AIC and Policy Analytics Release Business Personal Property Tax Study

INDIANAPOLIS – The Association of Indiana Counties (AIC) remains concerned with any substantial changes to property tax system, including reducing the business personal property tax. Any changes to the property tax system creates shifts in tax liability and/or a potential reduction in local services. Because of this concern, the AIC commissioned a property tax study through Policy Analytics, LLC to review the current trends in assessed value and property taxes.

“Substantial changes to the property tax system, such as reducing the amount of business personal property taxes, creates shifts in tax liability to other types of property,” said David Bottorff, AIC Executive Director. “Overall, Indiana’s system is currently stable, predictable and reliable. Indiana’s property tax system is already recognized as the best for businesses by the Tax Foundation and eliminating any assessed value from taxes results in a higher property tax rate for everyone.”

Highlights from the study include:
• Residential property taxpayers are paying a larger portion of the total property tax collections due to increasing home values.
• Reducing the amount of property taxes paid by businesses will intensify the burden shift to residential and other classes of property.
• There will be greater revenue loss where personal business personal property (BPP) is a larger share of assessed value and many taxpayers in those counties are at their circuit breaker caps.
• Elimination of the 30% floor on new investment should have the similar pattern of effects as total elimination.

The study was conducted by Policy Analytics, LLC, an Indianapolis based firm specializing in economic research, strategic planning, and fiscal and economic policy analysis. Dr. Larry DeBoer contributed to the analysis. This information and the rest of the study can be found on the AIC website here, https://www.indianacounties.org/egov/documents/1643849847_07072.pdf.