The Land Rates Puzzle

Explaining Variations In Performance Across Counties in Kenya

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Key messages

1 There are significant variations in land rates performance across time and within counties, with no single factor fully explaining this varied performance

2 Common explanations such as historical capacity, urbanization, updated valuation rolls, and automation only partially account for the observed trends.

3 Further research is needed to better understand how approaches to measuring reforms (such as treating reforms as discrete other than continuous variables), taxpayer behavior, and county policy choices on tax bases and rate structures influence our understanding of variations in land rates performance.

4 Tax systems depend on both voluntary compliance and enforcement. Neither alone is sufficient. Counties must strike a balance between these approaches. Most counties facing low voluntary compliance have opted for more enforcement, but such approaches (one-time waivers, clamping of buildings) may backfire. More research is needed to understand how counties can strike the right balance of encouraging voluntary compliance alongside credible enforcement.

1. Background and context

Land rates are one of the main sources of Own Source Revenue (OSR) for county governments in Kenya, accounting for about 11 percent of total county revenues. Yet, land rates performance across counties varies significantly and in various ways. First, the share of land rates revenue in total OSR varies significantly across counties. In Nairobi, land rates account for as much as 28% of OSR, while in counties like Baringo, the contribution is as little as 2%.

Secondly, there is variation in how much counties collect against their estimated revenue potential,[1] with some counties meeting or exceeding that estimated potential (such as Mombasa, Kericho, and Nandi in 2023/24), while most collect much less than their estimated potential: for example, Nyandarua, Kitui, Bomet, Busia, Marsabit, and Narok all collected less than 10 percent of their potential in 2023/24 (Table 1). Counties like Laikipia fall between these extremes.

Table 1: Wide variation in percentage of potential revenue achieved among counties

County	2019/20	2020/21	2021/22	2022/23	2023/24
Mombasa	0.10%	0.10%	27.10%	83.50%	107.40%
Kericho	61%	61%	54%	5%	118%
Nandi	29%	31%	19%	6%	127%
Kitui	9%	23%	11%	9%	10%
Bomet	9%	9%	12%	8%	6%
Busia	0.40%	2%	8%	4%	2%
Narok	11%	15%	21%	16%	8%
Homabay	2.40%	2%	2%	8%	10%
Laikipia	82%	82%	40%	60%	46%
Elegeyo Marakwet	6%	8%	4%	1%	9%

The third form of revenue variation is performance against county-set targets, with counties such as Tana River and Elgeyo Marakwet exceeding their targets in some years while others like Kajiado and Busia collect as low as 20% of their annual target (Table 2). Using common metrics, such as PEFA, the vast majority of counties would score a D in most years for revenue performance that is more than 8 percent below or 16 percent above target.[1]

Table 2: Land rates collections across counties are highly uneven both across counties and over time, with wide variation in the percentage of revenue targets achieved and year to year fluctuations in actual collection

County	% target achieved			
	2020/21	2021/22	2022/23	2023/24
Nairobi	55%	33%	56%	50%
Kiambu	-	97%	66%	21%
Kisumu	57%	16%	54%	37%
Elgeyo Marakwet	142%	66%	39%	149%
West Pokot	-	57%	70%	86%
Trans Nzoia	83%	48%	70%	91%
Tana River	121%	84%	123%	186%
Kajiado	16%	3%	30%	14%
Baringo	35%	29%	-	46%
Laikipia	113%	-	79%	40%
Kitui	70%	19%	73%	80%
Homabay	-	86%	96%	89%
Kakamega	61%	83%	33%	37%
Nyamira	43%	60%	32%	61%
Busia	1%	-	12%	4%
Narok	9%	83%	16%	15%

Existing studies on land rates link performance link to various factors, including: technical capacity gaps, poor infrastructure, weak link between taxation and service delivery, outdated valuation rolls, and lack of integrated revenue systems, among others.[2] However, these studies fail to explain land rates revenue variation across counties, over time, against potential, and against target. This policy brief examines some of these common explanations of variations in land rates performance in county governments. We find that these explanations are at best partial, and that more research is needed to understand the variation we have described above.

