

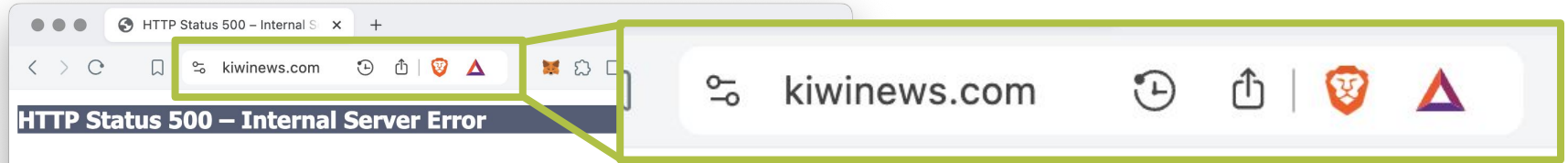
Demand-based recurring fees in practice

Tim Daubenschütz

Founder, Kiwi News



A dev's biggest problem...



All 4 letter
.coms are gone
since **2013!!!**

PREMIUM DOMAIN VERIFIED DOMAIN

kiwinews.com

\$7,999 +\$21.99/yr

Buy It Now (480) 366-3343 for help





We can fix this!

... and in this talk you'll learn how



“8938 five-letter .eth for 100yr rental = 12 lambos”

– Vitalik Buterin, 2022

<https://vitalik.eth.limo/general/2022/09/09/ens.html>

What does it cost to register a .eth domain? 💡

Currently, registration costs are set at the following prices:

- 5+ character .eth names: \$5 in ETH per year.
- 4 character .eth names: \$160 in ETH per year.
- 3 character .eth names: \$640 in ETH per year.



Rockford Sign Co.

"EVERYBODY WORKS BUT THE VACANT LOT"

