

GROUND SWELL

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COMMON GROUND OR-WA PARTICIPATION AT THE AUGUST 2015 NATIONAL CONFERENCE OF STATE LEGISLATURES IN SEATTLE, WA

By Tom Gihring, Portland, OR

(Tom Gihring is the Treasurer and Research Director of Common Ground OR-WA.)

Monday: I drove a rental car loaded with all the display materials and literature from Portland, arriving at noon for the booth set-up. Booth number 604 is near the exhibit hall entrance. Then I checked into our hotel in Belltown, several blocks from the convention center, returned the rental car, and received the delivery of two bicycles that we rented for the three day duration. This arrangement saved some hefty downtown parking fees and allowed for a degree of mobility for the two of us – myself and Jeff Strang.

Statistics:

Delegates stopped by our booth to discuss LVT and take literature.

Tuesday: Exhibit hours: 9 AM – 4 PM; 49 delegates stopped at the booth

Wednesday: Exhibit hours: 9 AM – 4 PM; 30 delegates stopped at the booth

Thursday: Exhibit hours: 9 AM – 12 PM; 5 delegates stopped at the booth

We distributed in advance some of our literature that might be appropriate for certain session topics:

Tues., 11:30 AM – “Pardon the Payment: Are Tax Amnesties Good Tax Policy?”

Wed., 2 PM – “A Better Way to Ensure Smart Tax Incentives”.

Observations:

Our first practical problem at the large conference center exhibit hall: How can the Common Ground booth attract passers-by? Delegates seem to be gravitating to booths with young blond ladies, or those handing out freebies; and all we have are piles of economic literature!

Usually I would get a passerby's attention by asking what state he/she is from, continuing with a query about the nature of their state's or district's property tax, or the problems they are experiencing... Lagging assessments...? Unfair tax burdens...? Urban sprawl...? Housing price inflation...? I would then take off on the same theme with a Georgist response, explaining first the mechanism of tax shift - off building assessments, onto land assessments - followed by an explanation of how tax shift can help solve the problem identified.

A common response among those representing urban districts is the rapidly rising cost of housing. *Response: a high land*

tax has the effect of dampening land price inflation over time. Urban sprawl was also mentioned by delegates from states like Georgia and Colorado. Response: LVT takes development pressure off of urban fringe areas by encouraging more intensive development in urban centers. Some urban districts need a boost in their economic development efforts, like Newark, NJ. Response: A lower tax rate on improvement assessments encourages capital investment in buildings and home improvements.

We also learned from the delegates. Repeatedly, those from rural states like Wyoming and New Mexico were wary of LVT effects on farmlands. “Farmers cannot absorb even higher property tax burdens.” We explained that property tax reform is first a state-wide issue because enabling legislation is necessary to authorize the change to unequal rates. Then counties or local jurisdictions will have the option to adopt LVT. Yes, incentive taxation is most applicable in urban areas. Nevertheless, if farmlands are assessed at low (current use) levels, tax shift would be negligible.

A Nigerian delegate explained the property tax system in Ogun state. The various districts within the state are rated according to relative location value, i.e., greater or lesser desirability. Each district is assigned a corresponding tax rate; the rate is applied to each property's size. Thus property taxes correlate to location value and land area. In effect this is a land tax; building value is not included in the assessment. If my understanding is clear, this is a progressive form of taxation that is relatively simple to administer because it does not require a highly trained appraisal staff, although the assigned tax rates may be somewhat subjective. This zonal system of relative values has been in effect in Eastern Europe for some time, although in Bosnia-Herzegovina for example, internal building floor space is also added to the tax assessment formula.

A keenly interested delegate from U.S. Virgin Islands told about the very serious problem of concentrated land ownership resulting from “foreign” investors buying up land from the many poor householders who have occupied family plots for generations. They are being driven off their land due to rapidly rising land prices. How can they pay even more property taxes deriving from higher land assessments and rates? Jeff Strang offered the idea of the non revenue neutral land tax partially being rebated in the form of citizen's dividends. Each parcel occupant receives an equal dividend, in (continued on page 14)

NCSL IN SEATTLE, WA (from page 1) many cases resulting in a higher total dividend than taxes paid. Absentee owners would pay the higher land tax without receiving a dividend, thus absorbing the extra tax burden in the aggregate. This land price-dampening approach might be more popular in VI than in Oregon where the relatively high tax rate and redistributive effects did not receive an entirely welcome reception in the state legislature. As another way to compound the anti-speculation effect, how about a Singapore-style buyers' stamp duty to supplement the land tax? Here, the government imposes a BSD tax on the purchase of residential property: a higher rate for foreign citizens and foreign residents, a higher rate on second home purchases, and a higher rate for shorter term holding periods.

