



## Challenges and Opportunities in Implementing Land Use Charge Law in Enugu State: Lessons Learned and Future Directions

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### Abstract

*This study explores the challenges and opportunities in implementing the Land Use Charge (LUC) system in Enugu State, Nigeria, with a focus on the utilization of generated revenue and the implementation hurdles faced. The study adopted a descriptive survey design, with data gathered through questionnaires administered to property owners and registered estate surveyors in Enugu North Local Government Area. A total of 608 questionnaires were distributed, and 542 valid responses were retrieved. Data analysis, using Z-tests, revealed a significant positive relationship between the effective utilization of revenue generated from the LUC system and the system's overall performance ( $Z(95, n = 542) = 20.313, p < 0.05$ ). Furthermore, challenges encountered in the implementation of the system were found to have a significant positive correlation with its success ( $Z(95, n = 542) = 12.91, p < 0.05$ ). The findings indicate that both optimizing revenue utilization and addressing implementation challenges are crucial for enhancing the effectiveness of the LUC system. Based on these results, the study recommends improving revenue management through transparency and efficiency, as well as providing capacity building for tax administrators to tackle implementation challenges. These steps are expected to enhance the sustainability and efficiency of the LUC system in Enugu State, contributing to the state's economic development.*

**Keywords** LUC System; Revenue Utilization; Compliance; Implementation Challenges; Property Owners; Tax Officers; Socio-Economic Development

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## Introduction

The implementation of the Enugu State Land Use Charge Law (LUCL) 2017 has surfaced as a critical area of scrutiny in assessing the effectiveness of property taxation reforms in Enugu State. While the law was designed with the intent of improving revenue collection and enhancing urban infrastructure, its implementation has been fraught with challenges that reveal broader issues within the framework of tax administration in Enugu State (Nwafor & Onyejiaka, 2018).

Challenges in implementing the LUCL have been multi-faceted. One primary challenge has been inadequate public awareness and understanding of the new tax law. Many property owners and stakeholders have expressed confusion over the provisions of the LUCL, leading to resistance and non-compliance (Enejo & Tyokoso, 2014). Additionally, the bureaucratic inefficiencies within the state's tax administration system have hampered effective implementation. Issues such as outdated data on property valuations, lack of technological infrastructure for efficient tax collection, and corruption have exacerbated these problems (Oyedele, 2017).

Another significant challenge is the socio-economic impact of the law. The introduction of new charges has faced resistance from citizens already burdened by economic hardship. This resistance is compounded by the state's ongoing infrastructure deficits and public service inadequacies, which further erode trust in the government's capacity to effectively utilize the generated revenue (Aimurie, 2012). The disparity between the anticipated benefits of the LUCL and the on-ground realities reflects a broader issue of aligning policy objectives with practical execution.

Despite these challenges, the LUCL presents several opportunities for reform and improvement. One opportunity lies in leveraging technology to enhance tax administration. Implementing digital systems for property registration, valuation, and tax collection could address many of the inefficiencies observed (Yunusa, 2003). Furthermore, there is potential for increased public engagement and education campaigns to improve compliance and understanding of the LUCL's benefits (Enejo & Tyokoso, 2014).

Learning from the implementation challenges provides valuable insights into future directions. For example, revising property valuation methods to reflect current market conditions, improving administrative transparency, and fostering stronger collaborations between government agencies and stakeholders can significantly improve the effectiveness of land use charges (Nwafor & Onyejiaka, 2018).

Understanding these challenges and opportunities is crucial for refining the LUCL and similar policies in the future. By analyzing the lessons learned from the current implementation, Enugu State can better align its land use charge practices with its revenue goals and developmental needs, ultimately leading to more effective governance and improved public services.

## Statement of the Problem

The Enugu State Land Use Charge Law (LUCL) 2017 was designed to create an efficient and equitable system for land-based taxation, aimed at enhancing revenue generation and supporting urban development. Ideally, the law seeks to streamline tax collection processes, improve transparency, and boost the state's financial resources, thereby enabling better public services and infrastructure development. It envisions a tax system that is well-understood by the public, effectively administered, and capable of addressing the state's financial needs while fostering a conducive environment for economic growth.

However, the implementation of the LUCL has faced significant challenges. One of the primary issues is insufficient public awareness and understanding of the law, which has led to confusion and resistance among property owners. Inefficiencies in the tax administration system, such as outdated property records, lack of technological infrastructure, and bureaucratic delays, have further hindered its effective implementation. These challenges are compounded by socio-economic factors, such as existing infrastructure deficits and economic hardships, which exacerbate resistance to new taxes and undermine the law's effectiveness.

If these challenges are not addressed, the potential benefits of the LUCL will remain unrealized. Persistent low compliance rates and inadequate revenue generation may keep the state reliant on federal allocations, straining its financial resources. This situation would hinder efforts to improve infrastructure, public services, and overall

economic development. Additionally, ongoing dissatisfaction and mistrust among the public could erode support for future tax reforms and damage the credibility of government initiatives. Without addressing these challenges, Enugu State risks failing to leverage the opportunities presented by the LUCL, missing out on crucial improvements in revenue and development.

