

House Joint Resolution 23

Sponsored by COMMITTEE ON REVENUE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Proposes amendment to Oregon Constitution to allow local taxing districts to adopt land value taxation system that taxes land at one rate and all other property at lesser rate. Requires land value taxation system to be in lieu of uniform ad valorem property taxation system of district. Exempts land value tax from constitutional limits on property taxes.

Refers proposed amendment to people for their approval or rejection at next regular general election.

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. The Constitution of the State of Oregon is amended by creating a new section 11m to be added to and made a part of Article XI, such section to read:

SECTION 11m. (1)(a) The Legislative Assembly shall enact laws to authorize a local taxing district to adopt a land value taxation system that taxes land at one rate and all other property at a lesser rate.

(b) A measure submitting the question to district voters may be referred by resolution of the district governing body, by resolution of an elected tax supervising and conservation commission that exists in the county in which at least half the territory of the district is located, or by initiative petition. The measure may be voted on only at a general election.

(2) A land value taxation system adopted pursuant to this section is in lieu of the uniform ad valorem property taxation system of the local taxing district, except for taxes imposed to pay principal and interest on bonds issued prior to the effective date of the land value taxation system adopted pursuant to this section.

(3) The land value taxation system adopted by a jurisdiction shall apply in:

(a) All local taxing districts within the adopting jurisdiction.

(b) Any local taxing district in which more than half the tax parcels are located within the adopting jurisdiction.

(4)(a) Taxes collected under a land value taxation system adopted pursuant to this section shall be computed on the real market value of property subject to the tax as of January 1 of the current assessment year.

(b) All taxable parcels shall be taxed at the same differential tax rate. A class of property defined by land use may not be taxed at a rate different from any other class of property defined by land use.

(c) The tax rate applicable to improvement assessments may not equal or exceed the rate applicable to land assessments.

(5) For the first property tax year in which a jurisdiction adopts a land value taxation system, the total revenue collected by each local taxing district within the adopting juris-

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 diction shall equal the total revenue that would have been payable under the uniform ad
2 valorem property taxation system.

3 (6)(a) A jurisdiction that adopts a land value taxation system shall set an annual land tax
4 rate ratio by defining the proportion of the total rate that applies to land assessments and
5 setting the remaining proportion as the rate applied to improvement assessments.

6 (b) Each local taxing district within the adopting jurisdiction shall set its annual differ-
7 ential tax rates according to the land tax rate ratio defined by the adopting jurisdiction.

8 (7) A jurisdiction may phase in a land value taxation system over a multiyear period by
9 incrementally increasing the land tax rate ratio.

10 (8)(a) A jurisdiction that adopts a land value taxation system shall evaluate the annual
11 land rent capture rate derived from the total land tax revenue within the jurisdiction and
12 may adjust the land tax rate ratio in order to achieve an optimal land rent capture rate.

13 (b) During periods of high land price inflation within the local real estate market, a ju-
14 risdiction may raise the land tax rate ratio in order to decrease the pace of the inflation.

15 (9)(a) The Department of Revenue shall adopt rules that:

16 (A) Establish operational guidelines for administering a land value taxation system;

17 (B) Establish methods for calculating differential tax rates; and

18 (C) Advise county assessors in assessing land values, using methods that conform to
19 paragraph (b) of this subsection.

20 (b) For purposes of assessing land values:

21 (A) A mass appraisal technique is to be preferred.

22 (B) The goal is to ensure that the assessed land values are current, closely approximate
23 real market values and do not lag behind changes in land values as reflected in property
24 sales.

25 (C) An assessor may not:

26 (i) Use a land-residual method that separates land values from improvement values;

27 (ii) Discount the value of large lots that could legally be subdivided and built upon; or

28 (iii) Assign a lower value to excess land on individual large-lot parcels, except where state
29 or local environmental regulations imposed on the property restrict the use of the excess
30 land and diminish its value.

31 (10)(a) The limitations of sections 11 and 11b of this Article do not apply to a land value
32 taxation system adopted pursuant to this section.

33 (b) Article I, section 32, and Article IX, section 1, of this Constitution, do not apply to a
34 land value taxation system adopted pursuant to this section.

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36 PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the
37 people for their approval or rejection at the next regular general election held throughout
38 this state.
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