1.1 Why land rates revenue performance matters

A growing body of literature finds that property taxes offer the single greatest opportunity for strengthening the local revenue system.[3] First, a recurrent tax on property is the ideal local tax because it is fair, it targets immovable assets, and it is less distortionary than other taxes.[4] Kenya's rapid urbanization has triggered a corresponding boom in the real estate sector, with significant capital flowing into high-value residential and commercial developments making land rates a stable source of revenue for county governments. HassConsult Real Estate Limited data shows that

that property values in Kenya have grown by 425% since 2000, surpassing growth in leading economies including the USA (201%), France (151%) and Singapore (122%).[5] County governments, especially those with highly urbanized areas, can therefore take advantage of growth in property values to generate more revenue from land rates.

Secondly, because properties are physically immovable, the property tax is spatially defined and enables identification even where local government capacity is limited. Similarly, it is a tax on wealth rather than productive activities, therefore, it does not undermine production incentives, and it may also encourage more productive use of land and property.[6] Furthermore, since property rates are highly visible to taxpayers, and are in principle linked to improved local services, they have a unique potential to support bargaining between taxpayers and governments over revenue and public spending. This dynamic is exemplified by the relationship between the Karen Langata District Association (KLDA) and Nairobi City. In 1995, KLDA secured a legal ruling allowing them to withhold property tax payments until the city delivered a mutually agreed-upon service plan. This arrangement effectively earmarked property tax revenues for specific local services, reinforcing the tax's role as a 'benefit tax' where taxpayers expect services proportional to their contributions.

Although the KLDA model represents a small fraction of Nairobi's overall property tax revenue, it demonstrates how linking tax payments to service

delivery can enhance accountability and taxpayer engagement.[7] It also points to the importance of voluntary compliance as a key aspect of the tax system: enforcement alone is too expensive and must be used in combination with voluntary compliance to ensure sufficient revenue collection. Such voluntary compliance is usually tied to an understanding that taxes are paid to achieve common goals that taxpayers value.

Despite these numerous advantages and potential, property taxes are under-collected at the subnational level in Africa, and Kenya is no exception. In higher-income countries, property taxes provide the backbone of local government finances. Property tax averaged 1.8 percent among OECD countries in 2022 compared to Kenya's average of 0.6% of GDP .[8,9]

Among counties in Kenya, land rates are among the top five own-source revenue (OSR) stream, contributing an average of approximately 11% of total OSR receipts. However, the reported performance falls below the estimated potential for counties of Ksh 14 billion (estimated in 2020). Therefore, while county governments in Kenya rely on property taxation already, property taxes contribute significantly to the gap between what counties currently collect in OSR, and what they would collect in a more effective decentralized system.
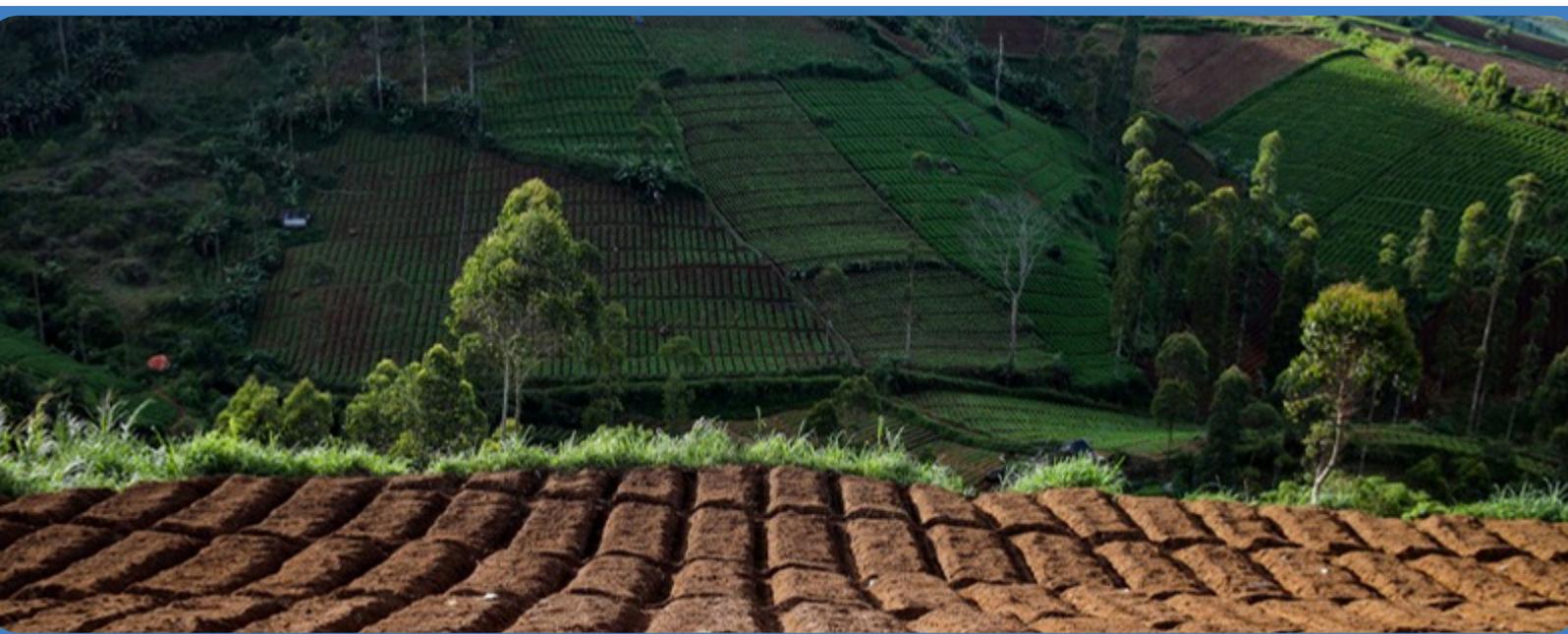
1.2 Methodology and approach

