HPAC Work Group Recommendation Template

Work Group

- ☐ Availability of land
- ☐ Land development permit applications
- ☐ Codes and design
- ☐ Workforce shortages
- X Financing

RECOMMENDATION

Taxes are both a tool to raise revenue for government and to shape taxpayer behavior. Attaining the Governor's desired housing production goals will require significant new revenue; this recommendation highlights actions that can address revenue shortfalls ***and*** *encourage a shift in taxpayer behavior to support housing production.*

Reform Oregon's tax system to encourage development of needed housing and provide adequate revenue for local governments to support housing production. Potential actions include (but are not limited to):

A) Targeted Measure 50 Reform:
1. Increase annual Maximum Assessed Value change to 5%.
2. Authorize voters to increase the permanent levy of their local jurisdiction.
3. Exempt Cities and Counties from compression.

B) Adopt Land Value Tax

C) Eliminate Mortgage Interest Deduction for Second Homes (i.e., abolish income tax deduction for interest paid on second homes).

D) Enact temporary property tax exemption for new housing at 120% AMI or below.

E) Reduce or Eliminate Tax Expenditures (i.e., tax exemptions) not related to housing.

RELATED WORK PLAN TOPICS

- Increased revenue options for local government (adopted by unanimous consent at August 24 HPAC meeting).
- Identify opportunities to utilize property tax reform to support market rate and affordable housing production.
- Expand the portfolio of direct programming to support middle-income housing development (60-120% AMI)
- Identify incentives for market builders to build affordable units in their communities to create integrated mixed income neighborhoods

WORKGROUP ADOPTION

October 11, 2023 by unanimous consent.

Co-chairs Guidance: Standards for Analysis

1. CLEARLY DESCRIBE THE HOUSING PRODUCTION ISSUE THAT THE RECOMMENDED ACTION(S) WILL ADDRESS.

A) Targeted Measure 50 Reform

Property taxes are the single largest source of tax revenue for cities (League of Oregon Cities, 2019). However, unrestricted revenue for local governments has not kept pace with the demands placed on them, especially with respect to infrastructure expansion and maintenance (EcoNorthwest, 2022). Oregon's land use system artificially constrains the supply of buildable land to encourage compact, orderly development of urban centers while protecting rural land from urbanization and sprawl. Successful execution of this policy requires large, well thought-out infrastructure investments. Prior to the tax revolt in the 1990s, infrastructure planning, funding and implementation was predominantly the responsibility of local governments. However, as general fund revenues became constrained, the cost and planning burden shifted to new development. Thirty years on, we are faced with a significant amount of land that is eligible for urbanization under Oregon's land use system, but economically infeasible for private parties to develop.

The following three reforms to Measure 50 will increase unrestricted general fund revenues for local government:

1. Increase annual Maximum Assessed Value change to 5%.

Measure 50 created the concept of Assessed Value (AV). The 1997-98 Maximum Assessed Value (MAV) for each property was set at 90% of its 1995-96 real market value (RMV). If no new construction occurs on the property, then the growth in maximum assessed value is capped at 3% per year. However, the assessed value cannot exceed real market value. First, the current year MAV is set to the greater of (a) 103 percent of the prior year's AV or (b) 100 percent of the property's maximum AV. Then, the AV is set as the lesser of (a) the current year's MAV or (b) the Real Market Value (RMV) (Oregon Department of Revenue, 2009, p. 3).

Since adoption, Real Market Values have grown significantly faster than Maximum Assessed Values; for the assessment as of January 1, 2021, Assessed Value was 56.2% of Real Market Value on a statewide

Statewide Real Property Tax *in Millions*			
	Real Market Value	Assessed Value	Average Millage Rate
07/01/96	190,161	190,209	13.29
01/01/21	823,667	462,526	17.24
Growth:	433%	243%	130%

Figure 1 Adapted from LRO 2023

basis. Said another way, property values have increased 433% while assessed values have only increased 243% (Legislative Revenue Office, 2023, p. D6).

