



### **David C. Lincoln Fellowships in Land Value Taxation, 2006-2007**

The David C. Lincoln Fellowships in Land Value Taxation (LVT) were established in 1999 to develop academic and professional interest in this topic through support for major research projects. The fellowship program honors David C. Lincoln, former chairman of the Lincoln Foundation and founding chairman of the Lincoln Institute, and his long-standing interest in LVT. The program encourages scholars and practitioners to undertake new work in this field, either in the basic theory of LVT or its applications. These research projects add to the body of knowledge and understanding of LVT as a component of contemporary fiscal systems in countries throughout the world.

The DCL fellowships announced here constitute the seventh group to be awarded, and several recipients are continuing projects from last year. The deadline for the next annual application process is September 1, 2007. For more information, contact [fellowships@lincolninst.edu](mailto:fellowships@lincolninst.edu) or visit the Institute's Web site at [http://www.lincolninst.edu/education/dcl\\_fellowships.asp](http://www.lincolninst.edu/education/dcl_fellowships.asp).

#### **Albina Aleksiene**

Chief of Market Data Analysis Division, State Enterprise Centre of Registers, Vilnius, Lithuania

#### **Arvydas Bagdonavicius**

Deputy Director General, Vilnius Gediminas Technical University

#### **Arturas Kaklauskas.**

Chair, Department of Construction Economics, Vilnius Gediminas Technical University

### **Development and Application of a Market-Based Land Mass Appraisal On-Line System for Land Taxation**

The Lithuanian State Enterprise Centre of Registers has developed a computerized system of mass appraisal of land and buildings, which is used mainly for taxation purposes. To improve the accuracy of this system we have begun to develop market-based land mass appraisal on-line system. Previous fellowships have enabled us to implement the project and perform the comparative analysis of the software and intelligent automation applications for land taxation in developed countries and in Lithuania, and to prepare recommendations on how to improve the efficiency levels for a Web-based land taxation system. The present fellowship is focused on the further development of the system and its practical implementation.

#### **Spencer Banzhaf**

Associate Professor, Department of Economics, Andrew Young School of Policy Studies, Georgia State University

### **How "Smart" is the Split-Rate Property Tax? Evidence from Growth Patterns in Pennsylvania**

Urban sprawl has become a policy concern of national prominence. Land or split-rate taxes are one potential way to address this issue. In theory, such taxes can reduce sprawl by increasing the capital/land ratio. However, this hypothesis has been subjected to few empirical tests. Moreover, even

in theory, increased capital/land ratios need not imply less sprawl if housing quality or size increase instead of the number of housing units. This research would further explore this point by empirically testing whether the split-rate tax reduces sprawl—the policy variable of actual interest—and to what extent it increases housing quality or size.

**Edward Coulson**

Associate Professor, Department of Economics, Penn State University

**Asset Portfolios and the Neutrality of the Land Tax**

A neglected aspect of Martin Feldstein’s famous 1977 rejection of the neutrality of the land tax is that risk considerations may affect that neutrality. Differences in risk and return make land and other assets imperfect substitutes in the portfolio and a land tax reduces both the risk and return to land. This proposal will assess the empirical content of this non-neutrality argument for residential housing by recognizing that for homeowners the “other asset” is housing capital. The Annual Housing Survey will be used to estimate risk and return measures for the two assets and to calibrate Feldstein’s model.

**John L. Mikesell**

Professor and Director, Master of Public Affairs Program, School of Public and Environmental Affairs, Indiana University, Bloomington

**C. Kurt Zorn**

Professor and Associate Dean, School of Public and Environmental Affairs, Indiana University, Bloomington

**Land Value Taxation to Support Local Government in Russia:  
A Case Study of Saratov Oblast**

In year three of this project, research will continue on the movement within the Russian Federation toward basing land taxes on cadastral value rather than normative measures of valuation. The Saratov oblast will continue to be used as a case study to analyze how this market-informed basis of valuation of land is developing. A specific focus of this year’s research will be to gain a better understanding of the variations and trends in valuation of land in urban settlements and to analyze assessments across types of land use, including types examined in earlier years of the project.

**Rachel Weber**

Associate Professor, Urban Planning and Policy Program, University of Illinois at Chicago

**Ask and Ye Shall Receive: Predicting the Successful Appeal of Property Tax Assessments**

How does the relative lack of comparable sales in a neighborhood influence the frequency of property assessment appeal applications and their likelihood of success? Using a data set of appeals applications submitted and decided in Chicago between 1998 and 2003, we estimate the probability of successful appeals for residentially zoned property as a function of market activity and relevant independent variables. We are interested in testing the hypothesis that appeals are both more common and more successful in thicker markets where information about comparable sales is readily available. The appeals process can exacerbate a lack of assessment uniformity if appeals success is correlated with other neighborhood and site-specific attributes.