



FOLLOWING IN A LONG TRADITION, MINNESOTANS AGAIN PURSUE LVT

by Rich Nymoen, Maplewood, MN

Minnesota has a long history with Georgism, kicked off by Henry George's speech at the Exposition Building in Minneapolis in the 1880s. Until the 1930s, Georgist efforts in Minnesota were led in large part by Sylvanus A. Stockwell, a state legislator from South Minneapolis, who introduced land value tax legislation in 1891 and 1899 that was never adopted. But in 1921, Single Taxers did succeed in having Minnesota adopt an "occupation tax" on iron ore that taxed the ore's value at the mouth of the mine less the stipulated costs of bringing it to the surface (a building in a Minnesota Iron Range town still has a faded ad for Henry George cigars painted on its side). Fast-forward a half century to 1971 when Minnesota adopted its Fiscal Disparities Program, a tax-base sharing program with a Georgist-sounding rationale: because the investments and efforts of the entire metropolitan area contribute to the tax-base growth of wealthier communities, that growth should be shared among all the communities in the region.

In the 1980s, the active Georgist John Burger was a member of the MN House of Representatives, where he energetically advocated for shifting the state's property tax system to one based on land value. Although unsuccessful, his efforts did influence several Minnesota tax experts and legislators, leading to Rep. Ron Abrams ineffective attempts from 2001-2007 to shift the newly-created statewide Commercial-Industrial Property Tax gradually into a tax based solely on land value. ISALAH, a congregation-based organizing group, organized in support of Rep. Abram's bill until he was appointed to the bench in 2007.

Independent of these efforts, transportation-financing discussions spurred by the I-35 bridge collapse led the MN legislature to commission the University of Minnesota to issue studies on land value capture and land value taxes. One of these studies -- which modeled land value tax shifts for Minneapolis, a first-ring suburb and a second-ring suburb -- was published in 2012, soon after a 2011 CGO Conference held in Minnesota inspired three ISALAH members to form the Twin Cities Chapter of Common Ground USA (CGUSA). This study laid the groundwork for our chapter's discussions with city officials about supporting the introduction of legislation similar to that enacted by Connecticut in 2013.

In order to answer detailed questions of city officials, CGUSA in 2014 awarded our chapter a grant to fund an intern named Hilary Lovelace to model as land value tax districts corridors identified by the officials and others. Although the modeling results further bolstered the interest of the officials, they were still reluctant to put such legislation on their cities' legislative agendas without further internal discussion.

Nonetheless, our chapter decided it would be worthwhile to have Land Value Tax District legislation introduced this year in order to begin discussions at the legislature in anticipation of possible favorable political changes from the upcoming elections. ISALAH lobbyist, Lars Negstad, partnered with our chapter to approach Rep. Jim Davnie, the ranking minority member of the Property Tax Division, about introducing a bill, which he agreed to do.

With the help of House Researchers Steve Hinze and Joel Michael (a devotee of John Burger), solid legislation (H.F 3895) was drafted and introduced that allows cities to adopt ordinances establishing land value tax districts identified by specific geographic area or parcels. For the district, the city must calculate how much revenue would be collected under Minnesota's conventional property tax system and then set out how that same amount of revenue will be raised using higher rates on land values. The bill provides that ten days before a public hearing on the proposed ordinance, each district parcel must receive notice of the hearing. If the ordinance is passed, revised property tax statements for the district must be issued by April 30 each year. After 15 years, the city must evaluate the impact of the shift on redevelopment and investment in the district.

The bill was not given a legislative hearing this session but for the rest of this calendar year, our chapter will continue trying to have cities and allies put the bill on their legislative agendas for 2017. We will also be working on finding a senate author and lining up testimony for anticipated hearings next year. Chances of eventual enactment seem decent and well worth keeping this long Minnesota tradition alive.

(Rich Nymoen is the president of the Twin Cities Chapter of Common Ground USA. He is an Equal Opportunity Consultant with the MN Department of Human Services. He is also very active in ISALAH. He received his B.A. in Public Policy from Stanford University (1990) and J.D. from the University of Minnesota Law School (1995). See related January-February 2015 GroundSwell article, "Twin Cities Chapter Campaigns for Land Value Tax Districts," and July-August 2014 GroundSwell article, "Twin Cities Chapter Helped Man the PREC Booth" (at the National Conference of State Legislatures). He may be emailed at richnymoen@aol.com.) <<