Voters have responded by authorizing additional taxes at the local level. During the same time period, voter approved bonds, local option levels, and newly created special districts increased property tax rates by approximately 30%. However, voters have been constrained in their ability to raise taxes by Measure 5.

Increasing the annual MAV cap will allow assessed values to trend towards RMV over time while still providing meaningful protections and predictability to rate payers. This has two major benefits:

i. The difference between inflation (the increased cost of providing government services) and unrestricted revenue provided by property tax will decrease over time.

ii. Inequalities between similarly situated property owners (similar assets paying different tax amounts) will decrease over time.

2. Authorize voters to increase the permanent levy of their local jurisdiction.

Measure 50 did not replace Measure 5, but rather established a second level of restrictions. Measure 50 gave each district a permanent tax rate which cannot be increased without a constitutional amendment. However, voters can approve local option levies for up to five years for operations, and up to the lesser of ten years or the useful life of capital projects. Local option levies, as well as general obligation bonds, must be approved by a majority vote at a general election.

In response to these limits, voters have adopted numerous special districts, operating levies, and bond programs. Essentially, creating a special district is a workaround to the permanent limits – for example, a city can convert its fire department to a special district with its own, newly established tax rate. The permanent rate for the City does not decrease but the permanent rates paid by citizens does increase (Legislative Revenue Office, 2023, p. D2).

The proliferation of special districts (together with operating levies and bonding programs) makes it clear that voters want more services and are willing to pay for them through increased property taxes. However, the permanent tax rates for cities and counties are based on the rates that existed at the time M50 was adopted. This creates two problems:

i. General property tax levy amounts in 1996 were based on materially different economic conditions than exist today, especially for rural counties. This has led to a significant inequity between jurisdictions which continues to be exacerbated over time.

ii. Local governments are being asked to shoulder more financial responsibility than in the 90s. Decreasing Federal and State funding of infrastructure is a prime example of how local governments are being asked to pick up the slack when addressing problems that affect society (EcoNorthwest, 2022, pp. 11-22).

3. Exempt Cities and Counties from compression.

As an alternative or in addition to action B above, exempting Cities and Counties from compression would make more unrestricted general fund resources available. Compression occurs when a property's tax rate must be lowered so that the tax imposed on the assessed value of a single property does not exceed \$10/\$1,000 of the property's real market value for non-school taxing districts and \$5/\$1,000 for school taxing districts. While Compression is primarily driven by M5, the RMV/AV ratio established by M50 can also contribute to the problem.

This recommendation would adjust the sequence in which revenues are reduced, so that Cities and Counties are the last to see their revenue decrease.

B) Adopt Land Value Tax

Oregon's property tax system disincentivizes improvements to real property; eliminating the disincentive will lead to the creation of more housing units. Property taxes are based on the value of a property[1], which generally consists of the value of the land plus the value of the improvements on the land. As the value of either component increases, taxes increase proportionately. While this approach appears to be simple and fair on its face, it ignores the fundamental differences between what drives value for land compared to improvements thereon. Simply put:

- The value of LAND is driven by factors outside the owner's control, such as proximity to public amenities (transport; parks, police & fire protection) and the overall supply of similarly situated available land.
- The value of IMPROVEMENTS are driven by the amount of capital investment by the owner. The more an owner invests (constructs, remodels, etc.), the more valuable the improvements will be.

Under the existing taxing scheme, the more an owner invests in a property, the higher the owner's taxes will be. This increase in costs is a direct disincentive to improve property – examples for housing production include: new construction of housing on vacant land; infill housing such as ADUs; and adaptive reuse of underutilized improvements.

The proposed regime assesses tax solely on the value of land. For any given amount of revenue to be raised, the tax will transfer value from the property owner to the government based only on the value created by society. Any value created by the owner will remain with the owner.