### **Objectives of the Study**

The general objective of this study is to evaluate the challenges and opportunities in implementing the land use charge in Enugu State, while the specific objectives are to:

- i. Determine the adequacy of the utilization of revenue generated from the land use charge system in Enugu.
- ii. Identify the challenges associated with the implementation of the land use charge system in Enugu, with a view to suggesting possible adjustments for better performance.

### **Research Questions**

The study was guided by the following research questions:

- i. How adequate is the utilization of generated revenue from the land use charge system in Enugu?
- ii. What are the challenges associated with the implementation of the land use charge system in Enugu?

### **Research Hypotheses**

The study formulated the following hypotheses:

- i. The utilization of generated revenue has significant relationship with land use charge system in Enugu.
- ii. The challenges associated with the implementation has significant relationship with the land use charge system in Enugu.

### **Significance of the Study**

The following are the key significances of this study:

- i. This study will contribute to a better understanding of the synergy required by all citizens and residents to improve land use charge administration in Enugu State. A more effective administration will translate into increased government revenue, which will, in turn, support the improvement of human capital and infrastructure in the state.
- ii. This research will provide vital information and a resource base that will offer further insights into the rules and approaches related to land use charge administration, both in Enugu State and elsewhere.
- iii. Additionally, this study will help fill the knowledge gap in this area of discipline, as the quest for more knowledge continues to grow, especially in this fast-paced age of information and communication technology (including land use charge), ensuring that no one is left behind.
- iv. Finally, it will serve as a valuable reference for students, researchers, lecturers, and organizations at local, regional, and national levels, including non-governmental organizations (NGOs), community-based organizations (CBOs), faith-based organizations (FBOs), and others with a vested interest in this area of study.

### **Scope of the Study**

This research will explore the challenges and opportunities in the implementation of the Land Use Charge Law in Enugu State, focusing on lessons learned and future directions for improvement. Due to the current economic challenges, including a lack of sufficient funding, the researcher acknowledges the constraints posed by the country's financial situation. The study will provide an in-depth discussion of the contemporary approaches employed by other states in Nigeria to determine if there are valuable lessons that could be applied to improve land use charge administration in Enugu State. By consulting a variety of secondary sources, the study aims to identify ways to address the challenges and uncover opportunities for strengthening the administration of land use charges, ensuring it better serves the needs of the state and its residents.

### Operational Definitions of Terms

**Development Charge:** The Development Charge, as outlined in the Land Use Charge Law, is a significant source of revenue. It presents both a challenge in terms of ensuring it is adequately collected and an opportunity to improve infrastructure and development in Enugu State.

**Land Use Charge:** The Land Use Charge is central to the study, and understanding its implementation—as well as the challenges and opportunities it presents—is crucial for assessing the effectiveness of the law and its impact on revenue generation and infrastructure development.

**Late Payment Charge:** The Late Payment Charge poses a challenge by affecting timely payments and revenue collection. However, it also offers an opportunity for improving compliance through better enforcement mechanisms.

**Management Charge:** The Management Charge, as a fee for overseeing the land use charge process, plays an integral role in the management of the system. It represents both a challenge for ensuring proper management and an opportunity for streamlining the process and enhancing operational efficiency.

**Infrastructure:** Infrastructure plays a crucial role in both the challenges and opportunities of implementing the Land Use Charge Law. Improved infrastructure would lead to greater compliance and higher revenue collection, benefiting the state's development.

**Compliance:** Ensuring compliance with the Land Use Charge Law is a significant challenge. However, enhancing compliance also presents an opportunity to improve the state's financial health and infrastructure, fostering development and economic growth.

**Public Enlightenment:** Public Enlightenment is essential in overcoming challenges in the law's implementation, as it helps raise awareness and understanding. It also presents an opportunity for better community engagement, which can lead to increased compliance and smoother implementation.

**Implementation:** The implementation of the Land Use Charge Law itself is fraught with challenges, including bureaucratic hurdles, resistance, and logistical issues. However, effective implementation also presents numerous opportunities for strengthening the state's revenue base, improving governance, and fostering sustainable economic growth.

### Conceptual Framework

The Land Use Charge Law (LUCL) in Enugu State, Nigeria, was introduced to create a comprehensive system for land-based taxation aimed at enhancing the state's revenue base and supporting urban development. It combines various property-related taxes into one unified charge, with the intent to streamline the collection process, improve public service delivery, and promote infrastructure development across the state. By simplifying and centralizing property taxes, the law seeks to increase compliance and boost the state's financial resources, ultimately improving the quality of life for residents (Nwafor & Onyejiaka, 2018).

Despite its well-intended goals, the implementation of the LUCL has encountered several challenges. One of the major obstacles is the lack of sufficient public awareness and understanding of the law, which has led to confusion and resistance from property owners. In addition, the effectiveness of the law is hindered by outdated property records, poor technological infrastructure, and delays within the tax administration system. These inefficiencies have contributed to low compliance rates and inadequate revenue generation, impeding the full potential of the law (Oyedele, 2017).

### **Adequacy of Utilization of Revenue from Land Use Charge System in Enugu State**

The Land Use Charge (LUC) system in Enugu State has been designed to generate revenue for urban development and infrastructural growth. However, the effectiveness of this system hinges on both its revenue generation capabilities and the efficient use of the funds collected. Ensuring that the revenue from LUC is utilized adequately requires understanding its role within the broader context of internally generated revenue (IGR) and how it impacts fiscal viability and infrastructural development.

