



REPRESENTATIVE CATHY MUÑOZ

## **SPONSOR STATEMENT**

### **HOUSE BILL 264**

*"An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."*

Passage of House Bill 264 will give municipalities the option to provide an incentive to develop land for housing by deferring for up to five years a property tax increase associated with subdividing a piece of property into three or more parcels.

The measure would give municipalities the flexibility to defer increases in property taxes on subdivided parcels until a lot is sold or a city grants a building permit for that piece of property. It would allow a local government to adopt the optional deferral for all or a portion of a subdivided portion. It would let a municipality decide the terms of paying the tax deferral and when those payments would be due.

Supporters of this measure say it would remove a disincentive for developing privately owned property by holding taxes at the undeveloped land value until improvements occur that lead to a parcel's being developed and sold – thus becoming more valuable and capable of generating more revenues for local governments that choose to exercise this option.

The purpose of the bill is to encourage land development for more housing and let local governments decide whether a property tax deferral will benefit them.