C) Eliminate Mortgage Interest Deduction for Second Homes

Mortgage interest for a taxpayer's primary and secondary residence is deductible subject to limits set by federal law;[2] the total expenditure in the 23-25 biennium is expected to be $915 million (Oregon Department of Revenue Research Section, 2023, p. 84). However, only a small portion of the expenditure is attributable to second homes – in 2022, the Department of Revenue estimated the 21-23 biennial expenditure to be approximately $30 Million, or 2.7% of the total exemption (Oregon Secretary of State - Audits Division, 2022, p. 14).

However, when viewing tax policy as a tool to direct taxpayer behavior, this action has merit. The need for additional housing creation cannot be reconciled with a tax subsidy for second homes. Additionally, claiming the deduction is strongly corelated with income; eliminating the deduction will make the income tax code slightly more progressive (Legislative Revenue Office, 2023).

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[1] See Measure 50 above for a discussion of how Assessed Value is calculated.

[2] The current law allows this deduction for interest on debt incurred after December 15, 2017 up to $750,000 for a home purchase and does not allow the deduction of interest on home equity loans unless the proceeds are used for constructing or significantly improving the taxpayer's residence. These temporary limits of the deduction set by Tax Cuts and Jobs Act of 2017 will revert to the previous limits for debts after December 31, 2025, allowing the deduction of the interest on loans up to $1 million ($500,000 if married filing separately) for the purchase of the residence. Deductions will also be allowed on home equity loans up to $100,000 ($50,000 if married filing separately) (Oregon Department of Revenue Research Section, 2023, p. 84).

D) Temporary property tax exemption for new housing at 120% AMI or below

The economic feasibility of housing production is hampered by the escalation in recent years of both capital and operating costs. Property taxes are one of the few operating costs that are directly within the control of government. Exempting ownership and rental properties below 120% AMI would significantly change the economics of housing development and quickly spur new production of units of all types. By lowering operating costs, developments of all sizes could access more debt financing (which lowers overall cost thereby increasing supply).

E) Reduce or Eliminate Tax Expenditures[3] (remove exemptions)

Oregon has 138 exemptions from Property Tax amounting to approximately $12 billion in foregone revenue during the 23-25 biennium; additionally there are 184 Income Tax expenditures of which 86 flow from Oregon specific statutes (Oregon Department of Revenue Research Section, 2023, p. 5). While individual tax exemptions may make sense on their own, when analyzed collectively, they represent a serious impediment to local government being adequately funded.

2. PROVIDE AN OVERVIEW OF THE HOUSING PRODUCTION ISSUE, INCLUDING QUANTITATIVE/QUALITATIVE CONTEXT IF AVAILABLE.

A) Targeted Measure 50 Reform

The need for additional housing is well established and generally accepted by local governments; in recent legislative sessions, the State has adopted statutes and directed State Agencies to require local governments to prioritize production and ease the regulatory burden on housing development. These actions have found some success (especially the requirement for clear and objective standards) but have two financial areas that need to be addressed:

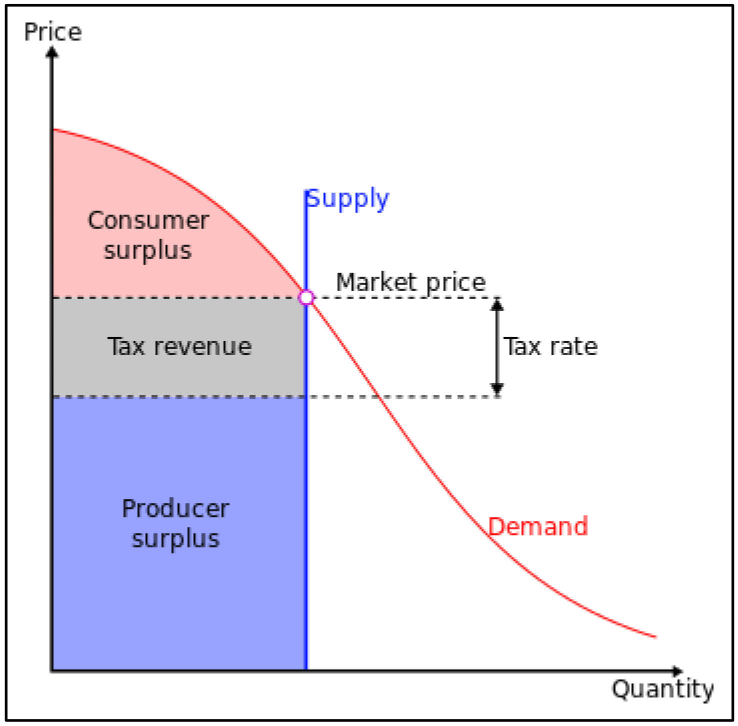
- Significant administrative work has been required of cities without a corresponding increase in resources. Many jurisdictions have testified that meeting these requirements results in staff being reassigned from assisting current development to long range planning/administrative activities. Additional requirements placed on local jurisdictions need to be paired with additional resources.
- Recent State initiatives have not addressed the need for public improvements within cities. Urbanizable land is available, but is not economically feasible to develop with the current amount of public improvements placed on developers.[4] Government contributions to new infrastructure have been steadily decreasing for decades; increasing housing production will require increased government funding of local infrastructure.