In developing this policy brief we employed a mixed method approach utilizing both qualitative and quantitative data. The study reviewed county specific documents including the County Fiscal Strategy Paper (CFSP), the County Budget Review and Outlook Paper (C-BROP) and Finance Acts for select counties. In addition, the study reviewed Commission on Revenue Allocation (CRA) reports on county revenue potential and reports from the Office on the Controller of Budgets (OCOB).

To better understand the underlying drivers of the variation in performance, we conducted Key Informant Interviews (KIIs) with key experts from three counties: Laikipia, Elgeyo Marakwet and Nairobi County. We also interviewed a former county executive to gain insights on the drivers of land rates' performance. These counties were selected based on their institutional reforms and observable variation in revenue performance outcomes.

Nairobi County, for instance, updated its valuation roll in 2019 and implemented it in 2023, a process that has proven difficult for many counties. Despite some volatility, Nairobi's land rates revenue has shown an upward trend. The county has also taken bold steps to enforce compliance among defaulters, in line with provisions of the National Rating Act, an approach that offers valuable lessons for other counties. Elgeyo Marakwet on the other hand has automated its system and has also shown consistently strong performance in meeting or exceeding targets. Laikipia County year-on-year increases in actual collections have risen from Ksh 35.4 million in FY2017/18 to Ksh 64.6 million in FY2022/23, yet these gains have not followed a consistent upward trajectory. Instead, they show significant year-on year fluctuations that are not easily explained by secondary data. This unexplained variation presents an opportunity to explore other underlying drivers that may account for inconsistent performance.

2. What can explain variation in land rates performance?

2.1 To what extent do history and urbanization explain variations in land rates performance?

Prior to the promulgation of the 2010 constitution, the administration of property taxation in Kenya was primarily the responsibility of 175 local authorities, including municipal, town, and county councils, under the Local Government Act (Cap 265). During this period, property taxes contributed significantly to local budgets, accounting for an average of 27% of revenue in municipalities and 12% in town and county councils, however, their contribution remained low at only 0.05% of national revenue or about 1% of GDP. This could be explained by the fact that local authorities in Kenya were historically plagued by systematic weaknesses such as outdated valuation rolls, limited technical staff, fragmented billing, weak enforcement and political interference, all of which undermined their ability to fully capitalize on the potential of land rates.[10]

