Sekiguchi Global Research Association
ATSUMI INTERNATIONAL FOUNDATION

A seminar by
Sekiguchi Global Research Association of the
Atsumi International Foundation
in collaboration with
College of Public Affairs and Development of the
University of the Philippines Los Baños

SUSTAINABLE SHARED GROWTH SEMINAR #31 REPORT

2022
FEB

REAL PROPERTY VALUATION AND ASSESSMENT REFORM



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SUSTAINABLE SHARED GROWTH
SEMINAR#31
SENKIBUCHI GLOBAL RESEARCH ASSOCIATION (SGRA)
AITSUMI INTERNATIONAL FOUNDATION (AISF)
COLLEGE OF PUBLIC AFFAIRS AND DEVELOPMENT (CPAF)
UNIVERSITY OF THE PHILIPPINES LOS BAÑOS (UPLB)
REAL PROPERTY VALUATION & ASSESSMENT REFORM
DECEMBER 2, 2021 (THURS)
9AM to 12NN (PHL TIME)
PRESENTERS
MS. MINERVA BOONGALING
Treasurer, Municipality of Pagsanjan, Laguna
DR. MAX MAQUITO
SGRA AISF/CPAf UPLB
PROF. CESAR LUNA
Program Chair, Land Valuation Management, University of the Philippines Open University
DISCUSSANTS
MR. JOFFRE BALCE
Secretary, Association for Good Government
ATTY. PAUL BALITE
Chief of Staff, Office of Rep. R. C. G. Fariñas I
ENGR. ABET F. ARELLANO
REB, REA, Provincial Assessor of Laguna
Latvia
1991
1992
Japan
1992
South Korea
1918
Taiwan
1954
Papua
to register, use link or QR code (program and zoom info will then be provided)
https://forms.gle/6V8U4jLuBR2hffd99

INTRODUCTION

The Sustainable Shared Growth Seminars are also known as the KKK seminars. KKK stands for Kahusayan (Efficiency), Katarungan (Equity), and Kalikasan (Environment), which represents the economic goals of sustainable shared growth. It is also the name of the revolutionary organization that fought for the independence of the Philippines from Spain. Unlike in Western or Asian (Japanese) context, for the Philippines, therefore, KKK stands for what is noble in her traditions, and is very much against repression. We feel that the Philippines is in dire need of sustainable shared growth, and requires nothing short of a revolution, albeit peaceful, in our way of thinking and acting on these issues.

This seminar series is organized by the Sekiguchi Global Research Association of the Atsumi International Foundation, based in Sekiguchi, Bunkyo-ku, Tokyo, Japan. The Nihongo equivalent for KKK are kouritsu (efficiency), kouhei (equity), and kankyou (environment), for which the Japanese characters are 効率, 公平, 環境, respectively.

Seminar #29 was co-organized with the College of Public Affairs and Development of the University of the Philippines Los Baños, and was held on July 27, 2021, and was held fully online due to the on-going pandemic. The theme of this seminar was "In Search of Community Currencies".

DECEMBER 2, 2021

Real Property Valuation and Assessment Reform

KKK SEMINAR #31

OPENING REMARKS: JUNKO IMANISHI

CHIEF REPRESENTATIVE, SGRA

Konnichi wa! Good day!

I would like to welcome you to the 31st sustainable shared growth seminar with the theme “Real Property Valuation and Assessment Reform”. This is related to land value tax, which is one of the mechanisms for sustainable shared growth that Dr. Max Maquito is studying. It is nice to see Max’s collaborators in this research and advocacy. Joffre Balce of the Association for Good Government, who visited us once at Sekiguchi, Bunkyo-ku, in Tokyo, home to the Sekiguchi Global Research Association (or SGRA) of the Atsumi International Foundation. A Georgist, Joffre is the one who introduced the idea of land value tax to Max. Cesar Luna has joined us before in the Asia Future Conferences hosted by Atsumi Foundation. The fifth conference was held last year co-hosted by UPLB. The 6th conference is going to be held, hopefully, in Taiwan next year. I know that Minnie Boongaling, who is also one of the presenters today, has submitted a paper, co-authored by Max and Cesar, on today’s topic.

"One way countries compete with each other for foreign investment is taxes. This would also be true with local governments. "



JUNKO IMANISHI

Chief Representative. Sekiguchi Global Research Association (SGRA)
Managing Director
Atsumi International Foundation
"harmony amidst diversity"

OPENING REMARKS: JUNKO IMANISHI

CHIEF REPRESENTATIVE, SGRA

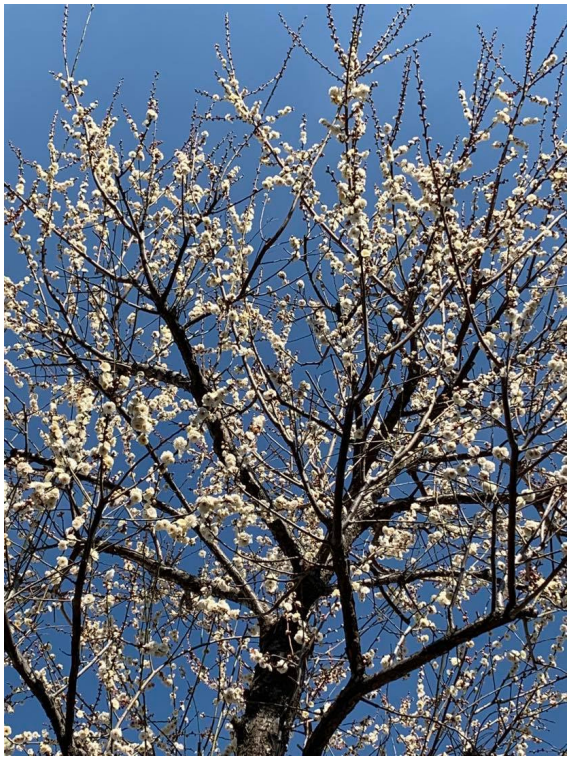
Cesar has kindly introduced us to Atty. Paul Balite, who works with a Philippine lawmaker. We look forward to getting his insights based on his experience in Philippine politics

Taxes of local governments will be a very important policy tool as the Philippines becomes more decentralized. One way countries compete with each other for foreign investment is taxes. This would also be true with local governments. Today we hope to get more insights on land value tax, which is one form of tax that local governments can control.