"*The restrictions and constraints imposed on the property tax are likely the result of political factors in the decision-making process, not structural problems with the tax itself*" (Giertz, 2006, p. 703).

[3] ORS 291.201 defines a tax expenditure as: "any law of the federal government or of this state that exempts, in whole or in part, certain persons, income, goods, services, or property from the impact of established taxes, including, but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates, and tax credits."
[4] This can be seen in the extensive testimony about high SDCs and the extensive negotiating that is required concerning offsite improvements.

B) Adopt Land Value Tax

The economic analysis of the Land Value Tax has a rich history, with support from free market luminaries like Adam Smith and Milton Freedman, who famously described it as *"the least bad tax"* because of its minimal distortion to economic incentives. Any resource which is valuable and scarce will produce economic rents. However, when supply is perfectly inelastic (i.e., no more land can be produced) taxes on the good will reduce producer surplus.



As such, this tax is especially well suited to Oregon where our land use system further constrains the supply of urbanizable land (beyond the natural fact that there is a fixed supply). Adam Smith summarized the argument as follows in Book V of The Wealth of Nations:

"The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by Nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return." (Smith, 1776).

C) Eliminate Mortgage Interest Deduction for Second Homes

For 100 years, the US Tax Code has allowed the deduction of mortgage interest expense to support homeownership. While there is a good public policy discussion that can be had about the value of subsiding home ownership, the arguments in support do not extend to subsidizing second homes. While eliminating the deduction would only raise approximately $30 million in State revenue, doing so would align income tax policy with the Governor's housing production goals.

D) Temporary property tax exemption for new housing at 120% AMI or below

Property taxes fund essential services for local governments, schools, and other special districts. The system has its roots in Measures 5 and 50 and the tax policies enacted in the ensuing years. As it has evolved, this reliance on property tax revenue, combined with the roll-back of the federal government's role in financing infrastructure and affordable housing in recent decades, has all but strangled cities and counties such that they can scarcely keep up with demand for basic services. Today Oregon's property tax system is widely understood to be unsustainable and inequitable.

Meanwhile, Oregon statutes provide over 200 property tax exemptions – some going back to the early 1900s; many with a constituency and policy objective that is far less urgent than housing. The housing crisis is sufficiently urgent that a reexamination of this part of the status quo is warranted.

Increasing housing options for low- and middle-income workers will stabilize and revitalize both rural and urban Oregon communities, providing myriad direct and indirect benefits. Numerous rural communities have raised the alarm about a dearth of housing for workers which inhibits their ability to attract and retain employers, including those needed for hospitals, schools, first responders, and more. Foregoing property taxes for a defined period to rapidly accelerate housing would pay dividends to the tax bases of jurisdictions, and afford the State an opportunity to study impacts and undertake broader reforms of Oregon's tax policies.

The National Association of Homebuilders has a tool that helps calculate economic impacts. It's reasonable to assume that the Oregon Office of Economic Analysis could conduct analyses of scenarios that would guide implementation of this concept.

