

Oregon SJR16:
DEVELOPMENT STIMULUS
through a
FEE-DIVIDEND
COMBINATION
to stabilize land prices
and increase production, construction and jobs

**Our stake
in our state**

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**Sometimes,
taxes are good!**

Taxes (regular payments) can **lower and stabilize prices** of a commodity, allowing more people to afford ownership and removing the commodity from speculation.

Take **land**. The real estate bubble that burst in 2007-2008 was in large part powered by the strong rise of land prices. If we taxed land, owners would be encouraged to make it more productive, to get more income. This is an example of **incentive taxation**. If we taxed privately owned land value at a rate not too large and not too small – say, 4% a year -- it would lower and stabilize land prices.

But isn't a tax bad, because it goes to bad government?

The normal definition of a tax is “to require to pay a percentage of value **for the support of a government.**” If the revenue went directly back to the public, though -- like the **Alaska Permanent Fund Dividend** – it would be better to call it a **land value lease fee.**

Some Real Numbers

Privately owned land in Oregon is worth \$180 Billion. 4% of this is \$7 Billion. That's \$2000 for every resident.

Oregon Property Taxes

But aren't we already paying property taxes for land? Doesn't this just add to our property tax burden? **Yes and no** – yes, the land value lease fee is an additional charge for land ownership, but **no**, it's not a “tax” -- it goes directly back to the people. Property taxes pay for government operations. With a land value lease fee, land prices would fall, giving **property tax relief.**

The Commonwealth

What we own in common is our commonwealth. In a democracy such as ours, the state (voters) “owns” the natural resources -- we ultimately decide what's done with them. We (the state) control all land, and grant “deeds” to private owners. That's how the system was handed down to us from Oregon Trail days. As the original owners died or sold their ownership, the deeds changed hands.

Land “Ownership”

Private “ownership” of natural resources is actually better thought of as a **lease**, since an individual owner may die, but the natural resources, including land, live on. When someone uses a portion of natural resources privately (excluding it from public use), it makes sense that she/he should pay regularly -- rent or lease -- this privilege from the commonwealth. Paying once for ownership for all time fuels speculation – people buy land speculating they'll make more money in the future from selling it than from other investments. Lower and stabilized prices let more owners use natural resources productively.

Productive Use

A **land value lease fee** would put more land into productive use. Land owners would be encouraged to get the most out of their properties -- to invest in improvements in order to pay the lease fee every year, or sell the land to those that will. Land prices would fall, making it more affordable for entrepreneurs and prospective homeowners to own. The economy is stimulated through construction of improvements on the land.

A Dividend?

If we paid every resident of our state of at least one year (like the Alaska Permanent Fund) a **dividend** of \$2000 a year, it could help

with **tax relief** because government wouldn't have to pay as much for social services – poor people could better pay their own way. Budding entrepreneurs could get a little extra capital to start or run a business. Convicts' dividends could be garnished to pay some of their incarceration expenses. More renters could afford home ownership or higher rents, stimulating demand.

Isn't this “Enabling”?

“But what if the resident is addicted to gambling or drugs?” you might ask. To help ensure a Resident's Dividend is used for productive purposes, it could be credited to a charge card like the Oregon Trail Card, now used for the Supplemental Nutrition Assistance Program. Purchases from these cards are restricted. The dividend could be restricted to pay only for basic necessities -- rent, mortgage, basic foodstuffs, medical expenses. For children, half of their dividends could be deposited in an Oregon College Savings Plan account, an investment in their futures.

What about Non-profits?

Non-profits typically don't pay property tax. Should we also exclude them from the land value lease fee? There shouldn't be a land value lease fee charged for public property, of course, but non-profits aren't completely public – they're made up of smaller groups. We should charge them something for their use of land, but maybe not as much as for private owners. We could have a non-profit-owned land value lease fee of 1%, for example. This extra expense could be covered by donors who receive dividends.

What about Owners of High Value Land?

If private owners of land with a lot of value (downtown property, large land holdings) are not able to pay the land value lease fee, they could sell their land to another private owner OR deed it to a non-profit, including one they themselves establish. The non-profit would pay a smaller land value lease fee than a private owner.

Of course, we've got to have a way for a smooth, fair transition to this system. 4-8 years should be enough to grow the land value lease fee from 0 to 4% and give owners time to plan and take action to sell or improve.

SJR 16

Senate Joint Resolution (SJR) 16, in the Oregon legislature, would put a Constitutional amendment proposal on the ballot to put this system into effect.

Interested in connecting?

Give us a call or send us an e-mail to be on our contact list to support this bill.

Info we need:

- Name(s)
- Address
- Phone(s)
- Eddress (e-mail address)

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