The experience at this conference has helped shape our chapter's ideas on next steps for conducting further research. We will now concentrate our simulation modeling efforts on two themes: 1. *The dynamic effects of LVT on dampening residential land price inflation.* We have worked on this previously, but the model can use some updating and fine-tuning, using parcel-level assessment data from Oregon jurisdictions. 2. *The effects of LVT in rural areas.* We have started this, but need more data from a variety of rural counties. The results of this research can help reinforce our efforts to pass the next version of an LVT study bill in the 2017 regular session of the Oregon legislature. It would be helpful if we could find some financial support to offset some of the costs of conducting this research.

Contacts:

On Tuesday following the exhibit period, we met at the Mayflower Hotel with Kristin Eberhard of the Sightline Institute. She is the Portland representative who was in Seattle for meetings. Sightline has been actively supporting LVT by printing a short series on the subject in its weekly newsletter which reaches a wide Northwest audience. We encouraged her to continue writing on this topic, promising to help with empirical data and methodology for case studies illustrating LVT effects.

During the exhibition hours, I made

contact with fellow exhibitors that were familiar allies, such as Tax Foundation, Citizens for Tax Justice / Institute on Taxation and Economic Policy (of which I am a member), and The Heartland Institute in Chicago (whose chief executive is an LVT supporter and is on good terms with the Henry George School there).

Early on Thursday morning, Jeff and I rode to Westlake Park to join about 250 delegates for the annual Bipartisan Bike Ride, organized by BikeTexas. The guided ride took us around Lake Union, and back in time to change clothes and arrive at the exhibit hall for the last period.

Occasionally I took photos of our booth, visitors stopping by, and the general layout of the exhibit hall. These are now in the form of a Picasa slide show of 28 photos.

(Dr. Tom Gihring may be emailed at tagplan@gmail.com)



COMMON GROUND OR-WA PARTICIPATION IN THE NATIONAL CONFERENCE OF STATE LEGISLATURES SUMMIT AUG. 4-6, 2015 IN SEATTLE, WA

By Jeff Strang, Portland, OR

(Jeff Strang is the chairman of the Oregon-Washington chapter of Common Ground-USA.)

I arrived in Seattle the evening of Aug. 4, 2015, so was not able to participate in setting up our booth or staffing it the first day of the Summit; fellow member Tom Gihring handled those activities alone.

Tom and I both staffed the booth from 9 AM to 4 PM Aug. 5 and from 9 AM to noon Aug. 6.

On Aug. 5, we spoke with 30 legislators or staff with representation from CO, HI, VA, NE, MD, WA, NM, MD, CT, MN, TX, OR, WY, SD, NJ, MO, FL, VT, OH, MS, and South Africa, as well as fellow exhibitors such as Tax Foundation, Institute on Taxation and Economic Policy, and Heartland Institute. Tom, who was more familiar with the contents of the various publications, took the lead in handing (continued on page 15)

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out appropriate literature. We also left appropriate literature on chairs and tables before several sessions.

On Aug. 6, we spoke with 5 legislators or staff, with representation from IL, VA, MO, KY, and VI. This last was especially interesting; the Chief of Staff of a freshman senator was intrigued by our position on property taxes, and reported major problems in the collection of property taxes in the Virgin Islands – the government is not very efficient or effective at this, which of course is a major issue.

I found my experience having visited or lived in a number of states to be very useful in establishing personal connections with the legislators and staff.

Eleven boxes of literature were sent by Common Ground-USA. We took about a third of this to the Summit, and handed out about a quarter of that. We also had copies of information more specific to Oregon and Washington. We had purchased a 16-slot revolving literature rack, and had other literature on the counter. We also had a laptop computer on the counter, showing an automatic PowerPoint slide show, as well as an animated depiction of pertinent property tax-related charts over time.

Tom put a lot of time and thought into finding adequate accommodations that were inexpensive yet close to the Summit site. He also rented bicycles so we could get to the site efficiently and not have to pay for expensive motor vehicle parking.

I am sorry our chapter could not muster enough personnel to have two people setting up and staffing the first day; Tom was especially taxed on Aug. 4, when he spoke with 49 legislators and staff and was not able to get lunch or take much of a break.

All-in-all, I think this is a very worthwhile activity for Common Ground. Pre-event coordination and communication by Al Katzenberger * was excellent.

(Jeff Strang may be emailed at
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* See prior annual NCSL reports by Al Katzenberger published in GroundSwell.) <<

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