

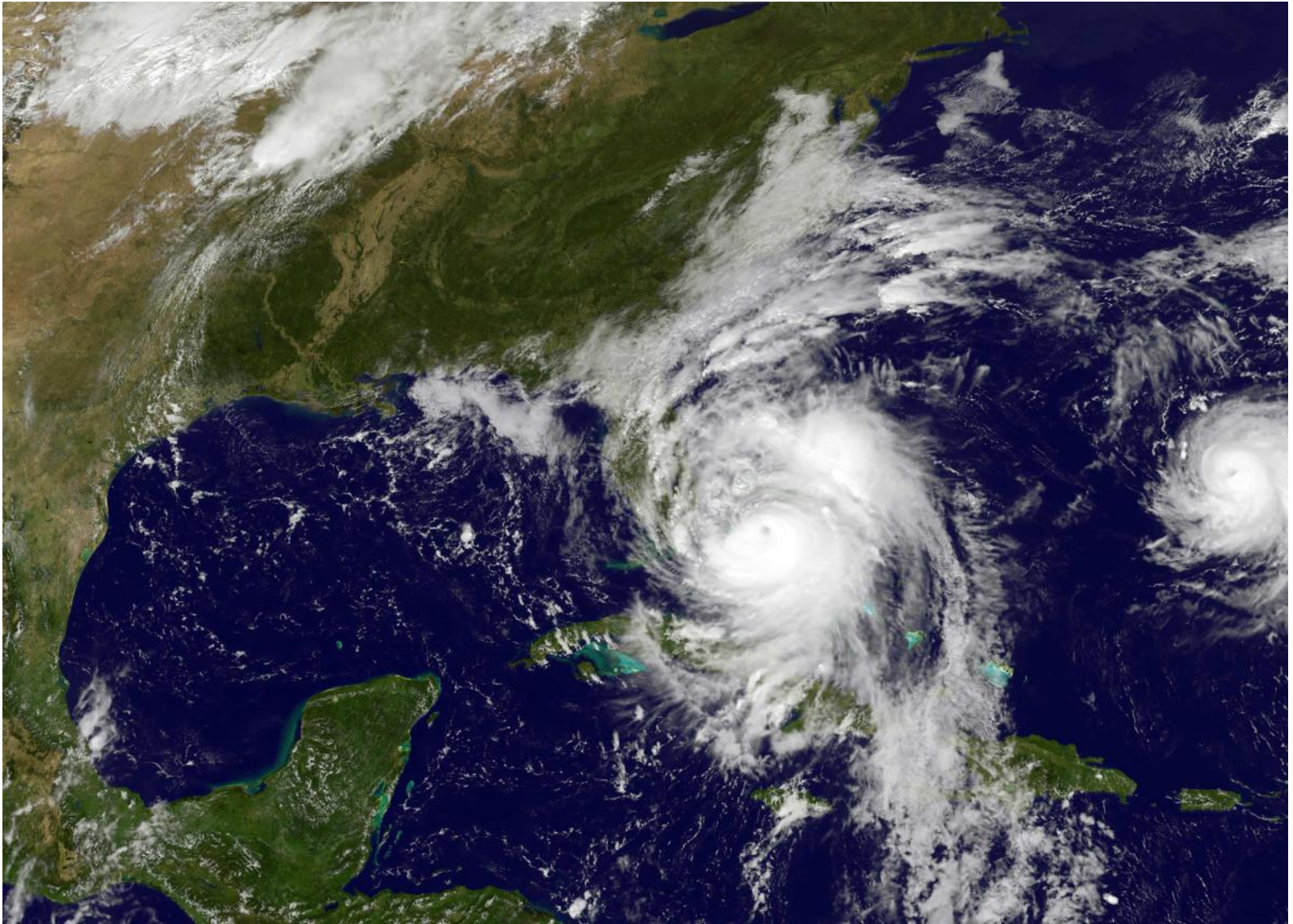
# What's Up With Property Taxes

Critical Issues for the Fiscal Health of  
New England Cities and Towns  
Lincoln Institute of Land Policy  
Catherine Collins December 1, 2016

