

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 573

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: John Borden, Daron Hill
Date: 3/17/2015

Measure Description:

Establishes Task Force on Land Value Taxation to compare methods of property taxation.

Government Unit(s) Affected:

Department of Revenue(DOR), Legislative Administration Committee (LAC), Counties

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

Senate Bill 573 establishes the eight-member Task Force on Land Value Taxation charged with conducting a study of land value taxation. The task force is required to submit a report to the appropriate interim legislative committee by September 15, 2016. The task force sunsets at the convening of the 2017 legislative session.

Department of Revenue (DOR)

The fiscal impact of this bill on the Department of Revenue is minimal. DOR is required to provide staff support to the task force. In addition the study the task force is directed to conduct must include:

1. an examination of the tax shift and equity effects of a change from property taxation under Measures 5 and 50 to land value taxation;
2. a simulation of a phase-in period and measurement of land rent capture rates for each stage of the phase-in period;
3. an assessment of the revenue generating effects of land value taxation within urban renewal areas that currently employ tax increment financing.
4. an assessment of the revenue-generating effects of land value taxation on overlapping taxing districts;
5. an examination of the use of revenue-positive land value taxation to offset reduction of tax revenues from other sources'
6. a simulation model to illustrate an alternative method to split-rate land value taxation that would reduce assessments on improvements;
7. a consideration of alternative methods of placing limits on the growth of property taxes; and
8. an examination of tax burden relief measures that could accompany land value taxation.

This fiscal assumes DOR will reprioritize duties and responsibilities of existing staff to provide administrative support to the task force, as well as to carry out the data collection, research, and modeling required by the bill.

Legislative Assembly

Four of the eight task force members are legislators. Although the Legislative Assembly budget contains funds allocated for per diem and mileage associated with legislators' participation in interim committee and task forces, if the cumulative enactment of other bills exceed expenditure levels beyond those assumed in the 2015-17 Legislative Assembly budget, additional General fund resource may be required.