



# Documentation Regional development instruments

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Interreg III B

General Data	
<b>Name of instrument:</b>	Land use tax (= Flächennutzungssteuer)
<b>Country / region:</b>	DE
<b>Spatial level:</b>	national
<b>Type:</b>	Economic instruments
<b>Subtype:</b>	Steering taxes
<b>Description:</b>	According to theory, the level of the land use tax depends on the intensity and ecological impact of the respective land use (7 categories ranging from "natural areas" to "environmentally harmful use"). Consequently, low-density residential areas and ecologically harmful industrial activities would be charged a higher land use tax rate than high-density residential areas and low-impact commercial activities. The land use tax would replace the current real estate tax, which in Germany is based on land appraisals dating back to 1964 (which no longer reflect the effective value of real estate). Particularly unbuilt plots with building permits are currently grossly underrated.
<b>General objectives:</b>	Steering land use towards low ecological impact.
<b>General Objectives keywords:</b>	brownfield development ; burden and benefit sharing ; inner-urban densification ;
<b>Responsible:</b>	Local authority/Municipal council
<b>Stakeholder Involved:</b>	Private individuals
<b>Stakeholder Involved:</b>	Entrepreneurs/businessmen
<b>Stakeholder Involved:</b>	Associations/interest groups
<b>Stakeholder Involved:</b>	Judicial branch
<b>Reference:</b>	<a href="http://www.umweltdaten.de/publikationen/fpdf-l/1842.pdf">http://www.umweltdaten.de/publikationen/fpdf-l/1842.pdf</a>
<b>General assessment of strength and weakness:</b>	<p>Strength: Unlike real estate tax based on market value that entails the risk of further suburbanisation due to its focus on real estate prices, the land use tax is based on the ecological impact of land uses and therefore implies a steering function on land use towards reduced impact. Unlike the real estate tax, the land use tax does not require detailed real estate appraisal. Tax base is stable and not likely to erode, as different types of land use have a high persistency.</p> <p>Weaknesses: The preposition of revenue neutrality (= Aufkommensneutralität) of this instrument is not sufficient if steering effects are to be realized. That means that</p>

	<p>additional funds generated through this instrument can be used to finance other policy objectives.</p> <p>In the case of apartment houses, a higher real estate tax would be passed on by the landlord to the renters, which could create social hardships which need to be addressed.</p>
<b>Metadata:</b>	<p>Date of entry: 30.01.2007</p> <p>Contact: Ifuplan, Schleißheimer Str. 156, 80797 München</p>
<b>Implementation</b>	
<b>Legal status:</b>	not-mandatory for responsible body, BUT mandatory for end-user
<b>Extension:</b>	pilot status
<b>Comment:</b>	<p>No implementation yet. Land use tax could either be designed to generate effects comparable to the real estate tax or it can be designed to generate more revenues for the municipal budget.</p> <p>French, Italian, Austrian, Swiss, and German municipalities are entitled to autonomously levy and fix tax rates on real estate. Italy and Germany refer to an outdated (and underrating) appraisal of real estate value.</p> <p>In Slovenija, no real estate tax exists.</p> <p>To avoid negative competition and drain effects between municipalities, regions and even Alpine states, a joint implementation of a higher tax burden on real estate is required.</p>
<b>Type of monitoring:</b>	none
<b>Preconditions for implementation:</b>	Requires legal basis and a plot-related survey of land uses on municipal level.
<b>Assessment</b>	
Relevance	
<b>Status:</b>	strong direct relevance
<b>Ranking:</b>	4
<b>Remark:</b>	-
Acceptance	
<b>Status:</b>	-
<b>Ranking:</b>	0
<b>Remark:</b>	not yet implemented
Implementation	
<b>Status:</b>	-
<b>Ranking:</b>	1
<b>Remark:</b>	-
Feasibility	
<b>Status:</b>	Legislation, political will, know-how, Staff, Hardware
<b>Ranking:</b>	1
<b>Remark:</b>	Potential drain effects require a joint implementation on supraregional level
Effectiveness	
<b>Status:</b>	-
<b>Ranking:</b>	0
<b>Remark:</b>	No assessment possible as instrument has not been implemented