I thank you for joining this seminar, and the College of Public Affairs and Development for co-organizing this seminar. I look forward to seeing the authors of the paper, and you all in the 6th AFC in Taiwan next year.

Sekiguchi, Bunkyo-ku, Tokyo

Japanese plum (梅) blooming to augur spring!



PROGRAM

OPENING REMARKS

JUNKO IMANISHI

Chief Representative, Sekiguchi Global Research Association
Atsumi International Foundation

SEMINAR MANAGER

CHAIR | DR. MAX MAQUITO

College of Public Affairs and Development (CPAf),
University of the Philippines Los Baños (UPLB)
Sekiguchi Global Research Association (SGRA),
Atsumi International Foundation (AISF)

PROGRAM

PRESENTATIONS

PRESENTATION #1 | THE REAL PROPERTY VALUATION AND ASSESSMENT REFORM FROM AN IMPLEMENTATION PERSPECTIVE

Ms. Minnie Boongaling (Pagsanjan Treasury)

PRESENTATION #2 | EVALUATION OF THE REAL PROPERTY VALUATION REFORM ACT: VALUATION METHOD PERSPECTIVE

Prof. Cesar Z. Luna (UPOU)

PRESENTATION #3 | THE PROPERTY TAX REFORM FROM A LAND VALUE TAX (LVT) PERSPECTIVE

Dr. Max Maquito (CPAf/UPLB and SGRA/AISF)

DISCUSSANTS |

- ATTY. PAUL HEHERSON BALITE (Chief of Staff | Office of Rep. Rudys Caesar G. Fariñas I)
- ENGR. ABET F. ARELLANO (Laguna Provincial Assessor)
- JOFFRE BALCE (Secretary of the Association for Good Government and concurrent Head of the Australia School of Social Science)

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Presentation #1

PRESENTATION #1 | THE REAL PROPERTY VALUATION AND ASSESSMENT REFORM FROM AN IMPLEMENTATION PERSPECTIVE

Treasurer Minnie Boongaling

SOME NOTES

- The Local Government Code (LGC) of 1991 has bestowed upon local government units the autonomy to manage their political and fiscal affairs to become self-reliant and effective partners of the national government in attaining development.
- Part of the fiscal autonomy is the power to create local revenue sources in addition to the Internal Revenue Allotment (IRA) share.
- Among the local revenue sources, the real property tax (RPT) is one of the most stable local revenue sources. It is based on the value of real properties (land and improvement) that periodically increases.
- However, 2018 data from the Bureau of Local Government Finance (BLGF) shows that after three decades since the code came into law, LGUs have not fully maximized their taxing powers, hence weak local autonomy is observed. IRA accounts for 59% of the total income of all LGUs combined (province, cities and municipalities) while real property tax represents only 9% of the aggregate revenue.
- Book II of the LGC governs the real property tax administration in LGUs. This is a shared mandate of the local assessors and local treasurers; the former is in charge of the appraisal and assessment and the latter is in charge of the levy and collection of real property tax.
- One of the reasons why real property tax as a local revenue source has not been maximized is due to issues with the real property valuation system.
    - Multiple valuing agencies
    - Valuations are outdated and not compliant with mandatory every 3-year general revision
    - Unreliable and non-transparent valuation

Source: From the Presentation of Atty. Damcelle Cortes

PRESENTATION #1 | THE REAL PROPERTY VALUATION AND ASSESSMENT REFORM FROM AN IMPLEMENTATION PERSPECTIVE

Treasurer Minnie Boongaling

- One of the notable features of the RPVAR is the depoliticization of the valuation process. At present, the three components of valuation rest on the powers of the local sanggunian. These are the settings of 1.) schedule of market values (SMV), 2.) assessment level and 3.) tax rate.
- The RPVAR seeks to recentralize the setting of SMV back to the Department of Finance (DOF) through the BLGF. This way, the SMV will be updated regularly which will be the basis of LGUs in the general revision of valuation every three years. The setting of assessment level and tax rate the maximum level is already set in the LCG will remain as function of the local sanggunian.
- On the ground, the offices of the Local Assessors and Local Treasurers are faced with constraints in the implementation of the real property tax administration.
- In the Assessor's Office, the following issues have been raised
    - Outdated data (duplication, incomplete ownership information, unregistered transfer of ownership, unregistered subdivided lots, among others.
    - Absence of a comprehensive real property electronic database to support regular and accurate real property valuation.
    - Absence of IT infrastructure
    - Lack of manpower
- On the part of the Treasurer's Office, the following are the concerns:
    - Collection performance may not keep up with increased demands brought about by the regular every three-year revision, once the PRVAR is passed into law.
    - Tax incentives (higher discounts for prompt payments, amnesty for delinquent taxpayer) can result in the reverse effect of encouraging late taxpayment.
    - Enforcement of administrative and judicial remedies is tedious and costly.
    - Lack of support from local chief executives in the application of remedies.
    - Lack of IT infrastructure