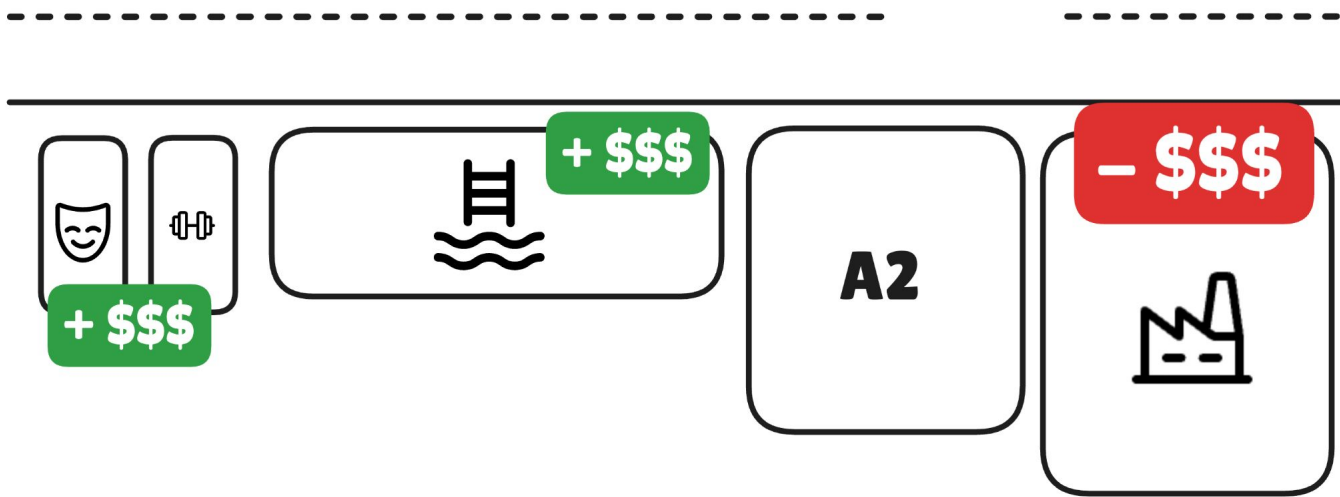
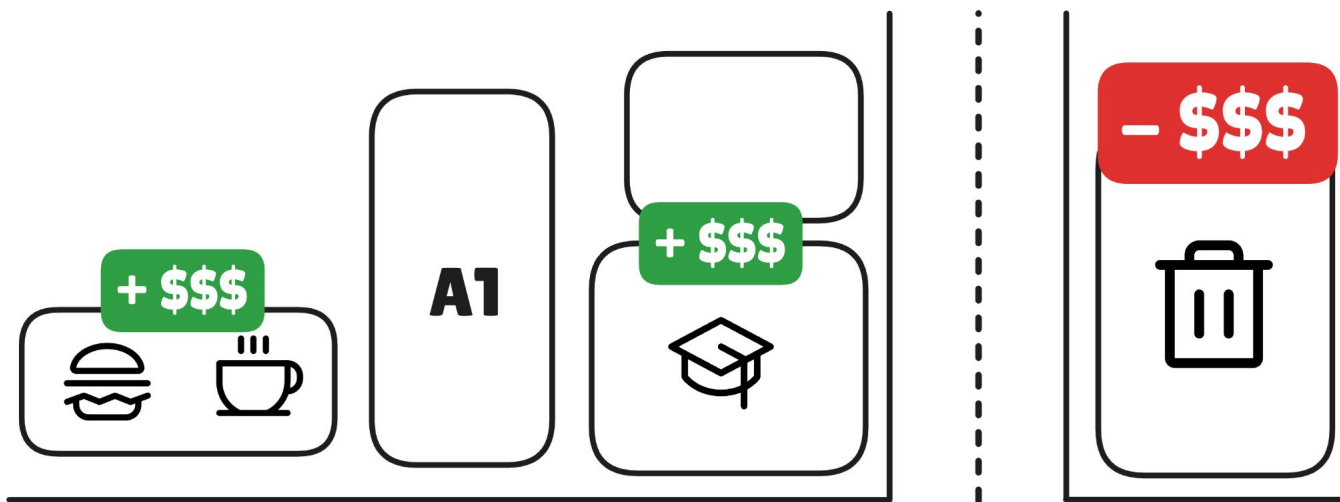
I paid \$3600. for this lot and will hold 'till I get \$6000. The profit is unearned increment made possible by the presence of this community and enterprise of its people. I take the profit without earning it. For the remedy read

"HENRY GEORGE"

