



Indiana Association of
Cities and Towns



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IACT Announces Support for Senate Approach

Calls on Governor Pence to Follow-up on Openness for Replacement Revenue

INDIANAPOLIS – IACT announced today that the Senate’s current personal property tax elimination (PPT) proposal, which was inserted into HB 1001 last week, demonstrates great movement from the Senate. If something more than a study panel is going to advance during this legislative session, the Senate’s plan comes closer to addressing the concerns of municipal government than any other ideas currently being considered by lawmakers.

IACT praises both the House and Senate for pushing for a blue ribbon panel to further explore the impact of eliminating any portion of Indiana’s PPT. We support a comprehensive review of how we fund local government in our state and an analysis of the tools used to grow our communities and attract new business. It is our hope that the blue ribbon council’s review will be the impetus for change relative to many provisions that might negatively impact the health of Indiana’s communities both today and in the future. The Senate has pushed for a study panel since the early days of the legislative session and we support this effort and expect to be an active participant should it pass.

In terms of remaining areas of concern, IACT continues to be intensely opposed to the county by county option to eliminate the tax on new equipment being pushed in the House. We continue to raise the red flag that this provision leaves too many cities, towns, counties, schools, libraries, townships and other local units with little to no voice in a decision to eliminate a relied upon source of revenue. What’s being considered is NOT a local option and represents a serious step backwards for economic development and growth in our state. The language in this proposal represents the beginning of a

complete phase out of the tax as counties will be gradually pressured into elimination and old equipment ages out and is replaced. It's a slippery slope and is certainly the most detrimental piece of PPT legislation still alive.

Due to some changes in the small business exemption, the Senate's latest proposal reduces the fiscal impact to local units of government from about \$54 million to \$6.5 million. When looking specifically at the loss to cities and towns, the estimated reduction in revenues could be as low as \$2.4 million. While this reduction is much appreciated by city and town leaders, IACT encourages Governor Pence to follow up on his statements of being open to replacement revenues. We urge the Governor to call upon House and Senate leaders to mitigate any revenue losses to local units and avoid the property tax shift to homeowners associated with PPT elimination.

Compared to where we started in January, great strides have been made on the issue of PPT elimination. We look forward to continuing our work with the General Assembly and Governor Pence in the days ahead.

The Indiana Association of Cities and Towns (IACT): *IACT is a coalition of municipal officials who seek to improve the quality of life in Indiana through effective government, and is a member of the National League of Cities. Founded in 1891, IACT is one of the oldest state municipal organizations in the country, with 470 cities and towns as members. IACT advocates for municipalities as the official voice of municipal government in Indiana, and promotes good government through education, training and leadership.*

Replace Don't Erase: *In an effort to communicate with one clear voice the consequences of eliminating all or some of the personal property tax without full replacement revenues, IACT invited the statewide organizations of all affected local units to join Replace Don't Erase. Our hope is that by working together we can effectively communicate the seriousness of eliminating some or all personal property tax revenues without a state implemented replacement of these dollars. The quality of our schools, public safety departments, infrastructure, programs and ability to develop livable communities depends on the limited resources currently available. Changes to these revenue streams need to be made with utmost deliberation and full consideration for how the funds will otherwise be generated.*