

# Tangible Personal Property Tax

**HB 153**

Phase Out Schedule Changes

# Overview

- **Pre-HB 153 TPPT Phase-Out**
  - Set phase out schedule: CY 2011-CY 2018
  - Did not specify ultimate origin of CAT revenue
  - Did not take “reliance” on TPPT into account
- **New TPPT Phase-Out**
  - Variable schedule
    - Executive Proposal phase out schedule different the final “As Passed” version
    - Final “As Passed” Version freezes phase out in CY 2013
  - Moves CAT revenue from TPPT reimbursements to GRF to fill the budget gap.
  - Takes TPPT reliance into account to soften impact on local governments most impacted by TPPT loss

# Executive Proposal (not passed)

- **Local Governments more TPPT reliant:**  
Received a longer phase out
  - 5 CBDDs in Executive Proposal received payments after 2018
  - 1 CBDD Phase Out in Executive Proposal = 17yrs
- **Local Governments less TPPT reliant:**  
Received shorter phase out
  - 14 CBDDs in Executive Proposal phased out in 1-2 yrs

# Good News from the House

- **House of Representatives' version**
  - Much Better than Executive Proposal
  - Freezes payment amounts at CY 2013 levels
  - Essentially a “partial hold-harmless” for some CBDD

# New Payment Calculation

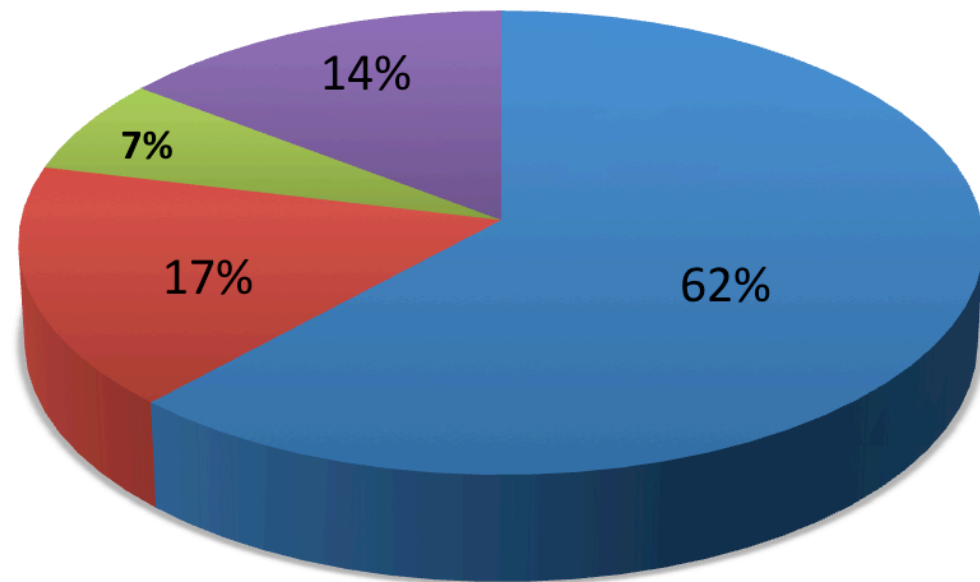
- **Straightforward Formula**
  - Based upon “Reliance” on TPPT payments
- **“Reliance” is a Simple Ratio**
  - CY 2010 TPPT Reimbursement Amount ÷  
CY 2010 “Total Resources” (2010).

# “Total Resources”

- **“Total Resources” composed of 4 things:**
  - 2010 Class 1 Property Tax Yield  
(Residential & Agricultural Property)
  - 2010 Class 2 Property Tax Yield  
(Commercial & Industrial Property)
  - 2010 Public Utility Tax Yield
  - 2010 TPPT Reimbursement Payment
- **Statutory Term**
  - Used in order to standardize measurement of reliance on TPPT payments across entities impacted by TPPT loss.

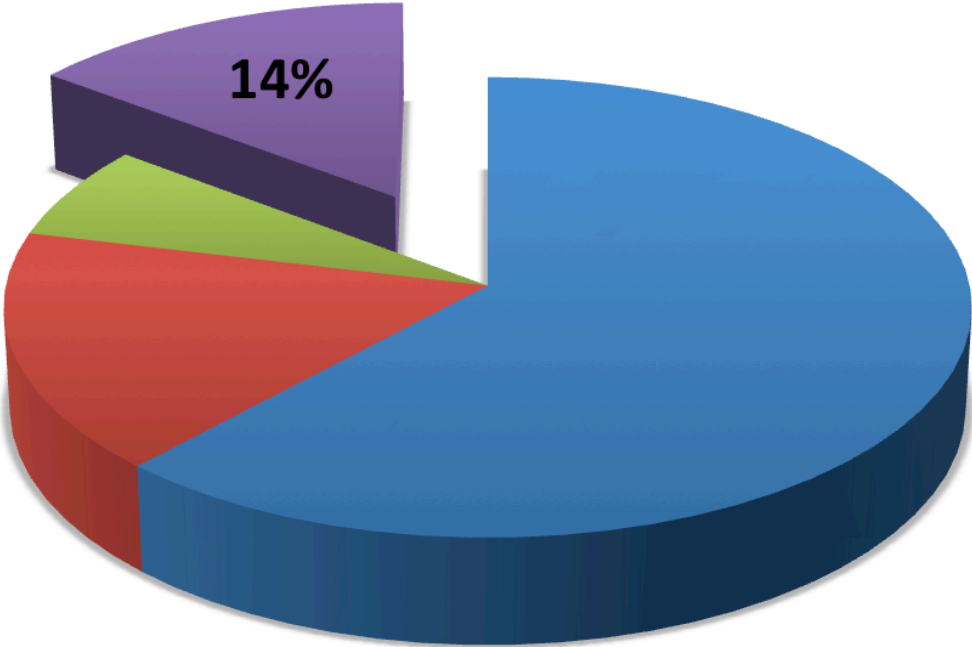
# TOTAL RESOURCES

- **Class 1 Property Tax Yield**
- **Class 2 Property Tax Yield**
- **Public Utility Tax Yield**
- **TPPT Payment**



# TOTAL RELIANCE

- **Class 1  
Property Tax  
Yield**
- **Class 2  
Property Tax  
Yield**
- **Public Utility  
Tax Yield**
- **TPPT  
Payment**



# Reimbursement Calculation

- **Executive Proposal** (not passed)
  - Subtracts 2% of Total Resources amount annually on cumulative basis until gone.
  - -2% in CY 2011
  - -4% in CY 2012
  - -6% in CY 2013
  - -8% in CY 2014 etc..
- **As Passed Version**
  - Stops Phase out in CY 2013.
  - CBDD with more than 6% reliance on TPPT will continue to receive some reimbursement after 2013.

# Next Steps on TPPT

- **Partial Hold Harmless**
  - Approximately 80% of CBDDs receive some reimbursement in 2014 and beyond.
  - Only a “partial hold harmless” if we can keep it.
- **Keep talking to your Representatives and Senators:**
  - Thank them for the help
  - Ask them not to let more TPPT be taken away!