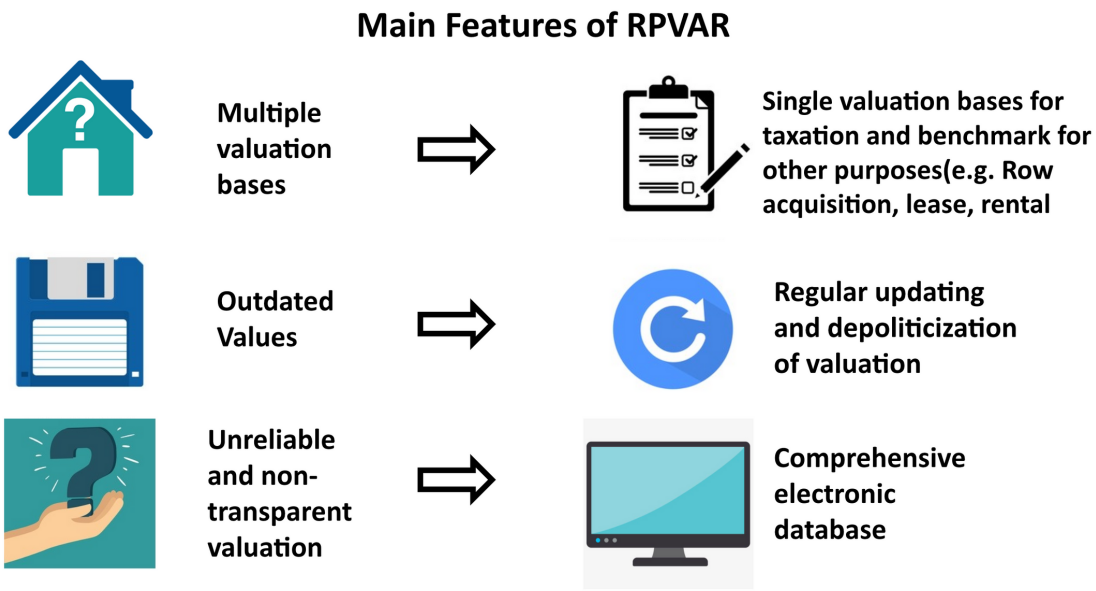
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PRESENTATION #1 | THE REAL PROPERTY VALUATION AND ASSESSMENT REFORM FROM AN IMPLEMENTATION PERSPECTIVE

Treasurer Minnie Boongaling

- The RPVAR is a welcome reform in the real property tax administration. To ensure success in the implementation, the issues and concerns of local assessors and treasurers should also be given utmost attention. Policy guidelines on staffing pattern, provision of funding for the establishment of IT infrastructures, among others should be considered to complement the RPVAR.



PRESENTOR



Ms. Minerva L. Boongaling

- *MINERVA L. BOONGALING is the Municipal Treasurer of Pagsanjan, Laguna. Her work exposure in the field of local finance and governance prompted her to earn her post graduate degree – Master in Public Affairs major in Local Governance and Development from the University of the Philippines in Los Banos. She is currently pursuing her doctoral degree in Development Studies in the same university.*
- *She is a certified passer of the Basic Competency for Local Treasurers. Her dedication and innovations to improve the tax collection system in the local government unit she is working in has earned her recognition as one of the best collection performers with highest collection efficiency in real property tax collection in the province of Laguna. She is a member and secretary of the Municipal Treasurers Association of the Philippines.*
- *E-Mail: mlboongaling@up.edu.ph*

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Presentation #2

PRESENTATION #2 | EVALUATION OF THE REAL PROPERTY VALUATION REFORM ACT: VALUATION METHOD PERSPECTIVE

Prof. Cesar Z. Luna (UPOU)

NOTES

As one of the author/presenters at the seminar, I learned so much from the comments of the discussants, both during their initial individual presentations as well as in the ensuing interactions. One of the key things I learned is that I have to rethink my recommendation about experimenting with annual assessments of the property tax. I have to provide more detail to my proposal, to emphasize its experimental nature, particularly its confinement to a small area such as a few blocks in a city where property values are rising rapidly. In such a case, a land value tax could both recover more of the rent before the bubble is over and minimize the size of the bubble, as Joffre Balce pointed out. The comments of Atty. Paul Balite—that public policy progresses incrementally in the real world and that people should first get used to a three-year cycle of revaluations before we introduce annual revaluations—are well taken. Again, it means that I should emphasize the experimental and confined nature of the proposal, so that it does not come off as the musings of an out-of-touch academic. There is much at stake here, as some versions of the proposed reform could rule out annual revaluations, even confined ones, with the proviso in these versions that a revaluation may not be conducted earlier than three years from the previous one.

I have considered the scenario in which annual revaluations are ruled out explicitly by the final version of the act. If this happens, I will not abandon my plan to demonstrate its possibility and advantages. I will simply change my approach. I will formulate a methodology involving the use of historical data from an assessor's office, with some plausible assumptions of what annual revaluations could have shown and how much rent could have been recovered. I realized that this is something that I could do regardless of what the final version of the act will say about the revaluation cycle. Hence, the seminar prompted me to think about a new type of research, which is at least new for me. Toward this end, I think we the author/presenters should build up a research collaboration or partnership with Engr. Abet Arellano, the Provincial Assessor of Laguna.

Presentation #2

PRESENTATION #2 | EVALUATION OF THE REAL PROPERTY VALUATION REFORM ACT: VALUATION METHOD PERSPECTIVE

Prof. Cesar Z. Luna (UPOU)

NOTES.

From Atty. Balite's comments, I realized that I need to discuss the training needs of assessors in connection with my point about producing accurate or credible assessments. Part of that was covered by Minnie Boongaling in her section, but I think I need to reinforce that with, among others, a discussion on the role of not just bachelors-level training but graduate-level training for our assessors.

