



LVT is Gaining Traction

In Oregon and Washington

In Oregon, Gov. Tina Kotek convened the Housing Production Advisory Council to recommend future legislation. HPAC's work group included in its recommendations the reform of M-50 and the adoption of a land value tax with elucidation on its built-in incentives for accelerating housing production.

Members of the Mid-Willamette Valley Council of Governments have identified the LVT study bill as legislation they could support as part of their efforts to reform Oregon's property tax system. Common Ground OR-WA gave a presentation to the COG's Legislative Committee: "Given the impacts of Measures 5 and 50, studying the impacts of a land value tax makes a whole lot of sense."

In Washington, some members of Spokane's city council have contacted Common Ground USA to learn how LVT could help boost new construction in parts of town lacking in investment and within a TOD proposed for a new transit corridor.

An advisory committee of the Washington Association of Cities has recommended the inclusion of the LVT option as a top priority in the 2025 legislative agenda.

In the U.S.

Currently, LVTs have been authorized by the states of Pennsylvania, Virginia, and Connecticut.

The uniformity clause requiring taxation to be applied evenly or uniformly within a jurisdiction in **Pennsylvania** has been broadly construed, and land value taxation has been used since 1913. Several Pennsylvania cities saw dramatic increases in building permits issued after introducing LVT. A widely cited study of LVT use in Pittsburgh showed that building construction there leapt ahead of other Rust Belt cities. Pittsburgh enjoyed one of the most affordable housing markets and the highest owner-occupancy rates in the country. After Harrisburg, once one of the most distressed cities in the nation, adopted this approach in 1975, it saw 5,200 vacant properties restored and taxable businesses rise from 1,908 to 5,900.

The **Virginia** State Assembly authorized the cities of Fairfax, Poquoson, Richmond and Roanoke to enact a land value tax, although they have yet to act on that authority. Sen. Jennifer McClellan, D-Richmond, shepherded SB 725 through the General Assembly at the behest of the City Council. "We can't just zone for the growth we want, we need to tax for it," she said. "A land value tax could put some pressure on people sitting on valuable downtown land to finally develop it."

Connecticut Gov. Daniel Malloy signed into law House Bill 6706 in 2020, setting in motion a process by which three municipalities would be able to implement an LVT pilot trial. The Hartford City Council, expressing a desire to levy higher property taxes on downtown lots as a way to encourage development, passed a resolution in 2016 calling for LVT. Councilman John Q. Gale said the goal is to make downtown more vibrant and inviting. The New London Land Value Tax Pilot Planning Committee has been developing a plan for implementing the new tax policy. It is

considering a trio of options: a two-rate property tax, permanent exemption of a certain dollar amount of building value for each taxable parcel, and a 5 percent reduction of assessed building value for every taxable property.

In the **California** State Assembly, [Rep. Alex Lee](#) introduced study bill [AB 362](#) in the 2023 session requiring the Dept. of Tax and Fee Administration to conduct a study of a statewide land value taxation system as an alternative to current limited assessment methods driven by Proposition 13. The rationale for LVT is stated in the bill's text: "Establishing a land value tax removes financial incentives to hold unused land solely for price appreciation, thereby making more land available for productive uses." "Our current taxation system discourages property development," said Rep. Lee. The bill died in committee.

In 2023 Neighbors for More Neighbors advocated at the **Minnesota** Legislature for [HF1347](#), a bill to change state law to allow cities to implement a land value tax by defining special land-value taxation districts that exclude improvements from taxation. While this bill did not pass, it did progress to the conference committee stage. Then in 2024, Rep. Steve Elkins reintroduced the same bill, HF1342, to the House Property Tax Division. "The idea of a land-value tax is that you raise the taxes on undeveloped properties," Elkins said. "It lowers them on developed properties and should be revenue-neutral at the district level. But you're trying to discourage the speculative holding of vacant land."

After years of decline and abandonment, the city of **Detroit** has finally seen how the property tax system can be shaped to reverse this trend. A [Lincoln Institute's 2022 study](#) describes the property assessor's predicament and its logical solution – a land value tax. Mayor Mike Duggan is spearheading the effort, he hopes this reform will incentivize development on blighted property, as taxes increase on vacant land and decrease for those who develop their land. The Duggan administration hopes to implement the land-value tax in 2025, after enabling legislation is passed in the Michigan Legislature.

LVT is also gaining traction in **Colorado**. Governor Jared Polis said in a January 2024 letter to members of the property-tax commission that a land value tax based on the land rather than on the quality of construction on them will bring down property taxes for a good many people, he argued. "Taxing land — not the buildings on top of it — also has the benefit of reducing land speculation and promoting environmentally sound development."

Concurrent resolution SCR 24B-001 refers a measure to the November 2024 election to amend the Colorado constitution to allow a local government that collects property taxes to replace the current ad valorem method of property taxation with a land value tax (LVT). The mill levy is to be uniform upon all land not exempt from taxation.

Around the world

Land value taxation (LVT) is based upon the principles advocated by 19th Century political economist Henry George. The theory of land taxation holds that a property tax appropriating land rent from rising land values and reducing taxes on site improvements provides an incentive to bring underutilized urban land into productive use.

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This theory was subsequently incorporated into law in several former British colonial countries including Australia, New Zealand, South Africa and Jamaica, as well as in Taiwan, Denmark, Estonia, and Spain, to stimulate development. National land taxes in Japan were introduced to reduce speculation, stabilize land prices, and improve the efficiency of land use. Land taxes in Korea were intended to penalize the owners of under-used land and combat monopolistic land accumulation.

Support from experts

The land value tax has a long history in the United States dating back from Physiocrat influence on Thomas Jefferson and Benjamin Franklin. Jefferson famously asserted the importance of land taxes to the sovereignty and prosperity of the young nation.

Nobel laureate William Vickery is quoted as saying, “The property tax... is a combination of the worst taxes—the part that is assessed on real estate improvements, and one of the best taxes—the tax on land or site value. A tax on land, properly assessed... is virtually free of distortionary effects, while the tax on improvements imposes serious burdens on construction.” Thus, it makes economic sense to separate the two taxes, charging a higher rate on land and a lower rate on improvements.

Tony Blair is backing a measure raised in Labour’s latest manifesto by supporting the land value tax designed to help solve the housing crisis. The measure is one of a series of policies designed to tackle the housing crisis included in a new report by the Tony Blair Institute for Global Change. The former prime minister said the new tax, which sees the value of underlying land taxed rather than property, should replace council tax and business rates to create a “fairer and more rational system of property taxation.”

“You can get almost any economist from left to right to either enthusiastically or begrudgingly admit that it’s the perfect tax,” said Lars Doucet, author of *Land is a Big Deal*. “It’s one of the few things where you can get Paul Krugman, Karl Marx, and Milton Friedman to agree.”

Leading economists – including four Nobel Laureates - agree Detroit’s proposed land tax reform would give a "substantial boost" to the city's economic growth.

[Economists across the spectrum](#) agree that the present system of property taxation, with low tax rates on land value that allow property owners to capture most of the value of rising land prices, keeps the US economy from being as prosperous as it might be with higher land taxation.