

HB 2124 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 5/20

WHAT THE MEASURE DOES:

Defines "land value taxation" as a system of taxation on real property with higher rates of taxation on land than on improvements. Requires the Legislative Revenue Officer to study land value taxation. Requires the report to include an examination of the tax burden effects from changing to such a system; analytical comparisons of using true market assessments and a revenue-neutral framework; an analysis of the comparative economic effects on land use in selected urban and rural areas, including the use of enterprise zone incentives; an evaluation of the potential impact on tax burdens, incorporating policies such as a homestead exemption and a tax deferral for financially overburdened homeowners. Requires the report be submitted to the Legislature by September 15, 2026.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In general, property tax systems apply tax rates to land, improvements, and some personal property; most of the tax is derived from the taxation of real property (land and improvements). The core principle of a Land Value Tax is to impose taxes only on the true, market value of land, excluding all improvements. Proponents of this form of property taxation argue that it encourages more efficient land use, reduces wealth inequality, promotes denser urban development, and reduces urban sprawl. Opponents highlight the challenges of accurately determining land values and the practical effects of shifting from the current system, including the shift in tax burden for landowners.