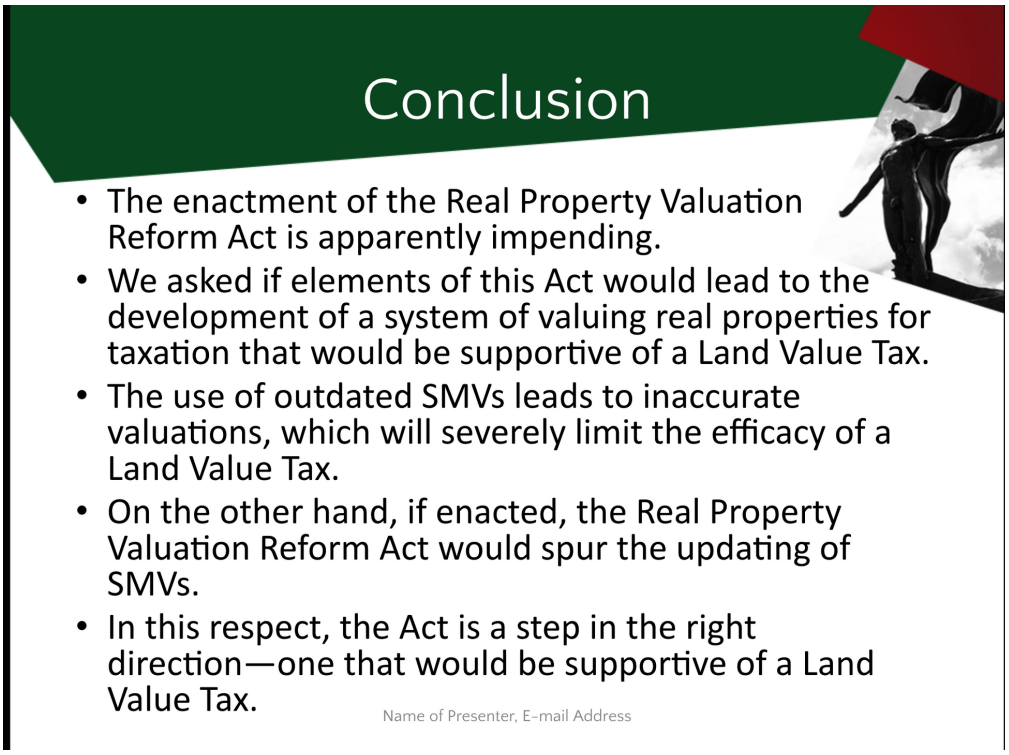
The seminar has prompted me to think of other ways in which I can revise my section of our paper, but I will not mention them here. I would just like to encourage the Sekiguchi Global Research Association to support more of these seminars by researchers on their ongoing research, because it truly contributes to the quality of the final research product.

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Presentation #2

PRESENTATION #2 | EVALUATION OF THE REAL PROPERTY VALUATION REFORM ACT: VALUATION METHOD PERSPECTIVE

Prof. Cesar Z. Luna (UPOU)



PRESENTOR



Prof. Cesar Z. Luna

- *Cesar Z. Luna is the Chair of the Diploma in and Master of Land Valuation and Management Program of the University of the Philippines Open University, where he teaches online courses in mass appraisal and real estate investment. He also serves as the Assistant to the Vice Chancellor for Finance and Administration and as the Head of the Campus Development and Maintenance Office. He holds a Bachelor of Science Major in Marine Science degree from the University of the Philippines and a Master of Marine Affairs degree from the University of Washington. He is presently enrolled in the online program entitled "Appraisal, Institute of Canada, Accredited Appraiser Canadian Institute" of the AIC and the University of British Columbia. His research interests cover the areas of coastal management, decision analysis, real estate appraisal and investment, and sustainable shared growth.*
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Presentation #3

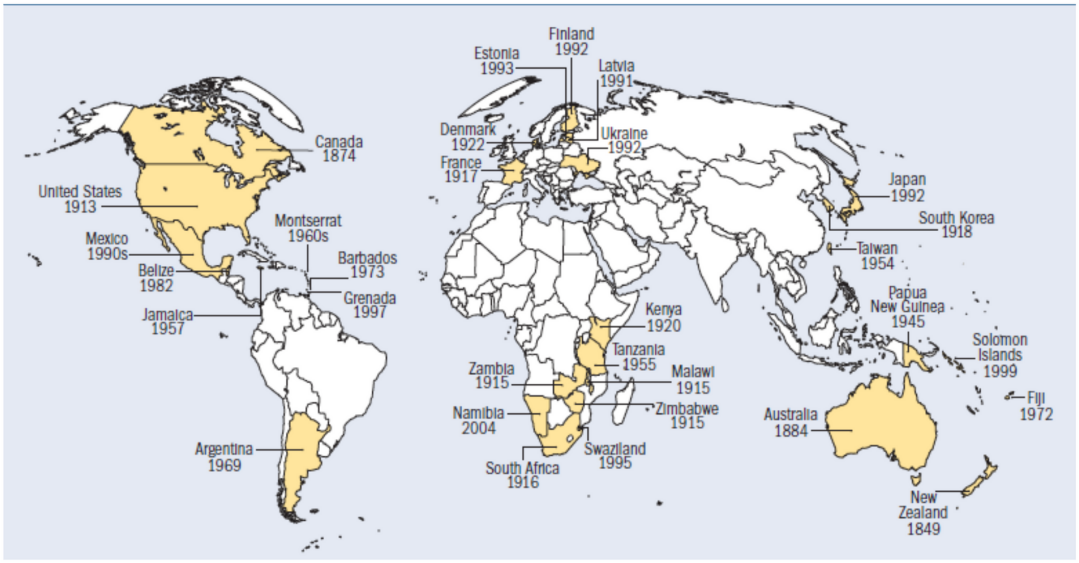
PRESENTATION #3 | THE PROPERTY TAX REFORM FROM A LAND VALUE TAX (LVT) PERSPECTIVE

Dr. Max Maquito (CPAf/UPLB and SGRA/AISF)

SUMMARY.

- A Land Value Tax (LVT) is efficient, equitable, and environmentally friendly
- The RPVAR should be open to the adoption of an LVT type of reform, should an LGU so decides
- The Philippines at the moment does not have an LVT.
- There are quite a number of countries which have adopted an LVT, shown as the countries shaded yellow. in the map below The year of adoption is also indicated.

LVT Case Study: Japan



Source: (Dye and England 2010, p. 13)
Note: US not all states, number indicates year of adoption

Dye, Richard F., and Richard W. England. 2010. Assessing the Theory and Practice of Land Value Taxation. N.p.: Lincoln Institute of Land Policy.Dye, Richard F., and Richard W. England. 2010. "Assessing the Theory and Practice of Land Value Taxation." Policy Focus Report/Lincoln Institute of Land Policy.