Following devolution, the 175 local authorities were reorganized into 47 county governments, centralizing revenue collection within fewer entities. However, this structural change did not resolve the inherited administrative weaknesses, even in cases where county governments have implemented reforms such as updating their valuation rolls and automating their revenue management systems. In some counties, revenue collection has fallen relative to pre-devolution figures: for instance, Bomet County has failed to surpass the Ksh 8.9 million collected in 2008/09 over the past six years, while Busia County has consistently collected below Ksh 6.2 million collected in 2008/09.[11]

In cities like Nairobi, land rates generated as much as 45–50% of local revenue during the 1970s and 1980s, more than what Nairobi County is collecting currently (an estimated 28 percent of OSR).[12] While property taxes remain the largest stream of OSR in Nairobi, the drop in their share is notable given the city's expanding property base. This suggests that land rates collections, although still growing in absolute terms, have not kept pace with their potential growth relative to the city's property market expansion, despite maintaining their leading role in the county's revenue mix.

Similarly, while urbanization is often cited as a possible driver of property rates collection, it does not seem to explain much of the variation in land rates performance against potential in Kenya. Urban counties such as Nairobi, Mombasa, Kisumu, Nakuru, and Kiambu host well-established municipalities with dense infrastructure and more formalized property markets and would typically be expected to outperform others. However, several counties classified as highly urbanized have consistently underperformed, while some with smaller or less developed towns, such as West Pokot, Trans Nzoia, and Elgeyo Marakwet, have nearly met, met, or exceeded their revenue targets in certain years (Table 3).

Table 3: Both rural and urban counties are significantly underperforming in land rates collections against their potential

County	Revenue Potential (Deterministic Frontier Analysis) (Ksh million)[ii]	Actual Collection (FY 2023/24) (Ksh million)	Revenue Gap (%)
Urban/Semi-urban Counties			
Kiambu	1149.3	407.5	65%
Nakuru	569.5	265.9	55%
Nairobi city	5913.9	3483.5	41%
Mombasa	870.5	934	_[iii]
Rural Counties			
Bomet	48.5	2.9	94%
Isiolo	22.5	2.5	89%
Siaya	101.9	23	77%
Samburu	20.4	9.1	55%
Laikipia	96.3	44	54%
Muranga	158.4	86	46%
Nandi	74.5	94.9	-
Kericho	114.8	135.3	-

Nonetheless, Nairobi's higher revenue collection from property rates both in absolute terms and a share of total revenue collection compared to other counties is consistent with the hypothesis that urbanization is an important factor in explaining land rates revenue collection. In Nairobi, land rates account for as much as 28% of OSR, while in counties like Baringo which is a rural county, they contribute as little as 2%. This could be explained by the fact that it is easier to administer property rates in cities due to higher property density, have more economic activity, and have better access to technologies of enforcement. This trend presents a strategic opportunity for counties to expand their property tax base and target higher-value properties.[13]

The observed variations in land rates performance to a large extent often mirror historical patterns: more urbanized counties and counties that had relatively strong property tax systems under the old municipal and town councils tend to perform better today.

2.2 Do counties that update their valuation rolls record improved performance over time?

A widely cited cause of underperformance is lack of updated valuations rolls. A valuation roll is a list of rateable properties, with information on owners, addresses, tenure, acreage and assigned value. Therefore, updating a valuation should help a county to better capture the tax base (properties) and the taxpayer (property owners).

Updating valuation rolls means taxing properties based on current values, which ensures that the overall systems remain equitable, as more valuable properties receive higher tax bills than low value properties. Taxing properties based on current value also helps ensure the tax base is naturally buoyant as revenue collections will increase with property value. Additionally, it provides an opportunity to expand the tax net by adding new developed or previously unregistered properties, thereby increasing the number of rateable properties. It is therefore expected that once a county updates its valuation roll, revenue from land rates should increase. However, the experience of Kenyan counties shows this is not necessarily the case.

Some counties have updated and implemented new valuation rolls but have not seen corresponding revenue increases, even if they were relying on very old valuation rolls. Nairobi County before updating its valuation roll operated with 1980 valuation roll, Mombasa County still operates with a 1991 valuation roll, Laikipia previous roll was dated 1992 and 2008 for Nanyuki and Nyahururu towns respectively. Nairobi County rolled out an updated valuation roll in 2023, expanding the number of property owners from 135,000 in the 1982 roll to 256,000 leading to a growth in land revenues of 21 percent. Kitui County updated its roll in 2018, resulting in an increase in land rates from Ksh. 11 million in 2019/20 to Ksh. 28 million in 2020/21, a 154% increase. However, this growth was short-lived. By 2021/22, collections had dropped sharply to Ksh. 13 million, less than half of the pre-reform levels in 2018/19(Figure 2).

