

**SB 702 STAFF MEASURE SUMMARY**

**Carrier:** Sen. Boquist

**Senate Committee On Finance and Revenue**

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**Action Date:** 03/26/19

**Action:** Do pass and subsequent referral to Ways and Means be rescinded.

**Vote:** 5-0-0-0

**Yeas:** 5 - Bentz, Boquist, Hass, Riley, Taylor

**Fiscal:** Has minimal fiscal impact

**Revenue:** No revenue impact

**Prepared By:** Jaime McGovern, Economist

**Meeting Dates:** 2/21, 3/26

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**WHAT THE MEASURE DOES:**

Directs the Legislative Revenue Officer to conduct a set of studies on land value taxation as compared to the current property tax system in Oregon while specifically considering impacts when designed as a revenue neutral system change. Seeks to answer questions about local impacts and homestead exemptions. Requires the LRO to submit report by September 15, 2020.

**ISSUES DISCUSSED:**

- The bill has been crafted with the intent of no fiscal impact
- Whether measures 5 & 50 have shifted tax burdens onto residential tax payers
- How can relief measures be designed for homeowners who experience an increase in tax bills
- What would be the impact of a homestead exemption

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Measure 5 and Measure 50 have set limits on assessment and property taxation. There are outstanding questions on the effects of these two measures in statute in regards to funding and equity. Individuals seek information on "the tale of two houses" and the potential impacts of a change in property tax structure. Land value tax in particular sets a higher tax rate on the land, and a lower tax rate on the structures. The goal of the bill is to answer how such a tax approach would affect economic incentives for development.