Presentation #3

PRESENTATION #3 | THE PROPERTY TAX REFORM FROM A LAND VALUE TAX (LVT) PERSPECTIVE

Dr. Max Maquito (CPAf/UPLB and SGRA/AISF)

01

LVT -> KKK

LVT is deemed as a mechanism for sustainable shared growth

02

LVT is efficient

It introduces minimal distortions in the market

03

LVT is equitable

It is a tax on unearned income

04

LVT is environmentally friendly

It mitigates urban sprawling

PRESENTOR



Dr. Max Maquito

In his "previous life", the author was a mechanical engineer at a state-owned shipyard, after finishing his BS at the Engineering Department of the University of the Philippines, Diliman. A scholarship enabled him to shift specialization and earn his MS Industrial Economics from the Center of Research of Communication (now within the University of Asia and the Pacific). Right after which, he was able to get into the Japanese Ministry of Education scholarship to get into the PhD in Economics program of the University of Tokyo. A scholarship from the Atsumi International Foundation enabled him to finish his doctorate in Economics He was an Adjunct Professor in Temple University Japan campus, before coming back to the Philippines to join CPAf, where he is now an Assistant Professor. His long stay in Japan, and working with the Atsumi International Foundation have fueled his lifelong research and advocacy on sustainable shared growth. E-Mail: maquito.uplb@gmail.com

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DISCUSSANTS



DISCUSSANT

ATTY. PAUL HEHERSON BALITE

1. Chief of Staff | Office of Rep. Rudys Caesar G. Fariñas I, Vice Chairperson of House of Representatives Committee on Appropriations and Committee on Agriculture and Food (January 2021 – present) 2. Deputy Director | Energy Committee of the Philippine Senate (August 2018 – December 2020) 3. Deputy Executive Director | Philippine Rural Electric Cooperatives Association (PHILRECA) (March 2016 - March 2018) 4. Associate | Puyat, Jacinto, & Santos Law Offices (January - April 2015)
Academic Experience: 1. Senior Lecturer | University of the Philippines (UP) Diliman (September 2020 - present) Teaches Technology Acquisition and Assimilation in the Master of Technology Management Program, Technology Management Center 2. Senior Lecturer | UP Open University (January 2018 - present) Teaches Concepts and Processes of Land Valuation, Development Controls and Construction, Statutory Valuation, and Mass Appraisal in the Master of Land Valuation Management Program, Faculty of Management and Development Studies
Email: paulbalite@gmail.com



DISCUSSANT

ENGR. ABET F. ARELLANO

ENGR. ABET F. ARELLANO is a Geodetic Engineer, Real Estate Appraiser and Real Estate Broker. He was a private practitioner before he joined the local government and served as the Municipal Assessor of the Municipality of Pagsanjan in 2004. He became the Provincial Assessor in 2011 up to present.



DISCUSSANT

Joffre Balce

JOFFRE BALCE is the Secretary of the Association for Good Government and concurrent Head of the Australia School of Social Science. He was a former PhD scholar of the University of New South Wales Faculty of Law, an MSc scholar of the Southeast Asia Science Foundation at the University of Asia and the Pacific and an AB from the Ateneo de Manila University. He has had a wide range of education and experience for over 40 years in the fields of agriculture, banking, regulation, economic development, strategic planning, cooperative enterprise & international finance in the sectors of academe, private business, government and civil society.
E-Mail: joffre.balce@gmail.com

DISCUSSION

Summary by Joffre Balce (Association of Good Government)

- The presentations have kindled hope in prospective policy measures in the future that can stave off speculative attack that accompanies urbanisation of agricultural communities which has happened in the Calvite-Laguna-Batangas-Rizal zone and the gentrification of cities in Metro Manila.
- A worthwhile effort is to open discussions of this approach with the Bangko Sentral ng Pilipinas whose current Governor Benjamin T. Diokno, PhD was steeped into fiscal policy and is now at the helm of the nation's monetary policy. Land values have been the favourite basis of banks for lending who create the bulk of credit through fractional reserve lending. Thus, it is opportune and is crucial that the BSP's attention is called to the rising need to integrate fiscal policy and monetary policy.
- Georgists believe that overcoming market information asymmetry raises market efficiency as land owners and government catch on the markets for land values. A simple formula I had used as a economist in a stock brokerage is the formula of
    - Land Value = market rent (per square meter)/market interest rates of areas and catch the "nucleus" of values where people are willing to pay the maximum rate to map up the zonal values to compare it with the land zonal values of the government. It is a trade secret I have found useful as a share market analyst to share it for the common good. I presume it is also in the toolkit of developers to determine costs and conditions whether or not it is feasible to negotiate and relocate.
- The evolution from separate valuation of land from improvements require a deeper examination of the stakeholders, especially the "apex predators" who look for the best locations and are willing to purchase the worst structures there over the tendency of old time residents to build the best looking structure even if their neighbourhood has the most miserable location. The current state of the market favours the former but the government's social aims favours the layer.
- My thoughts on revenue generation potentials and suggestions
    - Is the issue neutrality or is the taxation along the same indifference curve in relation to other taxes? My thoughts are that it may appear that way because incomes on real estate speculation are not registered as taxable incomes. Rather, they are increases in wealth. This observation is evident in how banks are willing to lent more to mortgagees when the value of their equity grows higher than what they had paid-up.

DISCUSSION

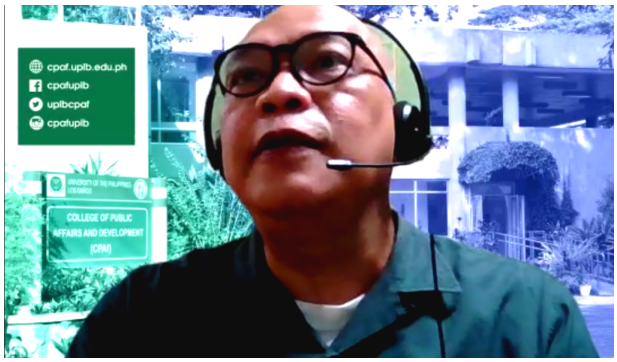
Summary by Joffre Balce (Association of Good Government)