E) Reduce or Eliminate Tax Expenditures (remove exemptions)

This recommendation is related to raising additional State and Local revenue which may in turn be used to support housing production. Analysis of additional impacts should be analyzed on an exemption-specific basis.

3. TO ASSESS THE ISSUE AND POTENTIAL ACTION(S), INCLUDE SUBJECT MATTER EXPERTS REPRESENTING ALL SIDES OF THE ISSUE IN WORK GROUP MEETINGS, INCLUDING MAJOR GOVERNMENT, INDUSTRY, AND STAKEHOLDER ASSOCIATIONS.

- Ariel Nelson, League of Oregon Cities
- Lindsay Tenes, League of Oregon Cities
- Miranda Bateschelle, City of Wilsonville
- Derrick Tokos, City of Newport
- Lorelei Juntunen, Econ Northwest

4. PROVIDE AN OVERVIEW OF THE EXPECTED OUTCOME OF THE RECOMMENDED ACTION(S), INCLUDING QUANTITATIVE/QUALITATIVE CONTEXT IF AVAILABLE.

A) Targeted Measure 50 Reform

Reforming Measure 50 will increase the amount of revenue available to local governments by approximately $165 million per year.[5]

B) Adopt Land Value Tax

Conversion to a Land Value Tax would have three major impacts (Local Housing Solutions, n.d.):

- Discouraging speculative holding of vacant land – landowners pay the same tax for a vacant lot as the same lot with improvements constructed on it.

[5] 2021-2022 statewide property tax collection was $8,265,117,398; 2% = $165 million in the first year (Legislative Revenue Office, 2023, p. A6). NOTE: increases will compound until MAV reaches RMV.

- Encourage the additional development of partially improved land – the owner of a single family house + lot would benefit from the construction of an ADU and not be penalized by additional tax.
- The increased cost of holding land would generally depress land prices which may reduce the ultimate cost of housing.

C) Eliminate Mortgage Interest Deduction for Second Homes

This action will raise state income tax revenue by approximately $30 million per biennium (Oregon Secretary of State - Audits Division, 2022, p. 14). More importantly, it will impact taxpayer preferences by increasing the costs of owning a second home. While the marginal impacts of interest deductibility may not significantly increase housing available on the primary market, the action will align tax policy with the goal of increasing housing supply.

D) Temporary property tax exemption for new housing at 120% AMI or below

Reducing property tax burdens will immediately render new homeownership and rental developments more financially feasible.

E) Reduce or Eliminate Tax Expenditures (remove exemptions)

Reducing exemptions will increase revenue to local jurisdictions funded by property tax.

5. ESTIMATE OF THE TIME FRAME (IMMEDIATE, SHORT, MEDIUM, LONG-TERM), FEASIBILITY (LOW, MEDIUM, HIGH), AND COST (LOW, MEDIUM, HIGH) FOR IMPLEMENTATION OF THE RECOMMENDED ACTION(S).

ACTION	COST	TIMEFRAME	FEASIBILITY
Targeted Measure 50 Reform	N/A	Medium	Low
Adopt Land Value Tax	N/A	Medium	Low
Eliminate Mortgage Interest Deduction for Second Homes	Low	Short	Medium
Temporary property tax exemption for new housing at 120% AMI or below	High	Short	Medium
Reduce or Eliminate Tax Expenditures (remove exemptions)	Low-High	Short	Low

6. PROVIDE A GENERAL OVERVIEW OF IMPLEMENTATION, THE WHO AND HOW FOR THE RECOMMENDED ACTION(S).

A) Targeted Measure 50 Reform

- Each of the proposed changes requires amending Oregon's constitution. We recommend that the legislature draft the referrals to ensure the technical language is appropriately vetted.

B) Adopt Land Value Tax

- This change will require an amendment to the Constitution followed by several statutory changes and OAR changes. We recommend that the legislature draft the referrals to ensure the technical language is appropriately vetted.
- Additionally, significant work will be required by County assessors to adjust assessment systems and methodologies; while land assessments are included in the current property tax regime, they will play a much larger role with the adoption of this recommendation. We expect a significant amount of initial appeals and recalculations.
- Due to the monumental shift in methodology, we recommend gradual phased-in approach over several years during which the ratio of land/improvement values for tax calculations trend to 100%.