The relationship between IGR and fiscal viability has been discussed in various studies, with evidence suggesting a significant link between effective revenue generation and improved public infrastructure. Abiola and Ehigiamusoe (2014) argue that IGR plays a vital role in enhancing the fiscal capacity of state governments in Nigeria, allowing them to invest in developmental projects without over-reliance on federal allocations. Similarly, the work of Adejoh and Sule (2013) highlights the importance of revenue generation for government development efforts, particularly at the local council level, showing how sustained revenue inflows are necessary for achieving set development goals.

However, the potential of LUC as a robust source of revenue in Enugu has often been hindered by inadequate planning and poor management. Nwafor and Egolum (2021) assessed the land-based revenue generation system in Enugu, finding that the contribution of LUC to the state's IGR has been below expectations, primarily due to inefficient revenue collection methods and lack of transparency in fund utilization. Their study underscores the need for more stringent monitoring mechanisms to ensure that LUC funds are channeled into priority projects such as infrastructure development and social services.

The importance of property taxes, including LUC, for sustainable urban development has been widely recognized. Monkam and Moore (2015) and Ali et al. (2017) note that land and property taxes are critical for financing urban infrastructure in developing countries. Yet, as pointed out by Nnamani and Egbo (2017), property tax systems, including LUC, often face challenges such as tax evasion, inadequate public awareness, and weak enforcement mechanisms, which ultimately affect the optimal utilization of generated revenue.

A key challenge in Enugu is the low contribution of LUC to the state's overall IGR, which has remained below 5% in recent years (Nwafor et al., 2021). This is compounded by the mismanagement of the funds raised, with numerous development projects left uncompleted and public infrastructure in decline. The failure to manage these revenues effectively highlights the need for improved administrative processes and enhanced accountability in the allocation of land use charge revenues.

Hence, while LUC holds significant potential for revenue generation in Enugu State, its impact is limited by inefficient utilization and management. For the system to achieve its full potential, reforms are necessary, including better revenue collection systems, transparency in the utilization of funds, and stronger accountability mechanisms.

### **Obstacles that Impede Land Use Charge Collection in Nigeria**

- i. **Lack of a dependable and corrupt free land use charge administration:** Tax laws that regulate land use charge in Nigeria are yet to be brought to an average man's understanding. The ambiguity inherent in them; even among the elites is still very complicated such that tax liability becomes a difficult task to calculate (Obinna & Philips, 2022).
- ii. **Lack of Adequate Information on Taxpayers:** Lack of accurate and dependable database that presently captures all eligible taxpayers in the country is illusive; therefore, taxpayers can easily avoid reporting their income to the State (Nigerian Governors Forum, 2015).
- iii. **Lack of Cooperation from the Taxpayers:** Many taxpayers in Nigeria do not see payment of tax as a civic responsibility and an obligation to the state; rather as an imposition on them by government agents for selfish reasons. This is because; taxation does not translate to infrastructures and fulfillment of government obligations for quality life. People feel that there is no corollary of tax payment and provision of public goods and services that the citizens crave as part of their benefits for their tax payment (Okafor, 2012).
- iv. **Lack of Uniformity in the Incidence of Taxation:** It is obvious that the principle of fairness and equity in taxation do not apply in the Nigerian tax practice and administration. Incidences and allegations of

double taxation and other malfeasance abound. As a result, most tax payers feel unjustifiably levied as there are no transparent yardsticks for proper tax assessment in Nigeria (NGF, 2015).

- v. **Incompetence of Tax Staff:** Many tax officers are illiterates recruited by politicians from the rank and file of tugs at their disposal. Essentially and most often, they are on vendetta mission to settle or over power actual and or perceived political opponents and adversaries. They lack adequate training, bereft of relevant qualifications and communication skills necessary to deliver quality services. The uncivilized and unprofessional manner with which they conduct themselves creates no motivation on the side of the tax payers to pay as and at when due without coercion harassments, intimidation etc. They approach their job with selfish interest and maximum aggression, thereby giving a taxpayer the option of defending his civic right (NGF, 2015).

### **Opportunities in Implementing the Land Use Charge (LUC) System in Enugu State**

The Land Use Charge (LUC) system in Enugu State presents several opportunities for enhancing the state's revenue base and promoting sustainable urban development. These opportunities can be explored through strategic reforms and efficient management of revenue, ensuring the optimal use of funds generated. By leveraging the potential of the LUC system, Enugu can achieve more self-reliance in funding development projects, thus reducing its dependence on federal allocations and fostering improved public services.

One key opportunity lies in the potential for significant revenue generation through the LUC system, which could play a pivotal role in enhancing the state's fiscal viability. Abiola and Ehigiamusoe (2014) highlight that properly implemented property taxes can significantly increase the fiscal capacity of state governments in Nigeria. By expanding the scope of land and property taxation, Enugu State can increase its internally generated revenue (IGR), which can be reinvested into critical infrastructure such as roads, schools, healthcare facilities, and public utilities, thus improving the standard of living for residents.

Furthermore, land use charges can serve as an effective means of funding urban development projects, especially in rapidly growing cities like Enugu. Nwafor et al. (2021) asserts that land-based taxation, when properly managed, can generate substantial revenue for states. This revenue can be directed towards the completion of ongoing development projects and the establishment of new ones, addressing the state's infrastructural deficit and contributing to the overall development of the urban environment.

