Summary of the Property Tax Reform Presentation for the South Central Assembly

The PowerPoint presents many of the issues associated with tax reform. It has been stated that tax reform needs to do three things to be successful: 1) keep legislators from receiving complaints about property taxes; 2) provide funding increases to local officials without raising taxes; and 3) reduce the tax burden on everyone. Tax reform is a soothing euphemism for tax change. The information is presented in 6 parts:

* Current system,
* Revenue and importance,
* Limitations and special issues,
* Tax levy methodology,
* Assessment issues,
* Reform and related issues.

The real issue around property tax is the need for standards of assessment, standards about the frequency of reassessment, and the method for determining value for tax purposes. Not only is it important to be equitable in the levy of property taxes, the extent to which there are exceptions and exclusions and special treatments for property the greater the inequity of the tax system.

Reforming property tax also needs to look at the mandates made by the legislature on local governments and the pressure that this places on the local tax base. As alternative sources of taxation are eliminated this leaves only the property tax to take the burden.

The problem with property tax is a $14.2 billion problem. It would require a 4.59% personal income tax or a 5.81% earned income tax to replace all of the property taxes currently collected. This would be in addition to the personal and earned income taxes already levied.