  - I would explore the possibilities of reducing other taxes gradually as well to spur economic activity rather than a buying spree of properties that create a semblance of economic prosperity but makes rents a higher barrier to entry and an tempting exit for existing businesses.
  - It is also worth discussing with LGUs that wish to serve as laboratories of this land tax reform. Currently, the News South Wales (NSW) government is mulling over an approach different of land value taxation from the neighbouring state of Victoria of taxing land and its improvements. The strongest resistance comes from the developers and punters who carry much favour among many politicians whose investment decisions in properties are guided by their cues.
- On the challenge of implementing the valuation system.
  - Who will do the assessment and how is it verified or audited by an independent party? Perhaps the cooperation between local and regional governments
  - Research can be done in coordination with the BSP and the Bankers Association of the Philippines in evaluating industry-wide portfolios of active and foreclosed properties. Care must be taken that the banks themselves are not tempted to hold on to foreclosed and idle properties in the hope of maximising any capital gains rather than disposing of them for their soonest economic use.
  - Understanding how infrastructure and utilities in a community raises land values help overcome the timidity and conservativism of government to invest in them. By identifying the cash inflows from economic activities that repay them when land values are monetised at the soonest, the more it will entice the stakeholders to finance the projects and collect the taxes sooner.
- Collection poses a challenge as well.
  - Will separating valuation of land from improvements actually lead to encouraging development? There will be need for educating the investing public on the benefits of land value taxation minus improvements. It is a paradigm that must sink in the public mind and takes time and effort.
  - Given the culture of delaying the payment of taxes until the next administration and the history of tax amnesties and forgiveness, is there political will to break this and collect immediately in order to recover the costs of infrastructure development?
  - There is an opportunity to apply community currencies as long as it is accepted by government to pay taxes. While there is a promise that immediate employment can be generated by such efforts, will there an LGU bold enough to try this?



MS. MINERVA BOONGALING

Treasurer Municipality of Pagsanjan Laguna



DR. MAX MAQUITO

UPLB, AISF



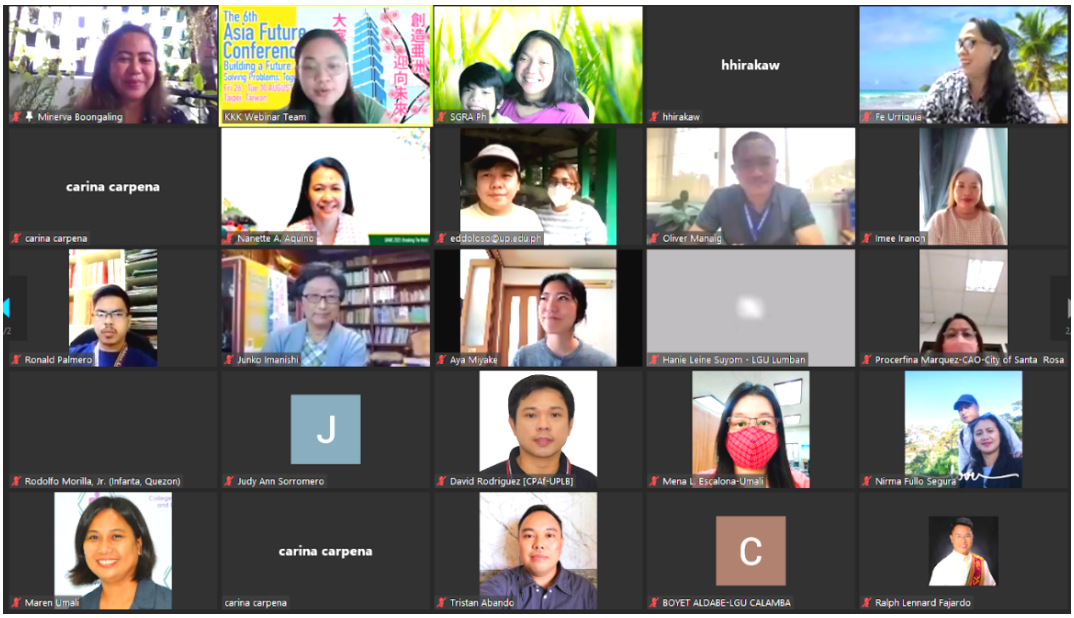
PROF. CESAR LUNA

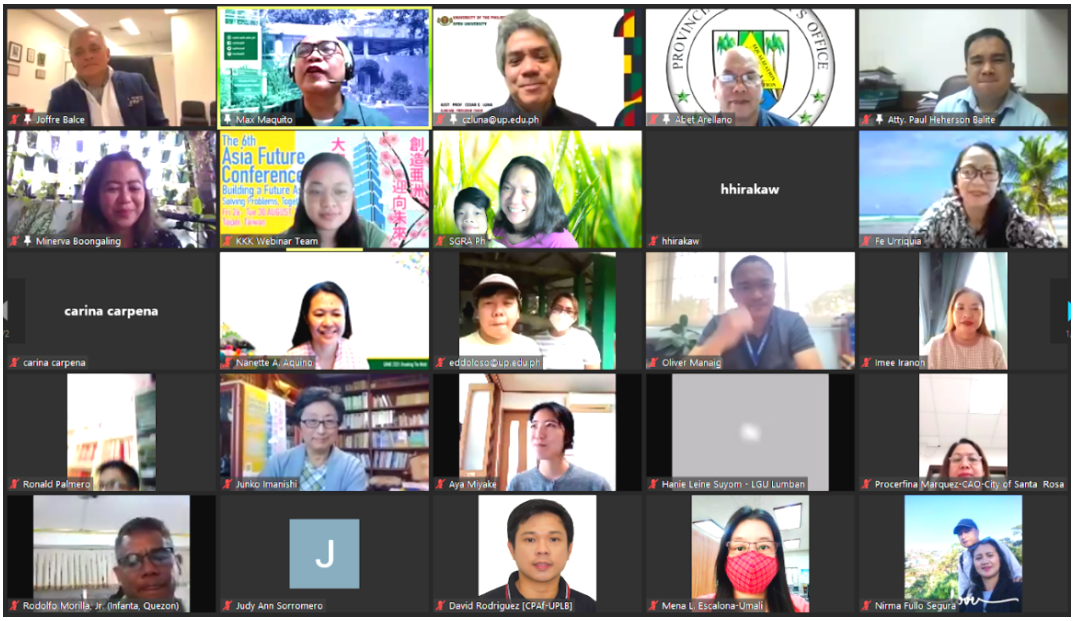
Land Valuation Management
UP Open University








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David Rodriguez [CPAf-UPLB]
Mena L. Escalona-Umali
Nirma Fullo Segura



thank you!

