My name is Rich Nymoen and I am a member of Common Ground USA, which is a citizens groups advocating land value tax shifts. By this we mean that, instead of the conventional property tax approach of applying a low tax rate to the total value of property – the value of the land and of any buildings on top of the land - a city can raise the same amount of revenue by applying a higher tax rate to just the land value portion of properties. This shift has been shown to have a tremendous redevelopment and in-fill effect as well creating other community benefits and for these reasons **we support the passage of HB 6572**, which has the simple goal of extending the deadline for Connecticut municipalities to apply for the land value taxation pilot program that was created in 2013. Unfortunately, following enactment, the guidelines set down by the Office of Planning and Management were complex and clearly did not provide enough time for the necessary education and engagement of both municipal officials and citizens.

Our Minnesota chapter of Common Ground USA formed and mounted a campaign to ask cities to put Land Value Tax District legislation on their legislative agendas. An important reason for doing this was the 2013 CT-enacted legislation that allowed cities to use this reform on a pilot project basis, an innovative feature that would allow cities to decide whether they wanted to use it city-wide or just for certain neighborhoods or corridors. We were impressed also that it could be used for all kinds of property or for just residential or just commercial/industrial properties. Before that, Pennsylvania is where this approach has mainly been used in the U.S, where, 18 jurisdictions currently use this approach under enabling legislation. With Connecticut's recent expansion beyond Pennsylvania, it seemed a good time to see if Minnesota cities, using the Connecticut law as a template, would be willing to put similar legislation on their legislative agendas.

In 2008 the University of Minnesota received funding to research this reform, particularly as it relates to financing transportation infrastructure, and one of the resulting studies was one published in 2012 that models this shift for the cities of Minneapolis, Richfield and Bloomington and shows where density would most increase under the shift. We encourage you to review the article here:

https://www.jtlu.org/index.php/jtlu/article/view/148

This tax approach has a number of advantages over the more common tax-based approach to redevelopment: Tax Increment Financing (TIF). Unlike TIF districts, a land value tax shift never has to expire and give a business a reason to pull up stakes for a better deal elsewhere. Plus, the shift can apply over a much wider area rather than being site specific and so have a much wider redevelopment effect.

In addition to in-fill and redevelopment effects, this approach has a number of other community benefits. First, it creates an incentive to use land efficiently because taller and better structures are not penalized while below average uses of land are taxed more than under a conventional property tax. So it results in building up or down and not out with, for example, parking arrangements.

Second, it reduces the number of vacant sites in a community by increasing holding costs for those who may be speculating in or simply neglectful of particular sites. This reform lights a fire under holders of idle sites, spurring them to put to its best use or to sell to someone who will.

Finally, the reform increases jobs in communities because it is not penalizing with added costs job-creating behavior like construction, sales and other productive activities. Rather it penalizes counterproductive speculative activity.

About 20 local governments in Pennsylvania have adopted this reform on a city-wide basis for both residential and business property. Harrisburg, PA after a 1975 adoption saw 5200 vacant properties restored, taxable real estate increase from $212 M to over $1.6 B, and taxable businesses rise from 1908 to 5900. New Castle, PA after a 1982 adoption saw ¾ of residents get tax reductions and downtown development. Washington, PA after a 1985 adoption saw 85% of residents get tax reductions and $22 million in building permits through 1995. Aliquippa, PA after a 1988 adoption saw building permits increase 200%, 4/5 of residents get tax reductions, and city revenues increased 10%.

Because of its proven track record we urge passage of HB 6572 and thereby extending the deadline for municipalities to apply for Connecticut's land value taxation pilot program.