A well-managed LUC system also has the potential to foster economic growth by stimulating investment in the real estate sector. Ali et al. (2017) note that property taxes encourage urban renewal and the efficient use of land, which can, in turn, attract private sector investments. Enugu State, with its growing urban population, can use the revenue from land use charges to fund urban renewal programs, thereby creating an enabling environment for business growth and job creation.

Additionally, the implementation of a transparent and accountable LUC system can improve governance and foster public trust. As noted by Nnamani and Egbo (2017), transparent property tax administration leads to better compliance and reduced tax evasion. In Enugu, effective implementation of the LUC system could enhance the public's trust in government processes, leading to higher tax compliance rates and a more robust revenue generation system. By ensuring that the revenue from LUC is allocated to well-planned and visible projects, the state government can reinforce the positive impact of the tax, increasing its legitimacy.

Finally, the opportunity to integrate modern technology into the LUC administration system can significantly improve efficiency. Nwafor and Egolum (2021) suggest that adopting Geographic Information Systems (GIS) for property tax collection can streamline the process, reduce fraud, and ensure accurate property valuations. Enugu State could benefit from investing in technology that enhances data collection, billing, and revenue tracking, ensuring a more efficient and effective land use charge system.

### Empirical Review

Nkechi and Onuora (2018) investigated the effect of IGR on infrastructural development of the South Eastern states in Nigeria. Secondary data were used for the study, and they were obtained from budget estimates of each of the five South Eastern States of Imo, Abia, Ebonyi, Enugu and Anambra States from the period of 2013-2017. The study adopted descriptive statistics, correlation and linear multiple regression for data analysis and data interpretation. Findings from the study revealed that there is a significant positive relationship between the IGR and infrastructural development in the South East States.

Nnanseh and Akpan (2013) in a similar study but considered only Akwa Ibom state, Nigeria assessed the effects of IGR on infrastructural development. The study specifically sought to ascertain the extent to which IGR has contributed to the provision of such infrastructures as water, electricity, and road. An ex-post facto research design was adopted and the data used were obtained from secondary sources. The data were analyzed with descriptive statistics while Simple Regression statistics was used in testing the hypotheses. It was discovered that IGR contributed significantly and positively to the provision of water, electricity and roads just like the work by Nkechi and Onuora (2018). However, both contributions skewed more to roads than electricity and water.

Morufu and Babatope (2017) carried a study to evaluate the influence of IGR on the revenue profile of South Western State governments of Osun, Ondo and Ekiti in Nigeria as sample with a view to a correlation on their impact on their capital expenditures for the period covering 2006 and 2015. They adopted descriptive statistics and OLS Multiple regression for the analysis. Data collected from secondary sources where of specific variables such as States internally generated revenue, revenue profile/total revenue and capital expenditure were extracted from the financial statements of the selected States through the Office of State Government's Accountant General for the period. The outcome showed that there was a major difference between the foremost components of IGR of the sample States except taxes thereby pointing to a significant positive correlation between IGR and revenue profile of Ekiti, Osun and Ondo States. Internally Generated Revenue had no significant influence on capital expenditure of Ekiti and Ondo State Government in that order but yes for Osun State.

Contrastingly but synonymous with the study in Nnanseh and Akpan (2013) above, using only Cross River State as a case study, Peter and Ferdinand (2017) analyzed the relationship between IGR and capital expenditure utilization in Cross River State, Nigeria from 2007 to 2015. Secondary data sought from Cross River State budget office, internal revenue service and ministry of finance were used for the study. Descriptive statistics were used to analyze the relationship between IGR and capital expenditure utilization in Cross River State. Findings from the study indicated that increase in government expenditure without corresponding revenue will widen the budget deficit, stating that the Cross River State government should increase the size of its IGR in order to accommodate the capital expenditure of the state.

However, in direct conflicting to the works of the trio of Nkechi & Onuora (2018), Morufu & Babatope (2017) and Peter and Ferdinand (2017), Asimiyu and Kizito (2014) carried out a study titled 'The Analysis of Internally Generated Revenue and its Implications on Fiscal Viability of State Governments in Nigeria'. The work examined the growth rate of State Governments Internally Generated Revenue in Nigeria, and also compared the growth rate of internally generated revenue in urban and rural states and also investigated the ability of IGR to finance State Governments' expenditures. Five States was randomly selected from the 36 states in Nigeria between 1999 and 2011, deploying secondary data collected from the CBN Annual Statistical Bulletin. The data were analyzed using descriptive statistics and the findings revealed that on the on the whole, the growth rate of State Governments IGR was 20.1% which is very low, and this growth rate of IGR is higher in (Rural States) than in (Urban States). It was also discovered that the growth rate of State Governments' recurrent and total expenditures was 30% and 34.2% respectively, and these growth rates are higher than the growth rate of IGR. Additionally, it was further discovered that the IGR of (Urban States) financed a greater proportion of their recurrent and total expenditures than the IGR of (Rural States). A direct relationship was found to exist between the growth rates of IGR and capital expenditures.