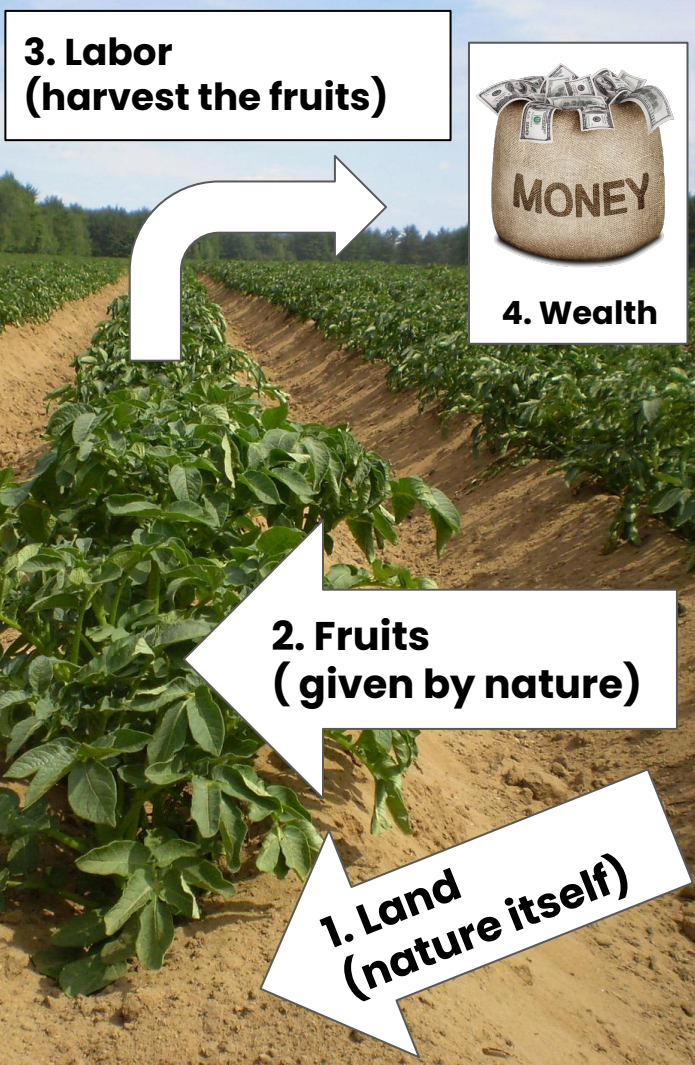
*Yours Truly
Fay Lewis*

**100 YEAR OLD
PROBLEM**

**From
1914!**





What is Georgism?



- 1.** Land is the source of wealth
- 2.** Labor creates value
- 3.** Taxing labor discourages productive work