C) Eliminate Mortgage Interest Deduction for Second Homes

- This is a relatively straightforward legislative action. Oregon's income tax mirrors the federal tax code unless otherwise proscribed by statute; (S.B. 976, 2023)[6].

D) Temporary property tax exemption for new housing at 120% AMI or below

- Adopt statutory exemption from property tax, including policy definitions for "temporary" and "initiation."
- Establish mechanism to track and enforce 120% AMI restriction.

NOTE: Municipalities need to control process, with State technical support as needed. Could be structured as an "opt-in" for local jurisdictions.

E) Reduce or Eliminate Tax Expenditures (remove exemptions)

- Legislature to remove statutory exemptions.

7. OUTLINE THE DATA AND INFORMATION NEEDED FOR REPORTING TO TRACK THE IMPACT AND IMPLEMENTATION OF THE RECOMMENDED ACTION(S).

A) Targeted Measure 50 Reform

- Economic projections a) increasing the MAV annual cap increase, and b) removing compression effects from City and County tax calculations.
- Track voter referrals to increase permanent levy rate.
- Track actual rates adopted in jurisdictions where voters approve higher permanent rate.

B) Adopt Land Value Tax

- Track total revenue for local jurisdictions; ensure that millage rates are set correctly such that changing assessment basis is revenue neutral.

[6] SB 976 also included limiting the Mortgage Interest Deduction on primary residences; while that limitation would raise significant revenue, it would not incentivize housing production and therefore is not included in our recommendation.

- Track effective millage rates by median household income, other characteristics.[7]

C) Eliminate Mortgage Interest Deduction for Second Homes

- Track number of taxpayers claiming second homes (on federal returns); determine if removing Oregon portion of deduction has material impact.

D) Temporary property tax exemption for new housing at 120% AMI or below

- Trends in housing starts/permits.
- Trends in property tax revenue losses and gains from eliminating some and augmenting others.
- Need to model scenarios for revenue impacts with accelerated housing construction enabled by the exemption, compared with the status quo.

E) Reduce or Eliminate Tax Expenditures (remove exemptions)

- N/A

8. IDENTIFY ANY MAJOR EXTERNALITIES, UNKNOWNS, TRADEOFFS, OR POTENTIAL UNINTENDED CONSEQUENCES.

A) Targeted Measure 50 Reform

- Increased property taxes will financially impact all Oregonians, even those that do not own real property. Additionally, property taxes may be a regressive method of raising revenue.
- Measure 50 has resulted in incredibly predictable property tax revenue for local governments; removing one or more of the constraints will increase overall revenue collection but will also increase revenue volatility. However, even without the caps, property tax is the second most stable taxing method in the United States after commodity excise taxes (such as fuel tax) (Giertz, 2006).

B) Adopt Land Value Tax

- The economic efficiency and equity of the tax is predicated on a fair and accurate assessment of land values (though we note that the current property tax system is also premised on accurate assessments of value).
- A sudden change in assessment methodology could be catastrophic for owners who are asset rich but cash poor (such as long-term homeowners who have seen significant appreciation in their neighborhoods).[8]
- A comprehensive study (as described in Appendix 2) would help policymakers quantify the impacts of transition.

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[7] Currently, effective millage rates *decrease* as median household income increases (i.e., Oregon property tax is regressive). Implementing LVT or other property tax reforms should increase equity (Hulseman, Rovang, Bales, & Nguyen, 2019, p. 2).

[8] Several strategies exist to mitigate this concern, such as phasing in the LVT over time, using a split rate assessment system, and giving a flat amount exemption to improvements (Hulseman, Rovang, Bales, & Nguyen, 2019, pp. 28-32).