In the same vein but from different standpoint, Nwosu and Okafor (2014) carried out a study titled 'Government Revenue and Expenditure in Nigeria'. The research examined the relationship between both total and disaggregated government expenditure (current and capital expenditures), revenue (oil and non-oil revenues) in Nigeria using time series data from 1970 to 2011. The study utilized co-integration techniques and an Error Correction Mechanism

(ECM), and the Granger Causality Test (GCT) as the methods of analyses. The Co-integration Tests showed the existence of long-run equilibrium relationships between government expenditure variables and revenues variables. The ECM results also indicated that total government expenditure, capital and recurrent expenditures have long-run unidirectional relationships with total revenue, oil and nonoil revenue variables as well as unidirectional causalities running from expenditures to revenue variables. The findings support spend-tax hypothesis in Nigeria indicating that changes in government expenditure prompt changes in government revenue.

Gladly, Tunji, Olajide & Olubukunola (2014) examined; "The Roles that Internally Generated Revenue Plays in the Administration of State Governments in Nigeria", using Ogun State in the South West geopolitical zone of the country. Secondary data approach was used for the study while data on these variables were collected from Ogun State Treasury Office from 2004 to 2013. The study adopted the Econometric Tool of Ordinary Least Square (OLS) Regression method where it was discovered that IGR plays significant role in growing the revenue of the State. It was even identified in some instances that the internally generated revenue of Ogun State exceeds statutory allocation from the Federal Government, alluding to the finding that (Urban States) do better than the so called referred Rural States.

Nevertheless, Adejoh and Sule (2013) assessed "Revenue Generation and its Impact on Government Developmental Efforts" using a study of selected Local Government Council in Kogi East Senatorial Zone. The researchers used both primary and secondary methods of data collection to generate the necessary information. The data obtained through secondary means were analyzed using Simple Least Square Regression Method. The outcome of the study showed that there is a significant relationship between revenue generated and developmental effort of government in the area.

## **Methodology**

### **Research Design**

The research adopts a descriptive research design to examine the challenges and opportunities in the implementation of the Land Use Charge Law (LUCL) in Enugu State, focusing on the lessons learned and potential future directions. The study seeks to provide a detailed analysis of the effectiveness of the LUCL in promoting equitable land taxation, improving public revenue, and fostering urban development in Enugu. The problem restates that the LUCL was introduced to create an efficient and equitable system for land-based taxation, aimed at enhancing revenue generation and supporting infrastructure development. However, the law has faced significant implementation challenges, including insufficient public awareness, inefficient tax administration, and socio-economic factors that hinder compliance, resulting in missed opportunities for revenue generation and urban development in the state.

This research will assess both the challenges and the potential opportunities the LUCL presents, providing insights into the law's impact on the local economy, property development, and public services in Enugu. It will also explore lessons learned from the law's implementation thus far and offer recommendations for future improvements. The study is aimed at identifying key areas where changes can be made to improve the law's effectiveness, promote greater compliance, and maximize the law's potential to contribute to the growth of Enugu State.

### **Area of Study**

The study is focused on Enugu, the capital city of Enugu State, situated in southeastern Nigeria. With a population of 722,664, Enugu has a historical connection to coal mining, which played a pivotal role in its early development. Currently, the city is recognized for its thriving industries, educational institutions, and burgeoning film industry.

### **Sources of Data**

The data sources for this study include primary sources such as questionnaires, oral interviews, and personal observations, alongside secondary sources like periodicals, textbooks, internet resources, and company records.

### **Population of the Study**

The study population consists of 1,128 landlords (property owners) and tax officers within the Enugu Metropolis.



**Sample Size**

Given the large population size, time limitations, and high costs, a sampling method was employed for the study. The sample was selected from property owners and tax officers using a stratified sampling technique. To calculate the appropriate sample size, the researcher utilized Freund and William's statistical formula, as referenced by Uzoagulu (2011).

$$n = \frac{Z^2 N(pq)}{N(e)^2 + Z^2(pq)}$$

Where n = Sample Size  
 N = The population  
 p = Probability of success/proportion  
 q = Probability of failure/proportion  
 Z = Standard error of the mean  
 e = Limit of tolerable error (or level of significance)  
 N = 1128  
 p = .5  
 q = (1 - .5) = .5  
 Z = 97 percent = 2.18  
 e = 0.02 percent

$$= \frac{(2.18)^2 \times 1128 \times .5 \times .5}{1128(.03)^2 + (2.18)^2 \times .5 \times .5}$$

$$= \frac{4.752 \times 1128 \times .25}{1128(.03)^2 + 4.752 \times .25}$$

$$\frac{1340.177}{2.203} = 608.342 \approx \underline{608}$$

**Sampling Technique**

The sampling technique used in the study was multistage random sampling. The sample size for each ministry was determined based on Kumar's proportional allocation formula, as follows:

$$P(A) = \frac{Nh(n)}{N}$$

Where:

- P(A) = Proportion allocation
- Nh = Population of each ministry
- n = Overall sample size
- N = Overall targeted population

Substituting the above formula, the sample size for each ministry will be calculated as done below:

NO	NAMES	SAMPLE SIZE	
1.	Property Owners	$\frac{1078 \times 608}{1128}$	= 581
2.	Tax Officers	$\frac{50 \times 608}{1128}$	= 27
<b>Total</b>			<b>608</b>

**Source: Field Survey, 2024**

The sample size for this study is 608

**Instrument of Data Collection**

The research instrument employed for data collection was a questionnaire. The questionnaires were designed with a combination of multiple-choice questions, as well as both closed-ended and open-ended questions. In addition, face-to-face interviews were conducted with selected professionals in the field of Estate Management, owing to the technical nature of the research.