Tax land ownership

 PREMIUM DOMAIN


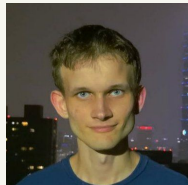
 VERIFIED DOMAIN

kiwinews.com

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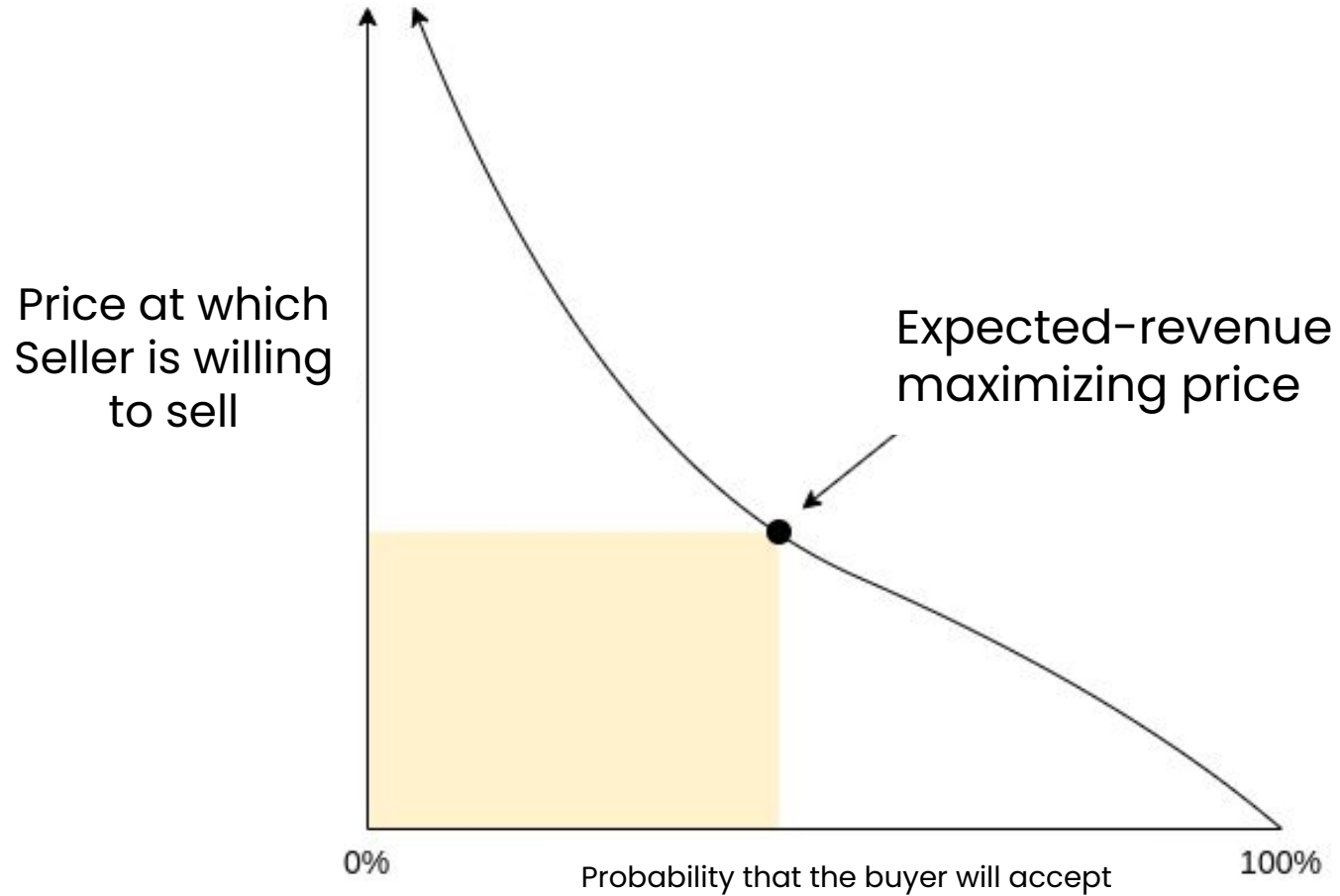
Buy It Now