Counties that have updated their valuation roll

County	Last time counties updated their valuation rolls
Nairobi	Updated in 2019; started implementation 2023
Kisumu	2008
Kitui	2018
Kakamega	Ongoing update – values as of 1987 currently in use.
Baringo	2016
Busia	2017
Kilifi	Valuation rolls completed in 2019, but awaiting implementation
Laikipia	Valuation rolls completed in 2022, but awaiting approval by the county assembly

Several factors could explain why counties have not reaped significant gains from updating their valuation rolls. First, most counties post-devolution continued to rely on old valuation rolls which forced them to charge rates as high as 34 percent to compensate for outdated valuation rolls.[14] Once they update their valuation rolls, these counties are forced to revise down the applicable rates to keep total charges reasonable for payers, which means revenue gains are likely to be modest as high rates compensated for lower property values in old valuation rolls. Nairobi County demonstrates this type of trade off: the county capped payable land rates at twice their 2022 levels to shield payers from drastic increases after updating its valuation rolls.[15]

Nairobi County's experience also sheds light on a second challenge that counties face; objections from property owners. Nairobi County's solution to this challenge was to require landowners with objections to continue paying the applicable old rates until their cases were determined by the Valuation Board. Clearly, this leads to lower revenue than might have been expected.

A third challenge that dampens revenue performance even after updating valuation rolls is incomplete land registers. This could be tied to the historical issue that counties inherited incomplete manual land registers from the defunct local authorities, making it hard to trace owners of undeveloped plots, and new subdivisions. Many counties struggle with incomplete land records and weak collaboration with the Ministry of Lands, limiting access to reliable information. Elgeyo Marakwet, for example, inherited fragmented valuation rolls from three defunct local authorities one complete, one incomplete, and one in draft, creating inconsistencies that still affect its records. Without adequate data, valuation exercises are either delayed, disputed, or incomplete. A recommendation that emerged from the KIIs was that there is an urgent need to strengthen collaboration between national agencies (including Ministry of Lands, the National Land Commission, Survey of Kenya and the Land Control Board) and County Governments in updating and digitizing land registers.
