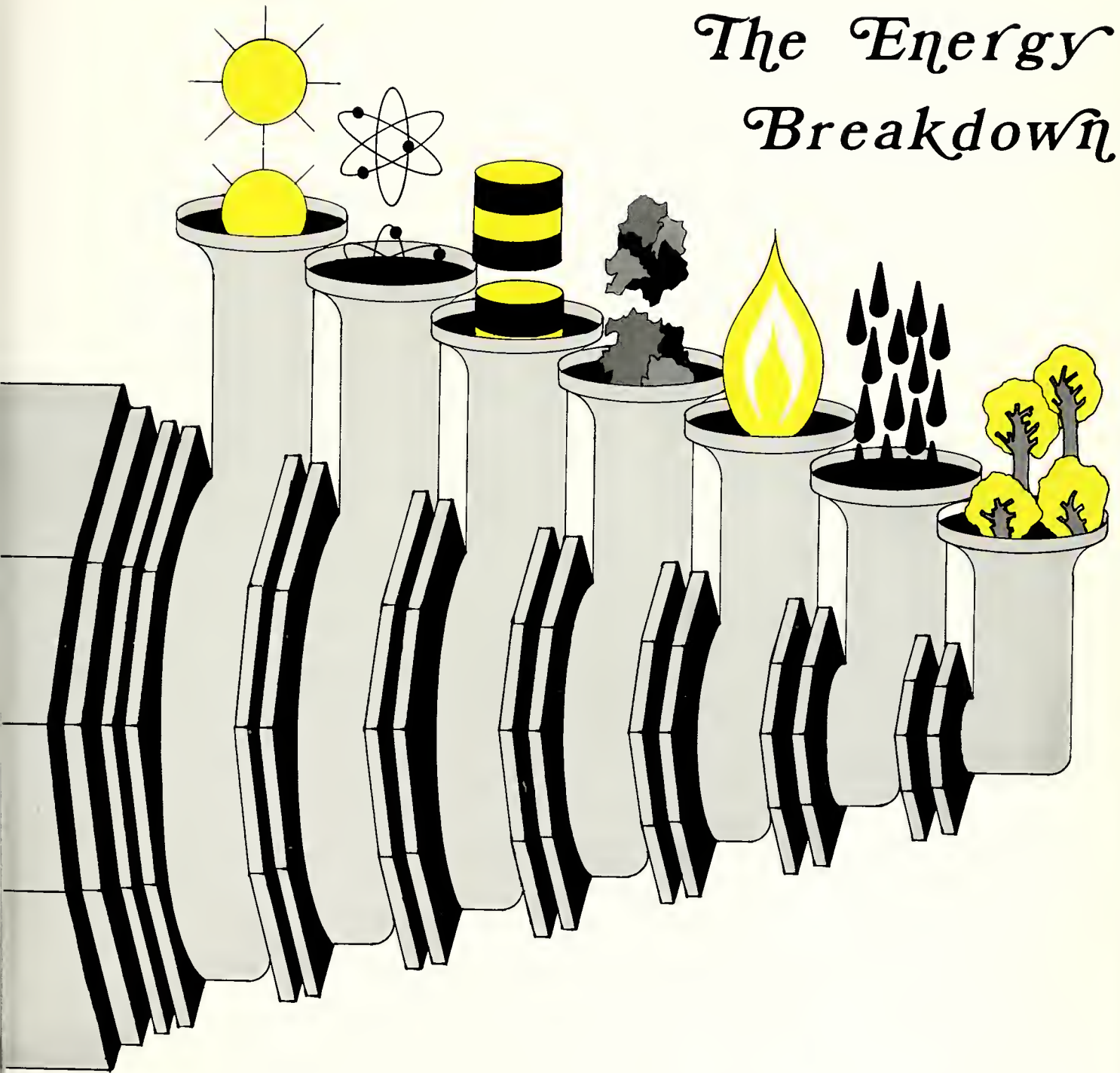


# *The Energy Breakdown*



**carolina planning**  
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# Letters to the Editor

**Editor's Note:** *This issue marks the beginning of a section containing reactions to articles found in carolina planning. We welcome comments pertaining to any and all of the issues dealt with in the magazine. carolina planning, however, reserves the right to edit all letters without altering the basic contents of the materials printed. If there are any opinions you would like to voice, address your letters to: Editor, carolina planning, Department of City and Regional Planning, University of North Carolina, 404 New East Building 033A, Chapel Hill, N.C. 27514.*

## Reaction to the Site-Value Tax

Dear Editor;

My attention was recently drawn to Edwin Chester's article on site-value taxation (vol. 2, no. 2, Summer 1976). I pursued this subject in depth during a Fulbright year in Australia. The most notable conclusion I reached was that there were no significant development differences in densities and land use patterns between suburbs which could be directly attributed to site-value taxation.