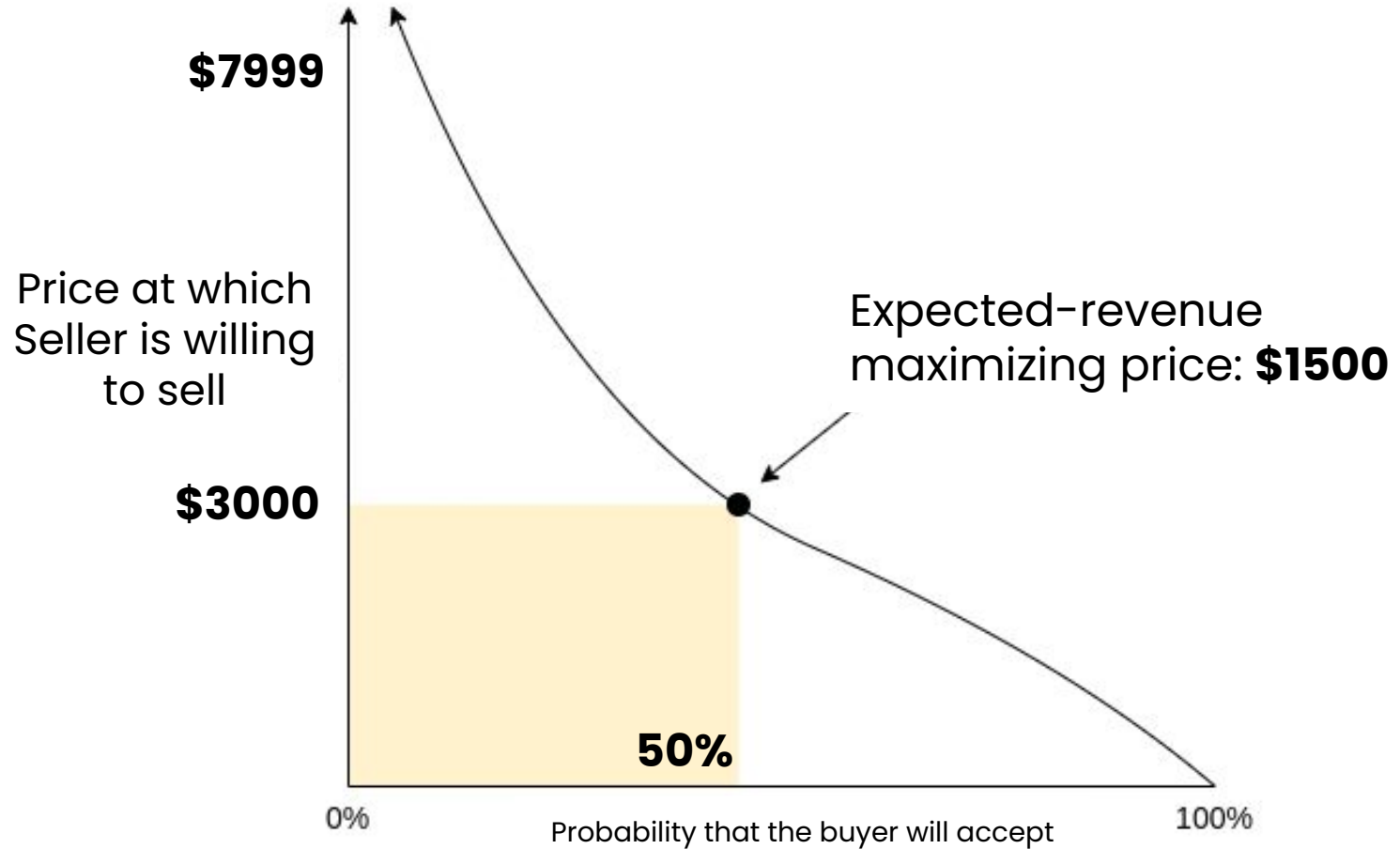
(480) 366-3343 for help

| Natural buyer | ENS name |
|--|----------------|
|  | ⇒ coinbase.eth |
|  | ⇒ vitalik.eth |

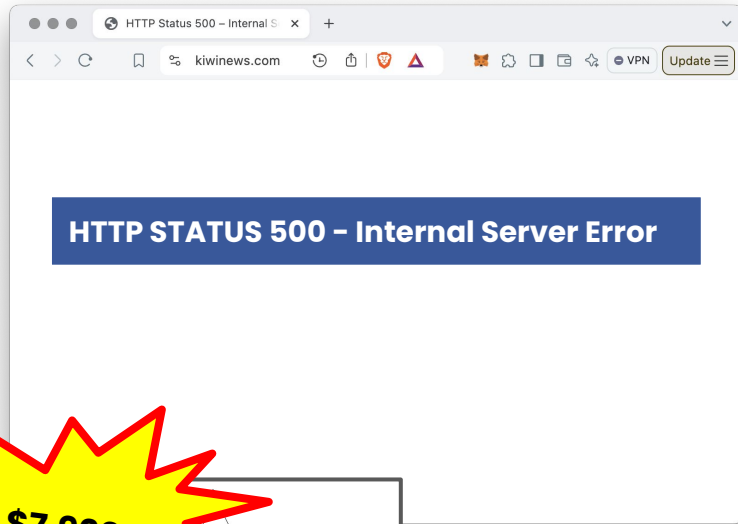
“Domains that are simply some company's name have **1 natural buyer**: that project.”

