lands for traditional American agriculture.
- **Cons**: Requires careful implementation to ensure fairness to speculators.

### A Strategic Shift: LVT on Speculative Land

The recommended policy is to cut federal income tax by one-third and replace the lost revenue with a Land Value Tax on speculatively held lands. This approach will drive economic growth, increase homeownership, and expand land availability. The phased implementation and conservation land exemptions ensure fairness and support environmental goals. An estimated LVT rate of 19.3% on speculative lands will generate sufficient revenue to offset the entire income tax reduction while encouraging development.

### Implementation Plan: From Policy To Action

- I. Phase-In Period:
  - Introduce the LVT over five years, starting at 20% of the final rate, increasing by 20% each year.
  - Provide technical and financial assistance to landholders through HUD.
- 2. Assessment and Adjustment:
  - The Treasury Department will assess land values and classify land as speculative or exempt under the Rewilding Act: <a href="https://www.galinsky2024.us/issue/environment">www.galinsky2024.us/issue/environment</a>
  - Annual reviews will ensure the LVT rate remains effective and equitable.
- 3. Public Communication:
  - Engage stakeholders, including landowners, environmental groups, and the public, to explain the benefits and address concerns.



### **Unlocking Americas Potential**

This policy offers a unique opportunity to reform

the federal tax system in a way that reduces the burden on taxpayers, promotes economic growth, and addresses land speculation. By implementing an LVT on speculatively held lands, the U.S. can unlock significant economic potential, increase homeownership, and expand traditional American agricultural land availability, all while supporting environmental conservation.

## References & Further Reading

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Learn more at www.galinsky2024.us/issue/tax-policy

#### **Contact Information**

For more information, please contact: outreach@galinsky2024.us