



## Fiscal Estimate Narratives

LFB 10/21/2021

LRB Number	21-4737/1	Introduction Number	SB-623	Estimate Type	Original
<b>Description</b> Repealing the personal property tax, granting rule-making authority, and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

Under the bill, beginning with property tax assessments as of January 1, 2022, no items of personal property would be subject to the local property tax. 2021 Act 58, the biennial budget Act, provided \$202,350,000 in 2022-23 to the Joint Finance Committee's supplemental GPR appropriation [20.865(4)(a)]. These funds are to be transferred from the Committee's appropriation to a newly-created aid appropriation [20.835 (1)(em)] in the event the local personal property tax is eliminated during the 2021-22 legislative session. The funds transferred to the aid appropriation are to be used to make payments to local taxing jurisdictions equal to the amount of property tax revenue not collected by each taxing jurisdiction due to the elimination of the local personal property tax.

The bill would repeal the appropriation [20.835(1)(em)] created under Act 58 to make aid payments associated with the elimination of the personal property tax. The bill would instead make the aid payments associated with elimination of the personal property tax from an existing GPR sum sufficient aid payment appropriation [20.835 (1)(f)] created in 2017 to make payments to local taxing jurisdictions when machinery, tools, and patterns not used in manufacturing were exempted from the property tax. Under the bill, this appropriation would be used to fully-fund the cost to make payments to local taxing jurisdictions in the amounts necessary to make them whole for the loss in property tax revenue that would have otherwise been collected (estimated under Act 58 at \$202,350,000), in addition to the payments needed for the 2017 exemption.

As a result, because the cost of the aid payments associated with the elimination of the personal property tax under the bill would be paid for from the existing sum sufficient GPR appropriation for such purposes, the bill would delete the \$202,350,000 GPR set-aside in the Joint Finance Committee's GPR supplemental appropriation for this purpose.

### Long-Range Fiscal Implications

The cost to make aid payments to local taxing jurisdictions associated with the elimination personal property tax under the bill would continue be funded each year from the existing GPR sum sufficient personal property aid payment appropriation [20.835 (1)(f)] created in 2017. The \$202,350,000 set aside in 2022-23 would be removed from the Joint Finance Committee's GPR supplemental appropriation on an ongoing basis.