– Vitalik Buterin, 2022

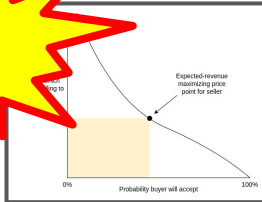




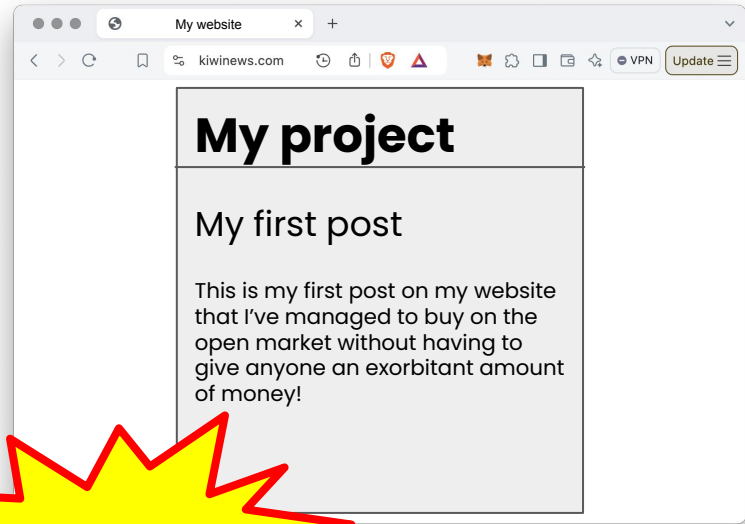
Inefficient allocation



\$7,999



Efficient allocation



\$21.99/yr

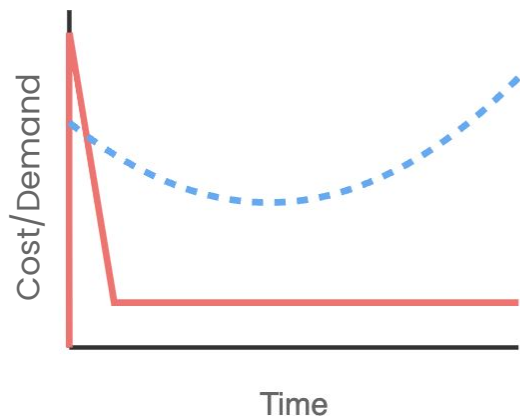
How to design for efficient allocation?

Spoiler: demand-based recurring fees 😊

Improving pricing models

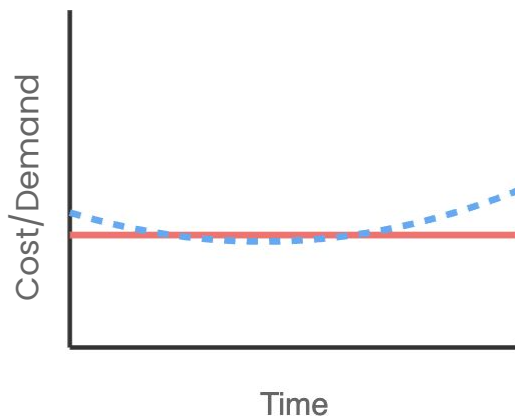
— Cost - - - Demand

1. \$7,999 + \$21.99/yr



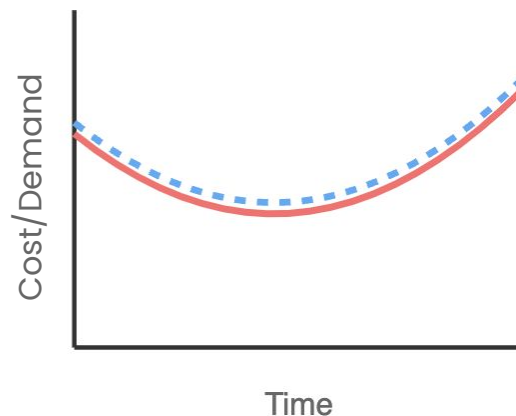
- Easy to understand
- Encourages squatting
- Blocks productive use

2. Higher recurring fee



- + Reduces squatting
- Manual fee setting
- May discourage use if too high

3. Demand-based fee



- + Market efficiency
- + Fair pricing
- + Productive use

Demand-based recurring fees

- ❑ Higher demand \Rightarrow higher fee & vice versa
- ❑ “Harberger taxes,” “Land value tax”



The screenshot shows a domain purchase interface for **kiwinews.com**. At the top, there are two status badges: a purple one with a diamond icon labeled "PREMIUM DOMAIN" and a teal one with a checkmark icon labeled "VERIFIED DOMAIN". The domain name **kiwinews.com** is displayed in a large, bold font. Below it, the price **\$7,999** is shown in a large font, with a green horizontal bar underneath. At the bottom left is a black button labeled "Buy It Now", and at the bottom right is the text "(480) 366-3343 for help". A large, light-yellow arrow points from the left towards the domain name and price.

