



What is business personal property?

Examples of business personal property include: equipment, tools, watercraft, machinery, and office furniture. Business inventory, livestock, most farm equipment, and other personal and household items are exempt from taxation.

How much of the business personal property tax is paid by Idaho residents and how much by non-Idaho residents?

Out-of-state shareholders who own stock in large businesses based in Idaho pay the vast majority, approximately 83 percent, of the state's personal property tax. The share of benefits going to out-of-state shareholders is calculated using a vetted economic model developed by the Institute on Taxation and Economic Policy (ITEP). Since \$100,000 in personal property tax is exempt from taxation, most small businesses pay no personal property tax.

What public services does the business personal property tax fund now?

All of the funds from the personal property tax go to local governments to fund important local services such as schools, parks, libraries, and roads.

Which communities in Idaho would be especially impacted by the elimination of the personal property tax?

The business personal property tax is a particularly crucial local funding source for communities in Idaho with a higher proportion of industrial properties as compared to residential properties. Counties such as Power, Clark, Caribou, and Lincoln, would be especially hurt by the elimination of this tax. For example, in Caribou County, the personal property tax comprises 43.8 percent of the property tax base, meaning nearly half of the city's property tax revenues would be jeopardized if the tax was eliminated.

The elimination of the tax would also be harmful for school districts that run voter-approved tax levies and facility bonds, which many districts rely on to operate. Much of the revenues from these bonds and levies come from the personal property tax.

Does eliminating the business personal property tax help homeowners who are getting ever-larger tax bills?

Eliminating the tax would worsen rising property tax bills for homeowners. Any cuts to the personal property tax would require a tax shift to homeowners to make up for the lost funds. The Tax Commission expects to collect between \$86 and \$116 million in personal property taxes, excluding urban renewal funds, from tax year 2020.

Alternatively, revenue lost by local government could be replaced by General Fund money. However, there are many competing pressures on the General Fund that must be resolved and the state budget must come out balanced. A bill that would increase ongoing General Fund dollars for transportation to about \$80 million and a very costly income and corporate tax cut bill are still pending items for lawmakers.