ADOPTING LVT APPROACH IN RPVAR

DR MAX MAQUITO

Unlike other taxes, land valuation taxation (LVT) is efficient. It does not distort market prices. It is the "least bad tax," according to Milton Friedman, a staunch defender of market fundamentalism. It is equitable as it is taxed only on unearned income. It is also environmentally friendly or "eco," as the Japanese nicely abbreviate, as it can limit urban sprawl.

LVT is not yet adopted in the Philippines. But the Real Property Valuation and Assessment Reform (RPVAR), which recently passed its 3rd reading in the Congress and has been forwarded to the Senate, is a step in the right direction.

In a paper that I, Minerva (Minnie) Boongaling, and Cesar Z. Luna submitted for the 6th Asia Future Conference, which will be held in Taiwan in 2022, we raised various issues in RPVAR along three perspectives: implementation, land valuation, and LVT.

the application of a uniform tax rate may create incentives against undertaking separate assessments of land value and improvements



DR MAX MAQUITO

Sustainable Shared Growth Seminar Convenor

ADOPTING LVT APPROACH IN RPVAR

DR MAX MAQUITO

The open forum reiterated and elaborated some points in our presentation and discussion that we can include in the final paper. First was on tax policy as an instrument for LGUs to attract outside resources. SGRA Chief Representative Junko Imanishi mentioned this case in other countries in her opening remarks. According to her, other countries compete for foreign investors and one way to do this is by offering tax breaks. A participant even mentioned the tax breaks on properties, but not on income, offered by the Philippine Export Processing Zone's special economic zones. While pointing out that an LVT, especially its single tax version (where all taxes are just on land value), works in the opposite direction, the idea of LGUs competing among each other for outside resources in terms of their tax policies, would not be far-fetched.

Another point raised was the concern over urban sprawl and the conversion of farmlands to non-agriculture use. While there are mechanisms in place such as the Comprehensive Land Use Plan adopted by LGUs, the LVT also helps to contain urban sprawl by discouraging the holding of idle lands. This is essentially the mechanism by which LVT is eco, since urban containment leads to less encroachment on non-urban lands, affording more protection of the natural environment. This also suppresses land banking or land speculation, a problem that even Australia is facing now, according to Joffre. I also shared that Japan had a real property bubble in the 1980s, prompting the Japanese government to adopt an LVT in 1992. This was very effective in stabilizing the real property market. I suggested that it might be time again for Australia to take LVT more seriously, just as it did in the late 1800s.

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Unlike many countries in Asia including Japan, Taiwan, South Korea, and Thailand, the Philippines does not have an LVT in the sense of a split-rate system, wherein a higher tax rate is imposed on land value than that imposed on improvements on land. This was very much clarified in the open forum in response to the point made that assessment of land value and improvements are done separately. One possible problem here, however, as pointed out by the Lincoln Institute of Land Policy, is that the application of a uniform tax rate may create incentives against undertaking separate assessments of land value and improvements. At any rate, the recommendation is that RPVAR keeps itself open to LGUs, on their own, adopting a LVT, just as the International Valuation Standards also does. In adopting an LVT, we recommend that LVT should be revenue neutral, meaning taxes before and after reform should be the same, and gradualist.

LVT has been part of my research and advocacy since 2015, when Joffre, who is my former colleague at the Center for Research and Communication, visited me in Japan while I was working at SGRA-AISF and Temple University Japan. He introduced me to Georgist views. I will not pretend to understand or align with all the tenets of Henry George, an American political economist whose book "Progress and Poverty: An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth: The Remedy" (1879), outsold the bestseller of late 19th century America: the Holy Bible. However, our discussions helped me understand how LVT could be a mechanism for achieving sustainable shared growth in the Philippines, an advocacy of SGRA.

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At every opportunity, Joffre and I would include LVT in SGRA's KKK seminar series. Surprisingly, we met resistance from other SGRA fellowship members when we started. They had difficulty grasping the significance of LVT. It was not until I came to UPLB in 2017 when the tide changed. I reconnected with my high school classmate, Cesar (Assistant Professor at UPOU and Program Chair of UPOU Land Valuation Management) and met Minnie (PhD student at CPAf and Treasurer of the Municipality of Pagsanjan). Unlike myself, Minnie and Cesar were more in touch with what was happening on the ground, and they were open to the idea of the LVT.

As we emphasized in our presentations, LVT is efficient, equitable, and environmentally friendly. It is aligned with the socio-economic goals of sustainable shared growth — KKK, which stands for Kahusayan (Efficiency), Katarungan (Equity), and Kalikasan (Environment). KKK is also the name of the revolutionary organization that fought for the independence of the Philippines from Spain. For the Philippines, therefore, KKK stands for what is noble in her traditions, and is very much against repression, albeit peacefully. We at SGRA feel that the Philippines is in dire need of sustainable shared growth and requires nothing short of a revolution in our ways of thinking and acting.

Source: https://cpaf.uplb.edu.ph/cpaf-updates/adopting-lvt-approach-in-rpvar/

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Upcoming Sustainable Shared Growth seminars for this Japanese fiscal year 2021-22.

