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Senate Committee on Finance and Revenue
State Capitol
900 Court Street NE
Salem, OR 97301

March 11, 2015

RE: SB 573

Chair Hass and members of the committee:

Thank you for this opportunity to present testimony supporting SB 573. 1000 Friends of Oregon is a nonprofit, membership organization that works with Oregonians to support livable urban and rural communities; protect family farms, forests and natural areas; and provide transportation and housing choice.

We support SB 573. It would establish a task force on land use value taxation to study alternative methods of taxing real property. A land value tax is a taxing scheme that primarily taxes land rather than the improvements on the land. The Land Value Tax paid per acre is high in locations with high land values and low in areas of low land values. This encourages landowners to improve the land so they have income to pay the taxes on the land. It deters speculative land holding and encourages infill because it provides a disincentive to holding land vacant. A task force to study the issue is a good idea. It can be delicate to get a land value tax set at the right level to provide enough revenue to the local government without causing land to be abandoned. Taxing improvements discourages people from making improvements causing unused buildings to fall into disrepair to reduce taxes. The land value tax does the opposite, encouraging improvements on high-value lands.

We ask you to support SB 573.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven D. McCoy".

Steven D. McCoy
Farm and Forest Staff Attorney