C) Eliminate Mortgage Interest Deduction for Second Homes

- Discouraging second home ownership will disproportionately impact certain communities with concentrations of vacation/recreation properties. The relatively small amount of revenue raised may not be proportional to the negative impacts on these communities.
- Second homes may convert to short term rentals, with no net impact on housing supply for primary residences.

D) Temporary property tax exemption for new housing at 120% AMI or below

- The prospect of reducing revenue from property taxes will cause concern to local governments unless there is realistic and commensurate revenue backfill.
- Challenging the status quo of some of the long-established exemption statutes will raise concerns from those who've benefitted from them.

E) Reduce or Eliminate Tax Expenditures (remove exemptions)

- Each exemption was created for a specific purpose and is related to a public policy goal; each has a constituency that cares deeply for the exemption. Political resistance likely will increase proportionately with the amount of potential revenue generation.

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APPENDIX 1

(Legislative Revenue Office, 2023, p. D6)

Reproduction of Exhibit D2

Value of Taxable Property, Assessment Ratio & Average Tax Rate								
Assessment Date	M5V & Assessed Values ($ Millions) RMV	% CH	AV	% CH	Assessment Ratio Home	Other	Average Tax Rate $/1,000	% CH
1-1-70	18,797	9.0%	18,795	9.0%	100.0%		26.78	2.0%
1-1-71	20,261	7.8%	20,258	7.8%	100.0%		26.72	-0.2%
1-1-72	22,113	9.1%	22,108	9.1%	100.0%		26.41	-1.1%
1-1-73	24,899	12.6%	24,870	12.5%	100.0%		23.93	-9.4%
1-1-74	28,402	14.1%	28,274	13.7%	100.0%		24.29	1.5%
1-1-75	32,175	13.3%	32,015	13.2%	100.0%		24.31	0.1%
1-1-76	35,547	10.5%	35,536	11.0%	100.0%		24.20	-0.5%
1-1-77	40,704	14.5%	40,508	14.0%	100.0%		22.24	-8.1%
1-1-78	46,646	14.6%	46,155	13.9%	100.0%		19.85	-10.8%
1-1-79	59,025	26.5%	57,898	25.4%	100.0%		17.52	-11.7%
1-1-80	73,402	24.4%	62,544	8.0%	84.2%	87.6%	19.05	8.7%
1-1-81	82,427	12.3%	68,458	9.5%	81.6%	84.4%	20.97	10.1%
1-1-82	86,429	4.9%	73,029	6.7%	83.8%	85.1%	21.14	0.8%
1-1-83	85,365	-1.2%	77,399	6.0%	90.3%	90.9%	20.83	-1.4%
1-1-84	85,400	0.0%	81,428	5.2%	96.0%		21.37	2.6%
1-1-85	83,035	-2.8%	83,026	2.0%	100.0%		21.91	2.5%
1-1-86	82,944	-0.1%	82,944	-0.1%	100.0%		23.47	7.1%
1-1-87	83,111	0.2%	83,129	0.2%	100.0%		24.97	6.4%
1-1-88	84,258	1.4%	84,305	1.4%	100.0%		25.99	4.1%
1-1-89	88,076	4.5%	88,085	4.5%	100.0%		27.09	4.2%
1-1-90	95,850	8.8%	95,851	8.8%	100.0%		26.61	-1.8%
7-1-91	112,134	17.0%	112,154	17.0%	100.0%		22.74	-14.5%
7-1-92	123,755	10.4%	123,780	10.4%	100.0%		20.43	-10.2%
7-1-93	136,787	10.5%	136,815	10.5%	100.0%		18.03	-11.7%
7-1-94	153,370	12.1%	153,400	12.1%	100.0%		15.45	-14.3%
7-1-95	171,190	11.6%	171,226	11.6%	100.0%		13.13	-15.0%
7-1-96	190,161	11.1%	190,209	11.1%	100.0%		13.29	1.2%
7-1-97	209,981	10.4%	166,447	-12.5%	79.3%		14.87	11.9%
1-1-98	222,313	5.9%	176,089	5.8%	79.2%		14.87	0.0%
1-1-99	240,312	8.1%	186,642	6.0%	77.7%		15.01	1.0%
1-1-00	258,133	7.4%	198,911	6.6%	77.1%		15.15	1.0%
1-1-01	274,042	6.2%	210,435	5.8%	76.8%		15.45	2.0%
1-1-02	287,260	4.8%	219,878	4.5%	76.5%		15.53	0.5%