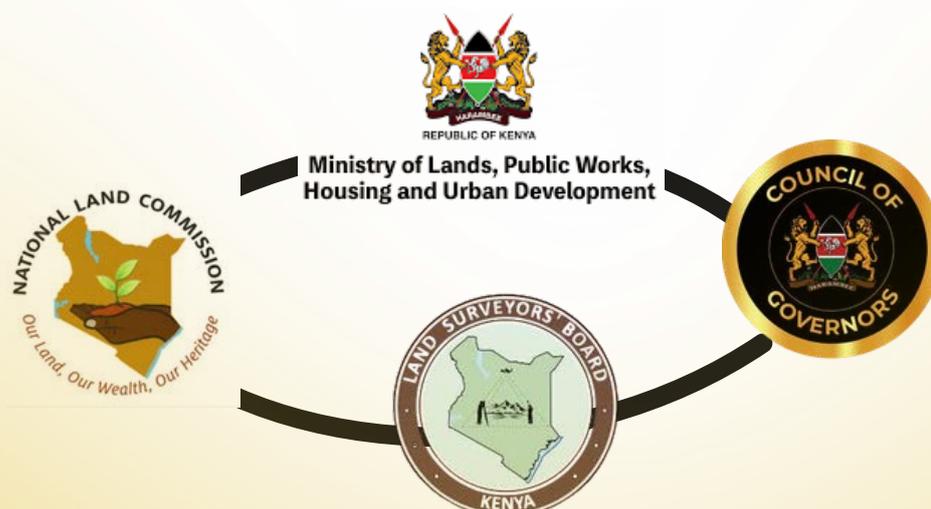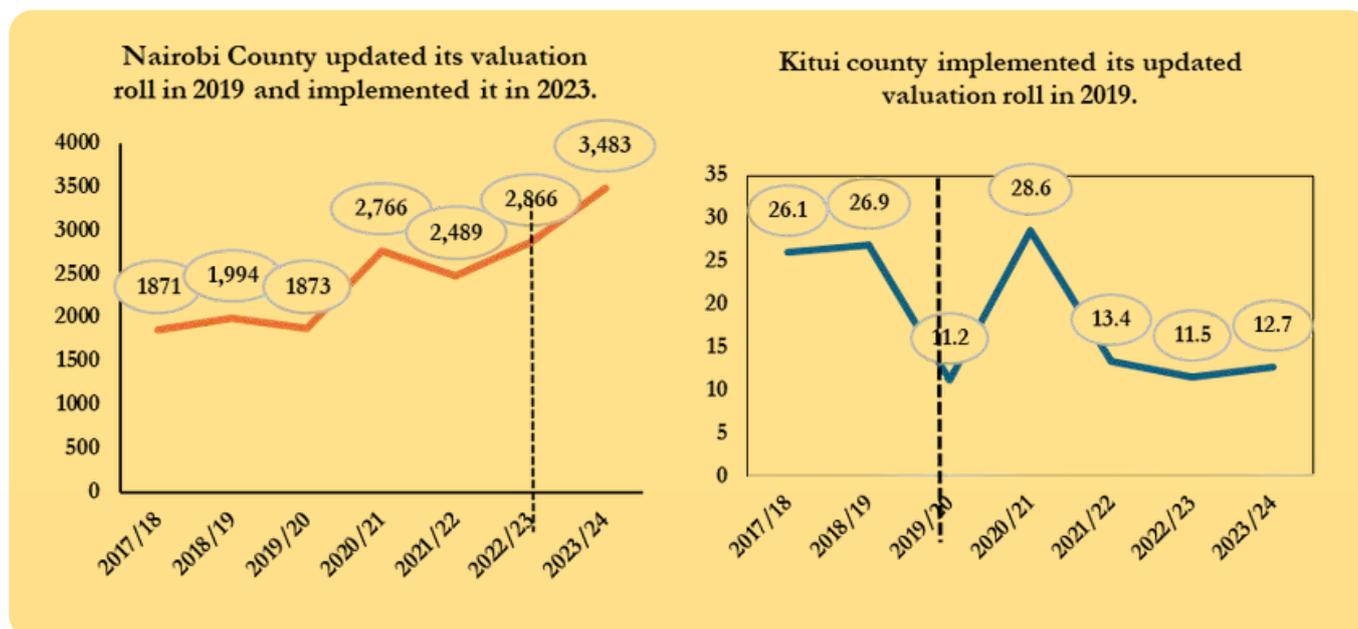
> There is an urgent need to strengthen collaboration between national agencies (including Ministry of Lands, the National Land Commission, Survey of Kenya and the Land Control Board) and County Governments in updating and digitizing land registers.

Figure 2: Trends in land rates collections before and after updating valuation rolls (Ksh million)

Lastly, counties continue to levy land rates based solely on the unimproved site value, which constrains the potential for expanding the tax base through updated valuations, despite the National Rating Act, 2024 permitting the use of site value rating alongside improvement rating. Some counties such Nairobi, Kajiado, Kiambu and Nakuru have already faced some form of resistance to new unimproved land valuations hence, moving to improved value could spur further resistance. For example, Kajiado County faced a recent setback after the court ruled that new rent and land rates schedule published in January 2025 were unconstitutional. This was due to the fact that the county had not prepared a new valuation roll, the new rates penalized owners of small parcels and they had failed to conduct adequate public participation.[16]

2.3 Does automation explain variations in land rates collection?

The National Policy on Own Source Revenue Enhancement (2019) identified low automation and integration as a key driver of low revenue collection. According to the policy, manual systems were prone to abuse and rent seeking. At the time, counties had developed or were in the process of developing customized revenue management systems through private developers. A key recommendation in the policy was for the National Treasury to develop a revenue collection and management system compatible with IFMIS for adoption by all counties. Recommendation for a common revenue system received widespread rejection from counties and they have continued to develop their systems inhouse (like is the case of Murang'a) or using vendor-based systems.