GW Institute  
of Public Policy

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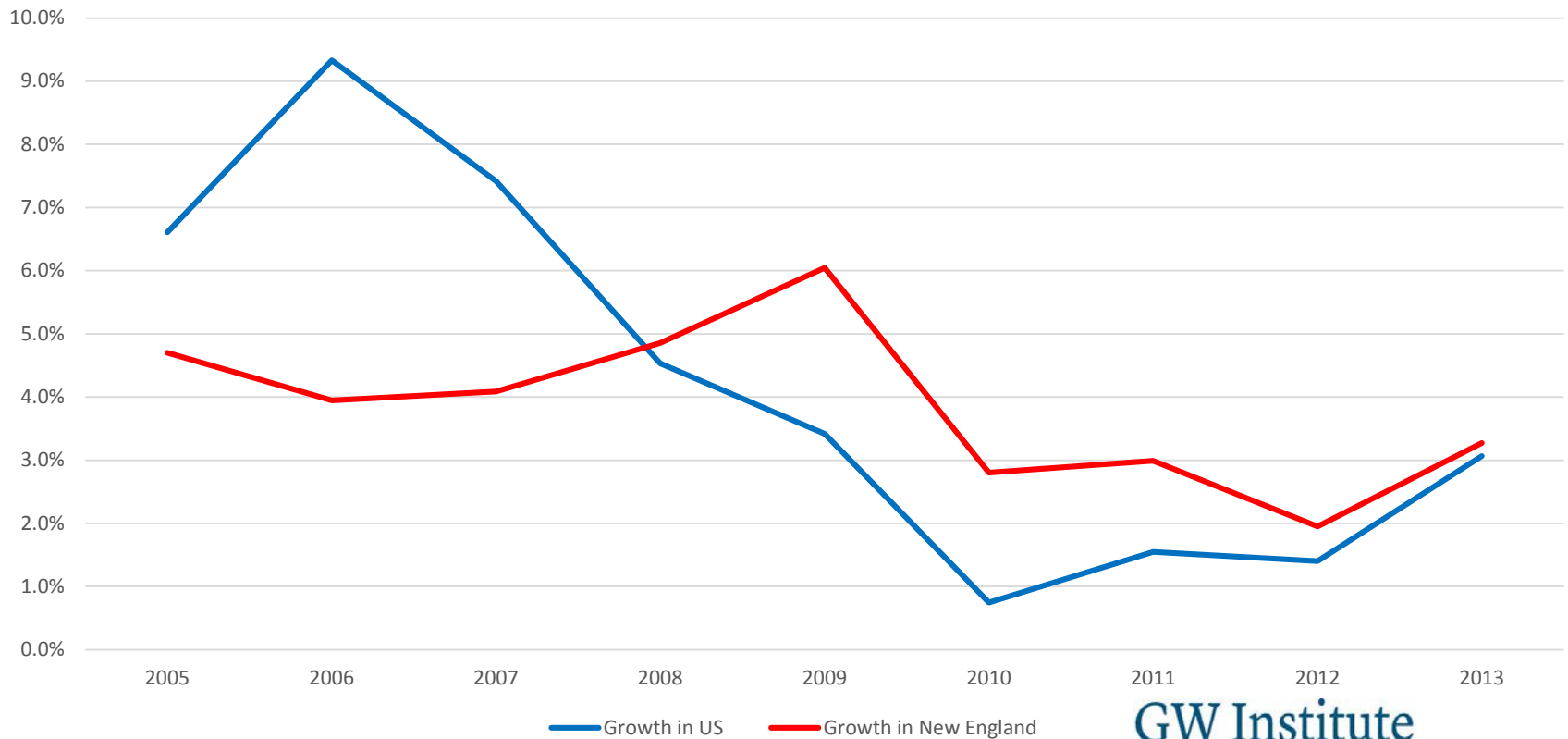
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# Property Tax Revenues Held Up