**Monthly fee:
100% of price**



**Only buy it
to use it**

Comparing pricing models

| Aspect | Land Value Tax | Harberger Tax |
|-----------|------------------------------|-----------------------------------|
| Valuation | Assessed by gov/market/index | Self-assessed by owner |
| Sale | Owner controls sales timing | Property can be bought any time |
| Gaming | Corruption | Marked-based assessment of prices |

Comparing pricing models

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Self-assessed prices (Harberger taxes)

— Tax Cost (3% of price) — Risk of Forced Sale



How can we build this?

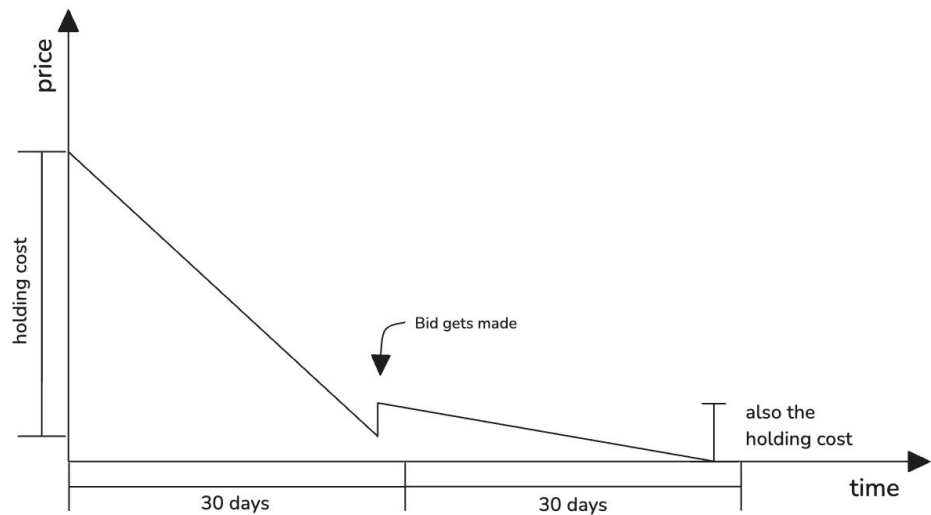
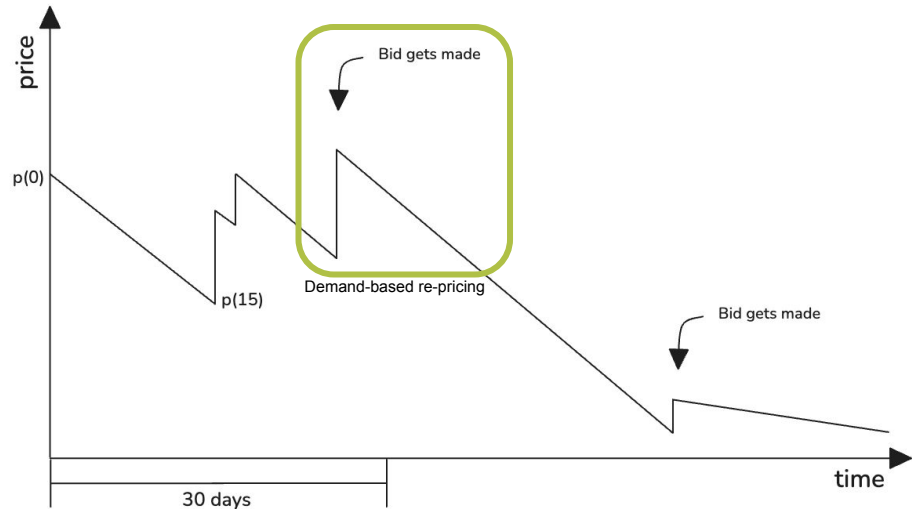
(Harberger taxes with smart contracts)

Harberger taxes as “Depreciating licenses”

$$p(t) = c \cdot \left(1 - \frac{t - t_0}{T}\right)$$

where:

- $p(t)$ is the price at time t
- c is the collateral in ETH
- t_0 is the time of the last purchase
- T is the tax period