Despite following different paths, several counties have attributed improved revenue performance to automation. Murang'a County, for example collected Ksh 86 million against a target of 52 million in 2023/24, doubling its revenue from Ksh 40 million the previous year. The county developed an in-house revenue system, cashless payment system and an app for real-time monitoring of revenue collection.[17] Similarly, Homabay County acquired a cashless revenue system which according to the county contributed 60 percent increase in revenues between 2022/23 and 2023/24.[18] Although 38 counties out of 47 have partially or fully automated their revenue system, there is still considerable variation in actual performance even with automation (Table 5). This suggests that automation by itself is inadequate to improve revenue performance.[19]

Murang'a County increased revenue from KSh 40 million to KSh 86 million in 2023/24, surpassing its KSh 52 million target, following the introduction of an in-house revenue system, cashless payments, and real-time monitoring.

Homa Bay County recorded a 60% revenue increase between 2022/23 and 2023/24 after introducing a cashless revenue collection system.

Table 5: Volatility in actual collections (Ksh Millions): collections before and after automation

County	Year of Automation	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Meru	2020	49.5	2.1	36.1	26.1	26.9	21.6
Kitui	2022	26.9	11.2	28.7	13.5	11.6	12.8
Makueni	2022	-	7.1	-	6.5	22.2	22.0
Murang'a	2023	60.1	53.2	64.4	52.7	40.4	87.0
Elgeyo Marakwet	2024	2.4	2.5	3.5	1.7	0.6	3.7
Homabay	2022	1.6	1.9	1.9	1.8	6.0	8.3
Nakuru	2019	332.2	196.9	401.5	358.0	299.8	265.9
Laikipia	2018, 2022	88.1	78.6	79.0	38.7	57.4	44.4

Table 5 shows land rates collection performance for selected counties from 2018/19 to 2023/24 relative to the year each county automated their revenue systems. While automation is generally expected to increase revenue collections, the data reveals year to year fluctuations rather than consistent upward trends. In some cases, it leads to increase in revenue in the year of automation then it decreases. Years following automation are highlighted in yellow; Laikipia stands out as it shifted to a new revenue system in 2022.

Automation is also not without challenges which might explain varied revenue impact. Some counties have ended up with systems that are either non-functional or cause significant disruptions to administrative operations. Nairobi City County, for example, acquired a revenue system that was poorly designed, frequently buggy, and costly.[20] Laikipia County on its part had to shift from a vendor-based system it acquired in 2016 after it failed after just three years of use, acquiring a new modular in-house system in 2022. However, while Laikipia's new system is stable, compliance remains low. Both Nairobi City and Laikipia Counties leverage on their system to enforce land rates collection through billing notifications. Nairobi City County has gone a step further to issue SMS warnings to over 5000 land rates defaulters, to trigger legal enforcement and auction proceedings under the National Rating Act 2024.

Costs, both economic and political, have also constituted obstacles. Some counties find the cost of automation to be too high relative to revenue gains, discouraging sustained investments in automation.[21] Political factors have also shaped automation decisions,

where frequent regime changes have led to repeated system overhauls, with each administration introducing new systems rather than improving existing ones. This lack of continuity has inflated costs, disrupted service delivery, and undermined the sustainability of automation efforts.

Counties such as Murang'a have navigated some of the challenges associated with automation through investment in in-house IT teams capable of managing and maintaining systems, reducing reliance on external vendors and costly service contracts. To sustain the system, the county also enacted a digitization policy and introduced real-time monitoring tools linked to the Governor's office, enabling transparent tracking of revenue collection. This makes it easier to monitor which services and revenue streams are bringing in more revenue and make decisions on ways to improve services and revenue.[22]

3. Conclusion and recommendation

Conclusion

The administration of land rates in Kenya's counties reveals both significant opportunities and persistent challenges. Despite being a critical own-source revenue stream with immense potential, property tax remains underutilized, with most counties collecting only a fraction of what they could, with extreme variations across and within counties. This policy brief reviewed common explanations that have been used to explain land rates revenue performance in Kenya: history and urbanization, valuation rolls and automation.

We find that while these factors are important in explaining county performance in lands rates revenue collection, they remain inadequate in explaining in-county variations over time and varied performance across counties. This could be partly explained by classification errors, such as treating these variables as discrete instead of continuous variables. Measuring these variables as continuous variables would most likely establish that counties are not consistent in their interventions to improve land rates performance.

