



# NORWAY - October 2017

## OSLO POLITICIANS DEFEND TAX WINDFALL ..... 1

### Oslo politicians defend tax windfall

**The Labour Party-led city government in Oslo is flush with billions of extra tax kroner, not least because of the city’s new Labour-imposed property tax and the jump in property values. After budgeting with an extra NOK 450 million this year, the city can count on roughly NOK 3.6 billion in unexpected tax revenues next year, but has no intention of easing the tax burden on local residents.**

“We are conducting responsible economic policies,” claims Raymond Johansen of Labour, who heads a left-wing city coalition government with the Greens and the Socialist Left (SV) parties. He noted that Oslo has a triple-A rating from Standard & Poor’s, despite a high degree of debt, and that the city can now offer better elder care and day care services for children.

Johansen dismisses criticism from the conservative opposition in the city along with all the citizen-led protests over property tax. When his city government first imposed it just months after winning local elections in 2015, it was based on property tax assessments from 2014. Those assessments skyrocketed in line with real estate prices in 2015 and 2016, meaning that property tax bills were much higher this year and will be even higher next year.

Johansen and his colleagues made one concession when presenting the city’s budget for 2018 last week, by increasing the standard deductible on assessed values from NOK 4 million to NOK 4.6 million. That still means that those liable for property tax will face higher bills next year, because of the higher assessments and a 50 percent increase in the tax rate. With housing prices now starting to fall, assessments may be milder in 2019, but tax collections are still likely to be higher than ever before.

### Aided by affluence

That’s also because taxpayers’ salaries and net worth in Oslo tend to be higher than elsewhere in the country. That has also boosted tax revenues in Oslo, by as much as NOK 1 billion alone in 2018. Johansen’s city government is also boosting tolls into the city, raising parking rates and plans to impose a new tax on diesel-driven cars, all of which will further fund city coffers.

Andreas Slettholm, a commentator for newspaper *Aftenposten*, criticized what he called a “wild money party for Raymond” (Johansen) and his city finance director from Labour, Robert Steen. Slettholm suggested the city was taxing its residents far more heavily than necessary and that neither Johansen nor Steen were good at setting priorities as they fund a wide a range of projects from after-school programs for children to even borrowing more money for capital improvements.

Johansen and Steen retorted in their own column i *Aftenposten* that Slettholm’s commentary was “pure rubbish.” They claim they’re “cleaning up” after many years of Conservative political rule “and investing for the future.” Families with small children are reaping the biggest advantages, they claim, while tax revenues are also being spent on improving the quality of elder care in the capital with what they call a “moderate” income tax.

They also noted that Oslo’s population has grown rapidly in recent years, and that has created demand for infrastructure improvements. That growth is tapering off now, but city officials still need to prepare for an increase in the numbers of the city’s youngest and oldest residents.

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“It’s OK to disagree with our political priorities, but we can’t be blamed for economic irresponsibility,” Johansen claimed. He’ll find out if Oslo taxpayers will remain willing to keep providing the city with tax windfalls at the next election in 2019.

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