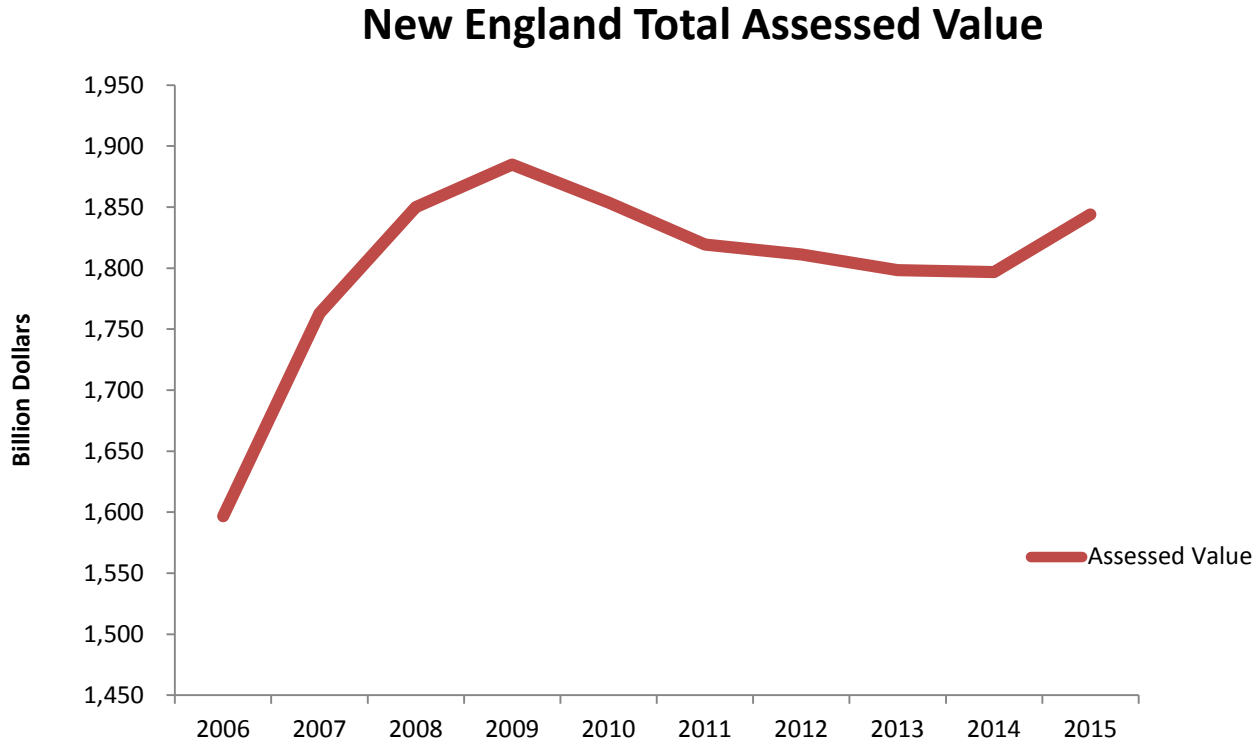
Growth of Local Property Tax Collections in US and New England  
2005-2013



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# Tax Base Still Below Peak



# While Still Important There are Limits

- Both New York and New Jersey added new property tax limits since the recession
- Pennsylvania added levy limit in addition to earlier rate cap
- Since the recession, more localities are facing ceiling limits in Massachusetts
- Flat rates of growth or inflation based pose different problems

# Low Inflation-Good News Bad News

- Tax limits adjusted to changes in CPI can be difficult to manage
  - New York's new levy growth ranged from 2% in the first year 2013 to just 0.68% for 2017
  - Florida's baseline growth for assessments ratchet down
- For relief programs, some programs suspended any CPI growth as budget-saving measures
- Growth of homestead exemptions adjusted for inflation slowed

# Ways States Have Stressed Localities

- Expanding exemptions for veterans, first responders, and surviving spouses—generally at local option but at local cost
- Making adjustments to those incentives that are paid for by the state, reducing the relief and saving state revenues
- Changing the earmarking of revenues

# The Shrinking Base

- Eliminating Taxable Personal Property
  - New England's use of Personal Property
  - States that are eliminating the tax
- Expanding economic development programs
- Assessing Big Box Stores as Dark Stores



# Non-Profit Tax Exemption

- Treatment of non-profit organizations for charitable purposes
  - Mandatory, by application, by legislation
- Voluntary Payments in Lieu of Taxes
- Settlement of taxpayer challenges to exemption
- Tightening the definition of non-profit

# Coping with Extreme Weather



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# Policies Help or Hinder

- Aftermath of Sandy to rebuild and reassess
- Addressing potential losses from rising sea level
- Protecting vulnerable areas
  - Loss of preferential treatment if violating water quality requirements
  - Treatment of “conservation” lands and easements