**Method of Data Presentation and Analyses**

The questionnaire responses were cleaned, categorized, and entered into SPSS version 20 software for analysis using descriptive statistics. Frequency distribution tables were employed to present the data obtained from the respondents. The data were analyzed using simple percentages, mean, and standard deviation, and expressed on a scale. The scale used for analyzing the 5-point Likert scale questions is as follows: Strongly Agree (SA) - 5 | Agree (A) - 4 | Neutral (N) - 3 | Disagree (D) - 2 | Strongly Disagree (SD) – 1.

**Decision Rule**

If Mean  $\geq$  3.0, the respondents agree

If mean  $\leq$ 3.0, the respondents disagree

Z- Test and Pearson correlation coefficient, (r), were used to test the hypotheses, determine the nature, and strength of the research variables.

**Z –Test**

$$Z = \frac{\bar{X} - \mu}{\frac{\sigma}{\sqrt{n}}}$$

Where;

- $\bar{X}$  = Population mean
- $\mu$  = Sample mean
- $\sigma$  = Standard deviation
- $n$  = Sample size

**Data Presentation and Analysis Based on Research Questions**

The data presentation and interpretation were based on the responses gathered from the questionnaire administered to property owners and Registered Estate Surveyors and Valuers in the Enugu North Local Government Area under study.

**Administered and Return of Questionnaire**

Questionnaires were distributed to selected respondents within the study area, with a total of 608 questionnaires administered. However, 542 completed questionnaires were retrieved. The analysis of the distributed questionnaires is presented in Table 1 below.

**Table 1: Allocation and Return of Questionnaire**

Details	No Given Out	No Returned	Not Returned
Property Owners	581	515	66
Tax Officers	27	27	0
<b>Total</b>	<b>608</b>	<b>542</b>	<b>66</b>

*Source: Field Survey, 2024.*

The table above shows that out of the 608 questionnaires distributed to property owners and tax officers, 542 were duly completed and returned, while 66 were not returned. This results in a return rate of 89%, which is considered sufficient for making generalizations.

The adequacy of the utilization of generated revenue from the land use charge system in Enugu.

**Table 2: Responses on the adequacy of the utilization of generated revenue from the land use charge system in Enugu.**

Response option	5 SA	4 A	3 N	2 DA	1 SD	$\sum fX$	$\bar{X}$	Std.D	Decision
1. The revenue generation has been used to advance the welfare of the citizen in Enugu	900 180 55	744 186 31	162 54 5	176 88 7	34 34 2	2016 542 100%	3.7	1.11	Agree
2. Economic growth has been promoted through revenue generation in Enugu	710 142 26	1028 257 47	105 35 6	126 63 12	45 45 8	2014 542 100%	3.7	1.25	Agree
3. The provision of development activities has been successful with generated revenue in Enugu	200 40 7	1312 328 61	135 45 8	158 79 15	50 50 9	1855 542 100%	3.4	1.21	Agree
4. The revenue generation was necessary for the operation of the government in Enugu	1050 210 39	612 153 28	183 61 11	70 35 6	83 83 15	1998 542 100%	3.7	1.11	Agree
5. The government enforcement of its laws has been through fund generation	1065 213 47	548 137 25	183 61 11	162 81 15	50 50 9	2008 542 100%	3.7	1.43	Agree
<b>Total grand mean and standard deviation</b>							<b>3.6</b>	<b>1.22</b>	

*Source: Field Survey, 2024*

Table 2 shows that revenue generation has been used to advance the welfare of citizens in Enugu, with a mean score of 3.7 and a standard deviation of 1.11. Economic growth has been promoted through revenue generation in Enugu, with a mean score of 3.7 and a standard deviation of 1.25. The provision of development activities has been successful with the generated revenue in Enugu, with a mean score of 3.4 and a standard deviation of 1.21. Revenue generation has been necessary for the operation of the government in Enugu, with a mean score of 3.7 and a standard deviation of 1.11. Additionally, the government's enforcement of its laws has been supported by fund generation, with a mean score of 3.7 and a standard deviation of 1.406. Finally, it was agreed that urban planning laws on land accessibility, acquisition, and security of title have had an impact on the level of poverty development in Enugu State, with a grand mean score of 3.7 and a total standard deviation of 1.43.