Seminar #32 (February 2022)

Sustainable Shared Growth (KKK) and Rural Organizations

AFC6 Paper on LVT (for presentation) August 2022)

6th Asia Future Conference @ Taiwan

The Proposed Philippine National Valuation Act: A Legislative Basis for Land Value Taxation

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Abstract

In the Asia Future Conference (AFC) numbers four (AFC4) and five (AFC5), and various seminars held by the Sekiguchi Global Research Association in the Philippines, the significance of a Land Value Tax (LVT) as a mechanism for sustainable shared growth (efficiency, equity, and environmental friendliness) has been much deliberated upon. In this paper we evaluate a legislative basis for LVT in the Philippines, the proposed Real Property Valuation and Assessment Reform (RPVAR), which has very recently passed its third and final reading in Congress. With the stronger push towards decentralization, the ability of Local Government Units (LGUs) to generate their own funds becomes even more important. Overall, we consider the proposed act as a crucial move in the right direction. Real property taxes form the bulk of internal funds generated, and the ability to keep land value assessments updated is indispensable for LGUs to deliver the devolved public services. We propose some important points, however, for consideration in future deliberations and formulation of the implementing rules and regulations so that this mechanism is fully leveraged for sustainable shared growth. In particular, we propose the usefulness of adopting a revenue neutrality approach (presented in AFC4) and considering the incentives of local government units to improve on its generation of local sources of revenue (presented in AFC5). Lastly, we propose the consideration of the capacity of the local assessors and treasurers as lead implementers of the proposed act.

Keywords: land value tax, real property valuation, reform

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http://www.aisf.or.jp/AFC/2021/

About the Theme

BUILDING A FUTURE ASIA — Solving Problems, Together

The future of Asia holds great potential, and the world is paying attention to the development of the region. Over the past 30 years, Asia has achieved remarkable progress, with rapidly rising consumption levels and successful integration into global trade, capital, talent and innovation flows. In the decades to come, Asian economies will not only participate in but also determine the direction of these flows. From the Internet and technology to international trade, Asia has long become a main player in many fields. The key issue today is no longer how fast Asia is rising, but what forms of leadership it will generate. Although Asian countries contain diverse languages, races and religions and have different forms of government and economic systems, they share similar development histories and backgrounds.

Asia accounted for less than 1/3 of the world's total GDP in the year 2000 but is expected to exceed 50% of it by 2040. By then, Asia is also expected to account for 40% of total world consumption. Asia has not only achieved economic progress but human development through increased human longevity and literacy rates as well as the rapid spread of technology and the Internet. As a result of this, however, over-used resources and health insurance have become urgent social issues.

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The rise of Asia has not only lifted hundreds of millions of people out of extreme poverty, but has also widened the gap between the rich and the poor. Urbanization is driving economic development and improving education and public health services, but poverty and other development challenges remain. With rapid population growth many cities are unable to provide adequate housing, infrastructure and other related services. Asian countries and regions need to achieve more inclusive and sustainable economic growth in order to cope with the pressures of inequality and environmental issues. In addition to environmental and economic sustainability, Asian countries should also work together for Asia's future toward peace.

About the Asia Future Conference

The twenty-first century has seen the world thrust into a maelstrom of change and unpredictability. We remain hopeful in the face of rapid technological advancements, but many of us struggle to regain our bearings as longstanding social structures become upended. Internationalization and globalization have long been heralded as the keys for the future, yet a truly global path forward remains elusive, serving only to heighten the sense of uncertainty. As global citizens in this era of change, we are called anew to reexamine our world and our collective future and to seek new multidimensional and inclusive perspectives on myriad global issues.

The achievement of rapid economic development has also led to dramatic changes in Asia. With the onset of global environmental issues and an increasingly globalized social economy, problems that transcend national barriers are on the rise. Amidst rapid globalization there is a simultaneous process of localization, leading to problems such as nationalism taking root. The citizens and groups that make up society must think not only about the pursuit of individual wealth, but of the benefits for the rest of society. In order to solve the problems brought about by globalization, it is necessary to cross and cooperate across national and disciplinary borders, and to analyze issues from a multidimensional perspective.

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The Asia Future Conference was established with this reality in mind. International and interdisciplinary at its core, the Asia Future Conference encourages diverse approaches to global issues that are mindful of the advancement of science, technology and business and also take into consideration issues of the environment, politics, education, the arts, and culture. The Asia Future Conference is organized by the Sekiguchi Global Research Association (SGRA) in partnership with likeminded institutions, and provides a venue for the exchange of knowledge, information, ideas, and culture not only for SGRA members, but also for former foreign students of Japan from educational institutions around the world, their own students and collaborators, and anyone interested in Japan.

SGRA began operating in Tokyo in July 2000 as a division of the Atsumi International Foundation, a charitable organization. At its core is a community of non-Japanese researchers who come from all over the world to conduct advanced studies in Japan and obtain doctoral degrees from Japanese graduate institutions. SGRA identifies issues related to globalization and seeks to disseminate research results to a wide audience through forums, reports, and the internet. SGRA's aim is to reach society at large rather than a specific group of specialists through wide-ranging research activities that are inherently interdisciplinary and international. The essential objective of SGRA is to contribute to the realization of responsible global citizens.

Garnering the support and cooperation of various like-minded institutions, the 1st AFC was held in March 2013 in Bangkok, Thailand, the 2nd in August 2014 in Bali, Indonesia, the 3rd in September 2016 in Kita Kyushu City and the 4th in August 2018 in Seoul, South Korea. The 5th AFC was most recently held in Manila, the Philippines, in January 2020. All of the conferences were made memorable by the many passionate presentations as well as fruitful exchanges that took place. The 6th AFC will be held in Taipei, Taiwan in August 2022. We look forward to welcoming a diverse and dynamic group of conference participants.

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AFC 6 ROUNDTABLE

"COMMUNITY AND GLOBAL CAPITALISM: IT'S A SMALL WORLD AFTER ALL"

SERIES: CONTEMPLATING THE WORLD FROM SOUTHEAST ASIAN LENS

August 29, 2022 (AM)

Organized with the Community Development Team of CPAf/UPLB (Dr. Josefina T. Dizon and Dr. John E.M. Perez) and AISF Scholar Dr. Jakfar Idrus



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DR. JOHN PEREZ (PH)
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We thank you for your continued support in our efforts to contribute to Sustainable Shared Growth. Be safe!

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SUSTAINABLE SHARED GROWTH SEMINAR #31 REPORT