



ELIMINATION OF PERSONAL PROPERTY TAX DOES NOT GUARANTEE JOB CREATION

FOR IMMEDIATE RELEASE

CONTACT:

Karen Avery

(317) 829-3656

kavery@indianacounties.org

www.indianacounties.org

The following statement by Association of Indiana Counties (AIC) Executive Director David Bottorff is in response to proposals to eliminate or diminish the business personal property tax:

County government supports economic development and job creation. To stay competitive, we must continue to look for responsible economic development advantages.

County government officials understand that we need to remain competitive in global economic development. Indiana is consistently ranked best in the Midwest for business climate and among the top 10 in the country. Local units of government are allowed to abate, or phase-in, the tax liability for new business personal property tax. Local units allow the tax phase-in with a commitment for job creation and with the anticipation that new assessed value will be added to the property tax system, eventually lowering all taxpayer's property taxes.

Complete or partial elimination of the business personal property tax would shift the tax burden to other types of properties, including businesses that do not own much business personal property. For many businesses, wholesale elimination of the business personal property tax will not result in new job creation and may actually increase net taxes for some businesses.

In 2011, local units provided \$5.4 billion in assessed value deductions through the abatement process specifically designed with a commitment to attract and keep jobs in Indiana. By state law, personal property owners received more than \$61 million in tax relief from the circuit breaker tax credits. Business personal property owners are already benefitting from the local abatement process and state tax structure.

Many businesses do not need a tax incentive to locate in Indiana to be profitable. Some businesses follow the population trends and locate near their customers. They do not need to be offered incentives paid for by other property owners.

Complete or partial elimination of the business personal property tax shifts the tax burden to other property owners. With complete elimination of the business personal property tax, homestead property owners would pay an additional \$169 million in property taxes and farmland owners would pay an additional \$88 million in property taxes, all without the guarantee of job

creation.

None of the bills being considered in the General Assembly meet Governor Pence's standard expressed in his State of the State address: "To make Indiana more competitive, let's find a responsible way to phase out this tax. But, let's do it in a way that protects our local governments and doesn't shift the burden of a business tax onto the backs of hardworking Hoosiers."

When other states have eliminated or phased-out the business personal property tax, new businesses taxes were implemented or the state provided credits to offset the loss of revenue to local units of government. That part of the discussion is not occurring in Indiana. It has been five years since Indiana instituted property tax caps and some new assessment methodologies; Indiana should review the current system in its entirety before making wholesale changes that benefit one class of taxpayers at the expense of other taxpayers.

For a high resolution image of David Bottorff, visit:

<http://www.indianacounties.org/egov/documents/878751263237914.jpg>

About the AIC: *The Association of Indiana Counties, Inc. is a nonprofit organization established in 1957 for the betterment of county government. The various functions of the AIC include lobbying the Indiana General Assembly on behalf of counties, serving as liaison among counties, state and federal agencies as well as providing technical assistance and training to county officials and employees.*

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Association of Indiana Counties - 101 West Ohio Street, Suite 1575, Indianapolis, IN 46204
phone: 317.684.3710 | fax: 317.684.3713

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