

LAND VALUE DIVIDEND: OREGON RESIDENT'S DIVIDEND funded by a LAND VALUE FEE



Our stake in our state

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The Commonwealth

What we own in common is our commonwealth. In a democracy like ours, voters “own” the natural resources -- we ultimately decide what’s done with them. A State includes the human-made and natural resources within a line drawn on the earth – its boundary. From our common-owned land and natural resources, some land and natural resources are allowed to be withdrawn from public use and privately owned.

Our Ancestors

Oregon was built on a foundation of Native American dispossession, land grants to European-descended settlers in the 1850’s (up to 320 acres each), World War II internment, redlining, and other discriminatory practices. Current landowners tend to be those with inherited privileges from these unfair, unequal earlier times.

Land Price Inflation

Since Oregon is a desirable place to live in, our land price inflation is high – 5% a year over the past 20-30 years. High land price inflation increasingly makes it less affordable for younger, poorer, non-white folks to own a stake in our state’s land and natural resources. Those with capital through savings, inheritance or gifts – those able to own land -- continue to get an excellent rate of return on investment in their land holdings.

Releasing Land Price Inflation Pressure

In economic terms, land is “inelastic” – its supply is limited. If demand is high, supply can’t grow. It’s like a steam engine or pressure cooker with no pressure relief valve – if water in the inelastic vessel is heated too much and the pressure isn’t released, the container can explode.

Similarly, we saw especially high land price inflation in the mid-2000’s, which caused an economic bubble that burst, causing damage through the whole economy. If we impose a regular fee to match inflation – say, 4% per year -- on the real market value (price) of land, this would keep land prices stable and affordable for everyone.

Private Ownership of Natural Resources

It makes sense that when someone uses natural resources privately, excluding others, she/he should “rent” or “lease” this privilege back from us (the state or commonwealth), rather than paying once for ownership, then benefiting in perpetuity with unearned income through high land price inflation.

Property Taxes

In Oregon, private landowners already pay a property tax that funds government services – roads, fire protection, law enforcement, parks, courts, schools, etc. But the property tax rate on land is very low – about 1%, not enough to release land price inflation pressure and keep prices affordable.

A Dividend?

What if we set up a system to give the revenue from a 4% land value fee directly back to us, the people? We could pay a “resident’s dividend,” like Alaska does. Homeless families could pay rent for an apartment. At current land prices, a 4% land value fee would provide \$200 per month to every legal resident of Oregon of 1 year or more.

Children could save for college. Entrepreneurs could get more capital to start or run a business. Convicts’ dividends could be garnished by the state to defray incarceration expenses. Fewer social services would need to be provided, relieving pressure on government funds.

Efficient Use of Land

A significant regular fee on private land ownership encourages efficient use. Owners of vacant or underutilized land would be encouraged to build, creating jobs and relieving pressure on urban

growth boundaries. Smaller family farms, ranches and forests are encouraged over large, corporate ones. Since construction is stimulated, housing for poor folks becomes much more affordable.

To ensure the dividend isn’t used for illegal activities, some may want to credit it to an Electronic Benefit Transfer 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, health. Owners of Oregon land who live out of state wouldn’t get a dividend, nor would corporations (they’re not people).

What about Non-profits?

Non-profits don’t currently pay property taxes, but they’re not completely public. They should pay something for their land ownership. A quarter of the land-value fee that private owners pay – 1% -- is reasonable. With a dividend of \$200/month, residents could easily cover the nonprofits’ land value fees by donating more.

Current Landowners

Of course, we’ve got to have a way for a smooth transition to a Land Value Dividend system. At least 4 years would be necessary to give current landowners enough time to plan on whether to hold onto their land or sell.

Current Renters

Renters would pay more for a land-value fee, since landlords would pass it on to them. But the vast majority of renters -- in apartments and houses on land used efficiently (small amount of land per resident) would gain; their dividends would more than cover their extra rents. Renters of land used inefficiently would lose, but a number of folks don’t mind paying more for the privilege of occupying more land.

Some people prefer renting because they don’t want the responsibility of ownership. But many renters would like to be property owners, if only they could afford it. A land-value fee close to the inflation rate keeps land prices stable, so more renters could own their own homes.

Interested in Connecting?

Give us a call or send us an e-mail. Common Ground OR-WA is a chapter of Common Ground USA – commonground-usa.net

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