

HB 2972 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 3/23, 4/26

WHAT THE MEASURE DOES:

Requires the Legislative Revenue Officer to study land value taxation and submit a report to an interim Revenue Committee. Defines "land value taxation" to mean a property tax system that taxes land at a higher rate than improvements. The study is to include, in part, the impact of such a change on tax burdens within a revenue neutral framework. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- General nature of a land tax
- Differences from Oregon's current system
- Potential impact on the inequities of the current system
- Goal of revenue neutrality
- Potential impacts in urban areas compared to rural areas

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Since the passage of voter approved Measures 5 and 50, the Oregon property tax system has experienced increased horizontal inequities within cities and across different regions of the state. Land value taxation, sometimes referred to as a split-roll option, may be one possible solution to updating the property tax system.