

Senator Darling
Senator Marklein
Representative Kooyenga
Representative Rohrkaste
Representative Loudenbeck

SHARED REVENUE AND TAX RELIEF -- DIRECT AID PAYMENTS

State Aid for Tax Exempt Computers, Cash Registers, and Fax Machines

Motion:

Move to sunset the current law formula for calculating aid payments after the payments for the 2016(17) property tax year are made in July, 2017. Specify that in July, 2018, each taxing jurisdiction, as defined under current law, will receive an aid payment equal to the payment it received in July, 2017, multiplied by 1.0147. Specify that in 2019 and in each year thereafter, each taxing jurisdiction that received an aid payment in the previous year will receive an aid payment equal to that previous payment increased by the change in the inflation rate. Define change in the inflation rate as the percentage equal to the average annual change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor, for the 12-months ending on September 30 of the year before the year of the payment, but not less than zero. Specify that any payment made to a municipality on behalf of a tax increment district created by the municipality will continue to be made to the municipality after the tax increment district is terminated.

Repeal the current law provision that requires owners of exempt computers, cash registers, and fax machines to annually file a return with the local assessor or the Department of Revenue (DOR) that reports the value of the exempt property. Repeal related provisions regarding penalties on individuals who fail to file returns, DOR's calculation of manufacturing values, and DOR's resolution of disputes related to the taxability of property. Modify current law provisions related to the equalized value of technical college districts and school districts to refer to the value of computers used for the aid determination in July, 2017.

Estimate the sum sufficient aid appropriation at \$95,660,000 in 2018-19, the same amount estimated in Paper #566.

Note:

The motion would suspend the current law formula for calculating computer aid payments after the payments in July, 2017. In 2018, each local government that received an aid payment in

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2017 would receive an increase of 1.47% in its aid payment. Thereafter, each local government's aid payment would increase by a percentage equal to the inflation rate. The inflation rate would be defined identically to the inflation rate that is used under the budget test of the expenditure restraint program. As a result, aid payments would no longer be based on the amount of exempt computer value located in the jurisdiction or the jurisdiction's property tax rate. To the extent that financial plans of existing tax increment districts assume increases in computer aid due to the location of additional amounts of computer value, districts may face difficulty retiring their project costs before their statutorily prescribed termination dates.