



Sightline Institute is an independent think tank working to advance sustainability in the Pacific Northwest. We believe it exists at the intersection of environmental health and social justice.

We're writing in support of HB 2972 on grounds of **economic growth, economic justice, housing affordability and ecological sustainability**. A land value tax, or a split roll tax that shifts taxation toward land, could improve Oregon's shambolic property tax system on all these grounds. It deserves serious study.

Though many proponents of a land value tax will refer first to its 140-year-old origins in this country, it's an ideal solution to a familiar problem in Oregon today. How can the public recapture and reinvest the benefits of nearby public investments such as new parks, sewers, and transit lines, rather than leaving most of that value to be captured by the lucky owners of whatever land happens to be nearby?

Or to be even more specific: How can we best prevent future MAX lines from accelerating gentrification and lining the pockets of nearby landowners? Land value taxes offer a potentially effective answer.

As Sightline wrote in a 2014 series, **land value taxes are easily summarized: instead of taxing useful investment, they tax land speculation**.<sup>1</sup> They represent an ideal "value capture" tool. A land value tax, once reinvested in Oregon communities, would share the goals of inclusionary zoning and community benefit agreements. But it would have fewer loopholes and open fewer opportunities for powerful players to game the system.

LVT has been endorsed by Adam Smith,<sup>2</sup> Clarence Darrow,<sup>3</sup> the Lincoln Institute for Land Policy,<sup>4</sup> and Obama budget chief Peter Orzag,<sup>5</sup> among many others over many decades. A 2015 Brookings Institution analysis found that land is by far the largest source of increase to the share of income that comes from wealth.<sup>6</sup> A National Tax Journal analysis found that a straight LVT would be slightly more progressive

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<sup>1</sup> Whitehead, Jarrell, and Williams-Derry, Clark. "[Love for Land Value Taxes](#)," Sightline Institute. 2014.

<sup>2</sup> Summarized by Wadsworth, Mark. "[Tax Simplification: The Case for the Land Value Tax](#)." AdamSmith.org. 2009.

<sup>3</sup> Darrow, Clarence. "[How to Abolish Unfair Taxation](#)." Speech in Los Angeles, 1913.

<sup>4</sup> "[Value Capture and the Property Tax](#)." LincolnInst.edu. 2021.

<sup>5</sup> Orzag, Peter. "[To Fight Inequality, Tax Land](#)." *Bloomberg*. 2015.

<sup>6</sup> Rognlie, Matthew. "[Deciphering the fall and rise in the net capital share](#)." 2015.

than an equal-rate property tax.<sup>7</sup> Just this month, the Washington Post reported that due to the limitations of property tax assessments of buildings, property taxes are in practice deeply regressive.<sup>8</sup>

Land value taxes are also a subject of serious perennial debate among our northern Cascadian neighbors in British Columbia. Oregon should be considering them for the same reasons.

As laid out in Sightline's 2014 series, land value taxes or split-roll property taxation would be an excellent complement to Oregon's "smart growth" goals. It would disincentivize central-city landowners from holding land off the market in hopes of using scarcity to maximize their future payday. It would incentivize efficient land uses that reduce sprawl, auto dependence and economic segregation. It would efficiently capture the value of public investments. That value could be reinvested to create affordable housing and other amenities that help more Oregonians benefit directly from their state's investments.

Land value taxation can't solve every problem. But it could help solve many. It deserves a full airing in Oregon as we tiptoe toward much-needed reforms to our broken and unjust property tax system. The provisions of HB 2972 could do this. We urge this committee to pass these provisions into law.

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<sup>7</sup> Plummer, Elizabeth. "[Evidence on the Distributional Effects of a Land Value Tax on Residential Households.](#)" National Tax Journal. 2010.

<sup>8</sup> Ingraham, Christopher. "[Homes in poor neighborhoods are taxed at roughly twice the rate of homes in rich neighborhoods, study shows.](#)" Washington Post. March 12, 2021.