1-1-03	305,351	6.3%	227,876	3.6%	74.6%	15.85	2.0%
1-1-04	329,746	8.0%	238,984	4.9%	72.5%	15.75	-0.6%
1-1-05	362,798	10.0%	251,077	5.1%	69.2%	15.53	-1.4%
1-1-06	434,293	19.7%	265,219	5.6%	61.1%	15.37	-1.0%
1-1-07	501,125	15.4%	280,454	5.7%	56.0%	15.94	3.7%
1-1-08	525,329	4.8%	292,211	4.2%	55.6%	15.33	-3.8%
1-1-09	498,657	-5.1%	307,444	5.2%	61.7%	15.47	0.9%
1-1-10	458,497	-8.1%	315,449	2.6%	68.8%	15.35	-0.8%
1-1-11	434,408	-5.3%	323,173	2.4%	74.4%	15.24	-0.7%
1-1-12	421,567	-3.0%	329,275	1.9%	78.1%	15.17	-0.5%
1-1-13	433,448	2.8%	339,674	3.2%	78.4%	15.52	2.3%
1-1-14	469,453	8.3%	354,336	4.3%	75.5%	15.64	0.8%
1-1-15	506,152	7.8%	370,564	4.6%	73.2%	15.70	0.4%
1-1-16	559,107	10.5%	386,412	4.3%	69.1%	15.74	0.2%
1-1-17	620,889	11.1%	403,984	4.5%	65.1%	16.07	2.1%
1-1-18	676,852	9.0%	405,604	0.4%	59.9%	16.23	1.0%
1-1-19	715,771	5.8%	423,669	4.5%	59.2%	16.96	4.5%
1-1-20	756,721	5.7%	443,551	4.7%	58.6%	17.00	0.2%
1-1-21	823,667	8.8%	462,526	4.3%	56.2%	17.24	1.4%
Avg. Growth Rate 1970-2020		**7.7%**		**6.5%**			

Notes : Market value is the taxable property value certified by the Department of Revenue (ORS 309.360).
Assessed value is the total value on the roll at the time the levy is extended. Value may be reduced by appeals. Beginning in 1998, excess urban renewal value, both used and unused value, is included in the assessed value. 1991 value growth is for 18 months with change in assessment date to July.
1998 value growth i s for 6 months with change in assessment date back to January.

APPENDIX 2

PRELIMINARY LAND VALUE TAX STUDY SCOPE

Draft Scope provided by Lorelei Juntunen, Econ Northwest.

The study should begin with a comprehensive review of academic literature and land tax policies that are in place in the US and around the world, to identify a set of optional policy approaches that might be implemented in Oregon. Then, evaluators would test each option for its efficacy in encouraging housing production and increasing tax equity in Oregon, likely through a case study approach in communities of different sizes and with different markets and property tax rate structures. The analysis would require quantitative modeling of tax collections over time and across various market cycles, relative to the baseline in Oregon's current system. It must engage at least the following key stakeholders in review of the analysis and its findings: LOC, AOC, tax assessors, legal advisors, taxing districts, Metro, bond counsel, and the Fair Housing Council of Oregon. Based on the engagement and analysis of alternatives, the study would report on: (1) which approach shows the most promise for continued consideration in Oregon (2) required statutory and constitutional changes necessary to enable implementation, including other changes to the tax system that may not be directly related to the implementation of a land value tax that might improve revenue stability and equity for cities and counties (3) Areas of concern or potential unintended consequences that might result from implementing the preferred approach that would require mitigation in the development of tax structure, including gentrification and displacement, overall housing affordability, revenue stability, and implications for local option levies and GO bonds, among others.