**The challenges associated with the implementation of the land use charge system in Enugu North Local Government Area**

**Table 3: Responses on the challenges associated with the implementation of the land use charge system in Enugu North Local Government Area**

Response option	5 SA	4 A	3 N	2 DA	1 SD	$\sum fX$	$\bar{X}$	Std.D	Decision
1. There is injustice in the implementation of land use charge in Enugu	470 94 17	1000 250 46	174 58 11	196 98 18	42 42 8	1882 542 100%	3.5	1.36	Agree
2. There is loss of land market in the implementation in Enugu	100 20 4	1124 281 52	192 64 12	244 122 23	55 55 10	1715 542 100%	3.2	1.19	Agree
3. Lack of equity is a problem in the land use charge in Enugu	1120 224 50	736 184 34	114 38 7	122 61 11	35 35 6	2127 542 100%	3.9	1.13	Agree

4.	Lack of transparency poses a serious threat to land use in Enugu	1420 284 52	636 159 29	63 21 4	108 54 10	24 24 4	2251 542 100%	4.2	1.23	Agree
5.	Inaccessibility of land to the urban/rural poor constitutes another challenge	740 148 27	524 131 24	279 93 17	176 88 16	82 82 15	1801 542 100%	3.3	1.16	Agree
<b>Total grand mean and standard deviation</b>								<b>3.6</b>	<b>1.21</b>	

*Source: Field Survey, 2024*

Table 3 shows that there is injustice in the implementation of the land use charge in Enugu, with a mean score of 3.5 and a standard deviation of 1.36. There is a loss of land market in the implementation of the charge in Enugu, with a mean score of 3.2 and a standard deviation of 1.19. Lack of equity is a problem in the land use charge in Enugu, with a mean score of 3.9 and a standard deviation of 1.13. Lack of transparency poses a serious threat to land use in Enugu, with a mean score of 4.2 and a standard deviation of 1.23. Inaccessibility of land to the urban/rural poor constitutes another challenge, with a mean score of 3.3 and a standard deviation of 1.16. Finally, it was agreed that urban planning laws on land accessibility, acquisition, and security of title have contributed to effective strategies for tackling problems generated by urban planning laws in Enugu State, with a grand mean score of 3.6 and a total standard deviation of 1.21.

### Test of Hypotheses

#### Hypothesis One:

**H<sub>1</sub>: The utilization of generated revenue has significant relationship with land use charge system in Enugu North Local Government Area**

**Table 4: Contingency Table of Cumulative Responses for Research Question 1**

Options	$\chi$	F	F $\chi$	$\chi - \chi_1$ ( $\chi_1 = \text{Mean Score}$ )	F( $\chi_1$ ) <sup>2</sup>	$\Sigma f(\chi_1)^2$
Strongly Agree	5	785	3925	-1.194	785 × (-1.194) <sup>2</sup>	1119.124
Agree	4	1061	4244	0.194	1061 × (0.194) <sup>2</sup>	39.932
Neutral	3	256	768	0.806	256 × (-0.806) <sup>2</sup>	166.307
Disagree	2	346	692	1.806	346 × (1.806) <sup>2</sup>	1128.526
Strongly Disagree	1	262	262	2.806	262 × (2.806) <sup>2</sup>	2062.893
<b>Total</b>	15	2710	9891			4516.782

*Source: Field Survey, 2024*

#### Calculations:

**Mean Score ( $\chi$ ):**  $\chi = F\chi / N = 9891 / 2709 = 3.650$

**Variance (S<sup>2</sup>):**

$$S^2 = (\sum f(\chi_i)^2) / (N - 1) = 4516.782 / 2709 = 1.667$$

**Standard Deviation (S):**

$$S = \sqrt{S^2} = \sqrt{1.667} = 1.194$$

**Level of Confidence:** 0.05

**Critical Value:** 1.96

**Statistical Tool Used:** Z-test

**Table 5: Descriptive statistic on the utilization of generated revenue has significant relationship with land use charge system in Enugu North Local Government Area**

N	Mean	Std. Deviation	Minimum	Maximum
542	3.650	1.194	1	5

*Source: Field Survey, 2024*

**Table 6: Z – test on the utilization of generated revenue has significant relationship with land use charge system in Enugu North Local Government Area**

			The utilization of generated revenue has significant relationship with land use charge system in Enugu.
N			542
Normal Parameters	Mean		3.650
	Std Deviation		1.194
Most Extreme	Absolute		.278
Most Extreme	Positive		.278
Differences	Negative		210
Kolmogorov-Smirnon Z			20.313
Asymp. Sig.(2-tailed)			.000

- a. Test distribution is Normal
- b. Calculated from data

*Source: Field Survey, 2024*

**Decision Rule**

If the calculated Z-value is greater than the critical Z-value (i.e.,  $Z_{cal} > Z_{critical}$ ), reject the null hypothesis and accept the alternative hypothesis accordingly.

**Result**

With a Kolmogorov-Smirnov Z-value of 20.313 and an asymptotic significance of 0.000, the responses from the respondents, as displayed in the table, are normally distributed. This affirms that the utilization of generated revenue has a significant positive relationship with the land use charge system in Enugu.

**Decision**

Furthermore, by comparing the calculated Z-value of 20.313 against the critical Z-value of 1.96 (for a 2-tailed test at the 95% confidence level), the null hypothesis was rejected. Thus, the alternative hypothesis was accepted, which

states that the utilization of generated revenue has a significant positive relationship with the land use charge system in Enugu.

**Hypothesis Two**

**H<sub>1</sub>:** The challenges associated with the implementation has significant relationship with the land use charge system in Enugu.