1

$p(t) = c \cdot (1 - (t - t_0)/T)$

2

$c = 3$

010

3

$t_0 = 0$

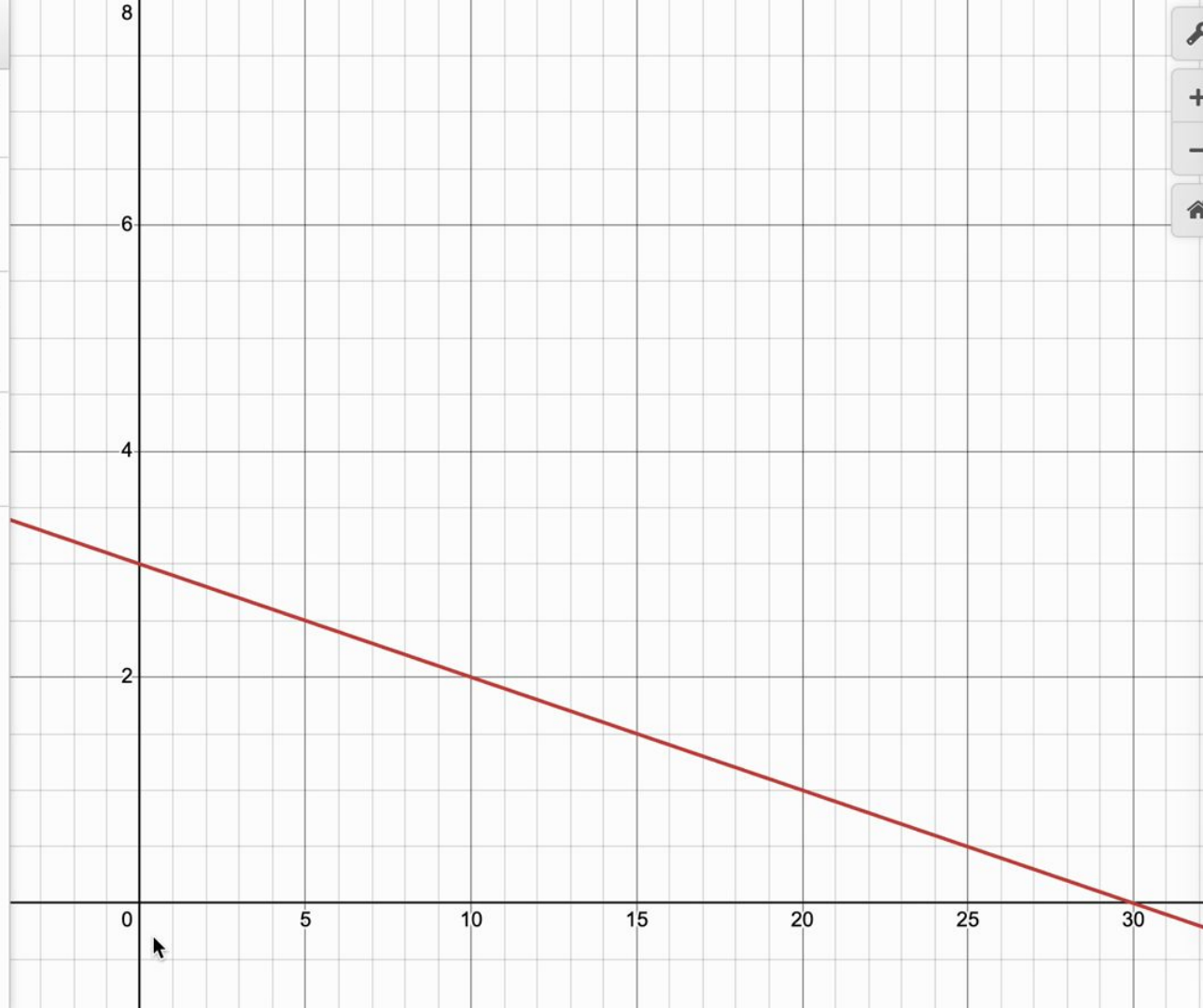
-1010

4

$T = 30$

-1030

5





Thank you!

Questions?

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