For example, automation consists of multiple phases and aspects. Counties tend to move from manual systems to partial automation (cashless payments/automation of some revenue streams) and ultimately to full automation. But some, such as Laikipia and Nairobi Counties automate and later their revenue systems fail, forcing them to restart the automation process. Further, some Revenue Management Systems fail to automate all aspects of revenue collection, as recommended by the National Treasury and the Commission on Revenue Allocation. Systems contain multiple sub-systems: revenue sources identification and management, revenue forecasting, revenue collection, processing payments, bank and cash reconciliations, credit control and debt management, and management of revenue collectors.

By 2018, 34 counties had acquired revenue management systems, but 97% of them were only able to utilize the revenue collection module, with some counties introducing multiple systems to automate more revenue administration processes. For example, Kiambu County acquired a front-end system for revenue collection and a back-end system with accounting, analysis and reporting modules.[23]

Given the fact that many counties have not moved linearly from manual to full automation, and that automation itself involves multiple processes, further research is needed to determine how intermediate levels of automation affect land rates collections.

In addition, even when these reforms are applied consistently, they require enforcement. Counties, like tax authorities everywhere, must strike some balance between voluntary compliance and robust enforcement. Factors such as tax rates and the likelihood of audits influence the level of compliance.[24] Whereas paying taxes is a binding obligation, it does not guarantee that every liable taxpayer will comply and refrain from avoiding their tax obligations. An effective tax administration therefore seeks to foster voluntary tax compliance, including self-assessment, filing and payment but this must be accompanied by enforcement measures such as audits, penalties and interest.

As reported by the Key Informants we interviewed, counties are employing different approaches to drive revenue performance, among them: waivers of interest and penalties on unpaid land rates; Short Message Service (SMS) reminders; clamping of property on parcels with arrears and Rapid Results Initiatives to recover arrears. However, compliance remains low. For example, in Laikipia County, out of the 21,000 properties in Laikipia's system, only 18,000 were invoiced in the 2025 calendar year due to data gaps including contact information for property owners and lack of Land Management Information System (LMIS). Out of these, 9,000 complied fully, 4,000 made partial payments, and 5,000 remain chronic defaulters, many of whom have never paid land rates. To address this compliance gap, Laikipia County has resorted to implementing some enforcement measures such as linking land rates payment to other services. For example, owners and businesses on properties in arrears cannot obtain business permits, liquor licenses, subdivision approvals, or building plan approvals before clearing their land rates arrears. According to our key informant, this approach has generated some revenue gains, although it has faced resistance. Nonetheless, more research is needed into how counties can strike a balance between voluntary compliance and need for and intensity of enforcement measures.

Recommendations

From our analysis and observed trends, some recommendations emerge:

1 **Counties should regularly update valuation rolls (including supplementary valuation rolls) and complement this with institutionalized enforcement measures to ensure sustained gains. This will allow counties to capitalize on increased urbanization and growth in property values to grow land rates revenue.**

2 **Counties should adopt context-sensitive revenue systems, build internal technical capacity by training county IT teams to manage, maintain, and upgrade systems, reducing long-term costs and dependence on external contractors. Murang'a County's experience shows that this approach can deliver tangible benefits.**

3 **Counties should consistently apply statutory penalties, leveraging legal provisions under the National Rating Act**

4 **To improve voluntary compliance, counties should work towards strengthening the social contract through linking payment of land rates and other levies to visible improvements in service delivery.**

To sum up, land rates remain the most stable source of revenue for county governments. However, recent reforms have not delivered the expected gains in revenue or voluntary compliance. Variation against target, potential and over time reminds substantial, and substantially unexplained. This underscores the need for better technical solutions and enforcement, but also for counties to strengthen the social contract by more clearly linking land rate payments to visible improvements in service delivery in addition to implementing policy and administrative reforms. Evidence from fiscal exchange theory shows that reinvesting property tax revenue in tangible local services enhances taxpayer trust and reduces resistance. Accordingly, property rate reforms should be embedded within broader public financial management reforms to secure public support and sustain compliance.

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Authors and acknowledgment