**Table 7: Contingency Table of Cumulative Responses for Research Question 2**

<i>Options</i>	$\chi$	$F$	$F\chi$	$\chi - \chi_1$ <i>(<math>\chi_1 = \text{Mean Score}</math>)</i>	$F(\chi_1)^2$	$\Sigma f(\chi_1)^2$
<i>Strongly Agree</i>	5	770	3850	-1.393	$770 \times (-1.393)^2$	<b>1494.146</b>
<i>Agree</i>	4	1005	4020	-0.393	$1005 \times (-0.393)^2$	<b>155.221</b>
<i>Neutral</i>	3	274	822	0.607	$274 \times (-0.607)^2$	<b>100.955</b>
<i>Disagree</i>	2	423	846	1.607	$423 \times (1.607)^2$	<b>1092.376</b>
<i>Strongly Disagree</i>	1	238	238	2.607	$238 \times (2.607)^2$	<b>1617.555</b>
<b>Total</b>	15	2710	9776			<b>4460.253</b>

*Source: Field Survey, 2024*

**Calculations:**

**Mean Score ( $\chi$ ):**

$\chi = F\chi / N = 9776 / 2710 = \mathbf{3.607}$

**Variance ( $S^2$ ):**

$S^2 = (\Sigma f(\chi_1)^2) / (N - 1) = 4460.253 / 2709 = \mathbf{1.646}$

**Standard Deviation (S):**

$S = \sqrt{S^2} = \sqrt{1.646} = \mathbf{1.283}$

**Level of Confidence:** 0.05

**Critical Value:** 1.96

**Statistical Tool Used:** Pearson Correlation Coefficient (r)

**Table 8: Descriptive statistic on the challenges associated with the implementation has significant relationship with the land use charge system in Enugu North Local Government Area.**

N	Mean	Std. Deviation	Minimum	Maximum
542	3.607	1.283	1	5

*Source: Field Survey, 2024*

**Table 9: Z – test on the challenges associated with the implementation has significant relationship with the land use charge system in Enugu North Local Government Area**

		The challenges associated with the implementation has significant relationship with the land use charge system in Enugu.
N		542
Normal Parameters	Mean	3.607
	Std Deviation	1.283
Most Extreme	Absolute	.289
Most Extreme	Positive	.289
Differences	Negative	217
Kolmogorov-Smirnon Z		12.915
Asymp. Sig.(2-tailed)		.000
a. Test distribution is Normal		
b. Calculated from data		

**Source: Field Survey, 2024**

**Decision Rule**

If the calculated Z-value is greater than the critical Z-value (i.e.,  $Z_{cal} > Z_{critical}$ ), reject the null hypothesis and accept the alternative hypothesis accordingly.

**Result**

With a Kolmogorov-Smirnov Z-value of 12.915 and an asymptotic significance of 0.000, the responses from the respondents, as displayed in the table, are normally distributed. This affirms that the challenges associated with the implementation have a significant positive relationship with the land use charge system in Enugu

**Decision**

Furthermore, by comparing the calculated Z-value of 12.915 against the critical Z-value of 1.96 (for a 2-tailed test at the 95% confidence level), the null hypothesis was rejected. Therefore, the alternative hypothesis was accepted, which states that the challenges associated with the implementation have a significant positive relationship with the land use charge system in Enugu.

**Summary of Findings**

The findings of the study indicate a significant positive relationship between the utilization of generated revenue and the land use charge system in Enugu. The Z-score of 20.313 with a p-value of less than 0.05 ( $Z(95, n = 542) = 20.313, p < 0.05$ ) confirms this relationship as statistically significant. Additionally, the study reveals that the challenges associated with the implementation of the land use charge system also have a significant positive relationship with the system, as evidenced by a Z-score of 12.91 and a p-value less than 0.05 ( $Z(95, n = 542) = 12.91, p < 0.05$ ). These results highlight the importance of addressing both the utilization of generated revenue and the implementation challenges to improve the effectiveness of the land use charge system in Enugu.

**Conclusion**

The implementation of the Land Use Charge (LUC) system in Enugu State has demonstrated both significant potential and challenges. The study found a strong positive relationship between the utilization of generated revenue and the effectiveness of the LUC system, underscoring its crucial role in enhancing fiscal viability. However, the challenges faced during its implementation also show a substantial impact on the system’s success, indicating that these obstacles must be addressed for the system to realize its full potential. Despite these challenges, the findings suggest that with the right strategic adjustments, such as improving the efficiency of revenue collection and addressing key implementation issues, the LUC system could significantly contribute to the economic growth and development of

Enugu State. Moving forward, future directions should focus on enhancing public awareness, strengthening enforcement mechanisms, and ensuring transparency in the management of revenues generated from the LUC. By addressing these issues, Enugu State can optimize its land use charge system, making it a sustainable and effective tool for urban development and financial autonomy.

### Recommendations

The following recommendations are made based on the findings of the study:

- i. Based on the significant positive relationship between the utilization of generated revenue and the Land Use Charge (LUC) system, it is recommended that the Enugu State government invest in improving the efficiency and transparency of the revenue management process. Implementing robust tracking and auditing mechanisms will ensure that the funds generated from the LUC system are effectively utilized for public services and infrastructure development. This could involve regular public reporting on how LUC revenues are spent, building trust among property owners and encouraging timely payments.
- ii. The study found that implementation challenges have a significant impact on the success of the LUC system. To address these challenges, it is recommended that the Enugu State government focus on capacity building for tax administrators and enhance their skills in the areas of data management, property valuation, and enforcement. Additionally, investing in technology and simplifying the payment process can help minimize errors, increase compliance, and reduce resistance to the system, ensuring that the LUC is more effectively implemented across the state.

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