The question that continues to vex me is, why, if the site-value tax has such clearly demonstrated advantages, has it not been more widely adopted and put to use? Chester quotes Hagman and Schaaf on the technical difficulties and uncertainties which surround any change in

tax assessment procedures. He also notes the real possibility that the community may not want more intensive use of their land resources.

This supports my view that the main obstacles to site value taxation are political more than anything else. My conclusions in Australia 10 years ago still seem to be valid, namely:

1. Politicians are more interested in revenue than in the incidental land use effects of taxes.
2. They are sensitive to the unequal burden imposed upon poor, inner city residents. Thus a system of tax rebates and deferments is introduced which does much to negate the land use distribution effects of a site-value tax.
3. There is no overwhelming mandate to change the system. The complexity of the issue makes it almost impossible for voters and politicians to form intelligent responses, so they opt for the status quo.

It is worth noting that in Australia and New Zealand, site-value taxation is optional. In New Zealand, local governments have a choice between site value, annual rental value and capital value taxes. Presently, about 75 percent of the cities use the capital value basis. So it is by no means a universally adopted measure even where the literature suggests it is a success.

A couple of other Australian and New Zealand observations which add to the muddle are the dynamics of an inflationary situation and the relatively small revenue needs of local governments in this part of the world. Where urban land is rapidly escalating in value (as in Auckland at the moment), owners can afford to sit on vacant land and pay the higher taxes in the anticipation of rising values and future profitable sales. Speculation taxes are peanuts. In both Auckland and in Australian cities, schools, fire and police protection, and health and social welfare services are central government and State responsibilities, respectively. The care-taking functions and revenue needs are minimal here in comparison to American cities.

It is not, then, a simple matter of latching onto a tax system that works elsewhere. The needs and conditions are obviously different. The use of a graded or differential tax method such as Pennsylvania's or Hawaii's for example are indicative of the political sensitivity involved in getting any changes off the ground.

In the planners' rush to find a panacea for current urban financial ills, the intricacies of reform are often overlooked. It will be a long, hard slog rather than any magical breakthrough. However, research like Chester's does help to keep the issues afloat, and that in itself should make the going a bit easier.

J.P. Holl  
Auckland, New Zealand

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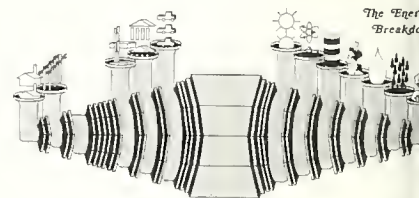
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*carolina planning* welcomes comments and suggestions on articles published and will be happy to accept new material for future editions. Manuscripts should be typed with a maximum of 20 double-spaced pages, and become the property of *carolina planning*.

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Communications, manuscripts, and subscriptions should be sent to: *carolina planning*, 404 New East 033A, Chapel Hill, North Carolina 27514.

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## This Issue's Cover

Cover design by Larry Epstein: On the front cover, energy resources begin the breakdown that leads to conversion and consumption: (from left to right) solar radiation, nuclear reaction, oil, coal, natural gas, water, and wood. On the back cover, the energy consumers engage together to compete for those resources: (from left to right) the residential sector, the electricity generators and transmitters, the industrial sector, the commercial and institutional sector, and the transportation sector.

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Historical energy supply and demand data in North Carolina are presented, as is the institutional framework of energy policy in the state.
- 4** A Blueprint for Short-Term Petroleum Supply Crisis Management  
Thomas LaPointe  
Suspect in many North Carolinian's minds since the Arab Oil Embargo of 1973 is whether the federal government will be better prepared to meet such contingencies in the future—and if so, what impact their plans will have on North Carolina. Within, the author outlines the federal strategies for short term supply crisis management. He closes with comments on its implication to state and local policy making.
- 2** Comment: The State is Prepared for a Short-Term Petroleum Crisis  
John Sweeney and Jonathan Rogoff  
Two members of the Energy Division in North Carolina's Department of Military and Veterans Affairs, assess the state's *Emergency Energy Program* in relation to the comments made by Thomas LaPointe in "A Blueprint for Short-Term Petroleum Supply Crisis Management."
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- 3** The Other Arms Race: The Liquid Metal Fast Breeder Reactor and the Plutonium Safeguards Problem  
Eric Hyman  
Over the past few years, a large percentage of this country's energy research and development funds have focused on nuclear technology, especially the Liquid Metal Fast Breeder Reactor. According to the author, this policy must be rethought. After examining the issues, he concludes that further research on the risk differential between the LMFBR and the uranium based reactors be undertaken before continuing research funding at its present levels.
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- 40** The Feasibility of a Multiple Residence Solar Energy System  
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- 3** Where do Local Governments Fit into an Energy Conservation Strategy?  
Winston Harrington  
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