# Other Environmental Taxes

- San Francisco Bay area— approved a parcel tax to protect wetlands
- Maryland “rain tax” repealed as state mandate but continues to be imposed at local level using various policies
- Banning single use plastic bags
- Missouri continued sales tax dedicated to soil and water conservation and state parks

# The Many Colors of “Green”

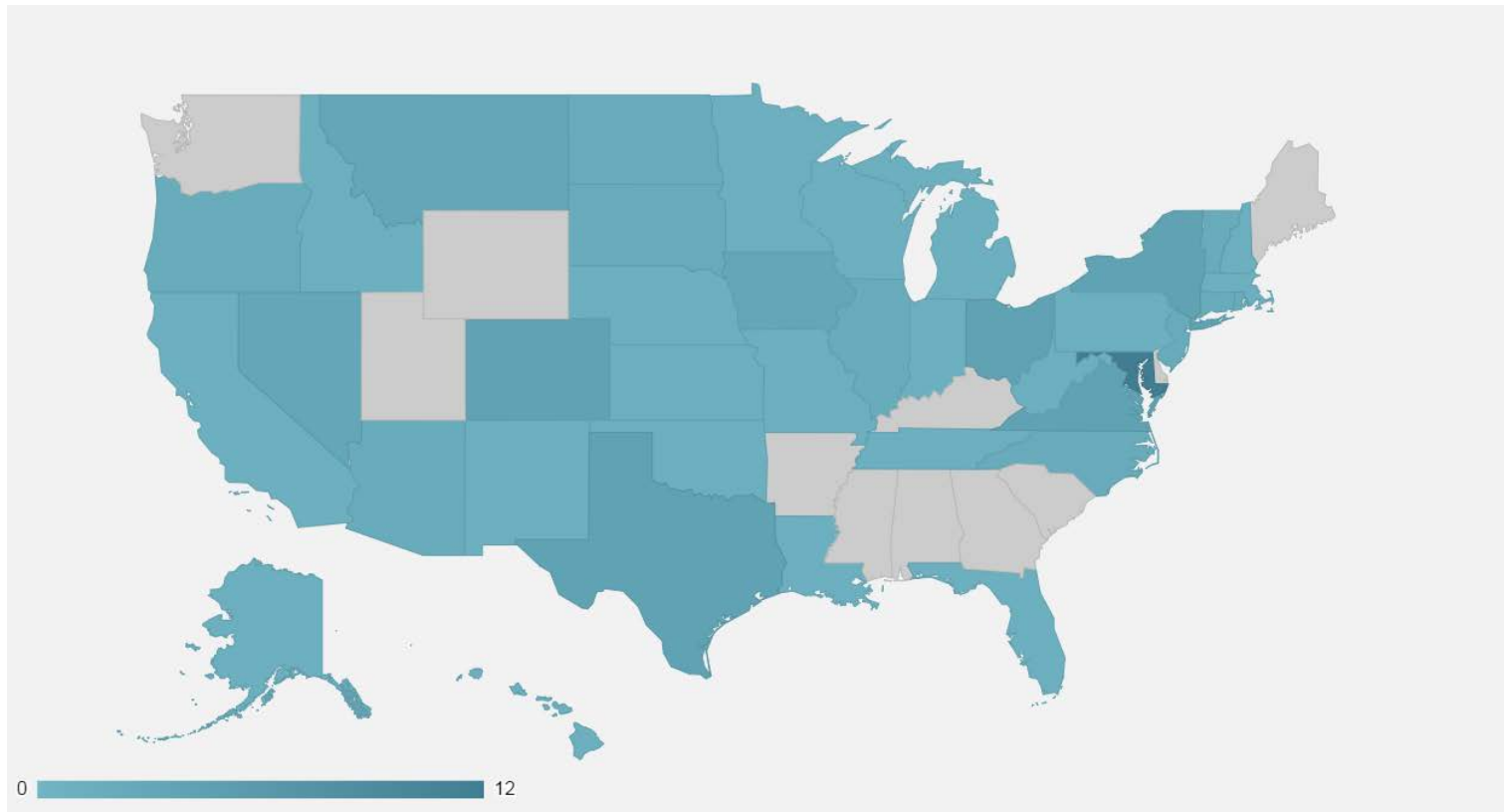


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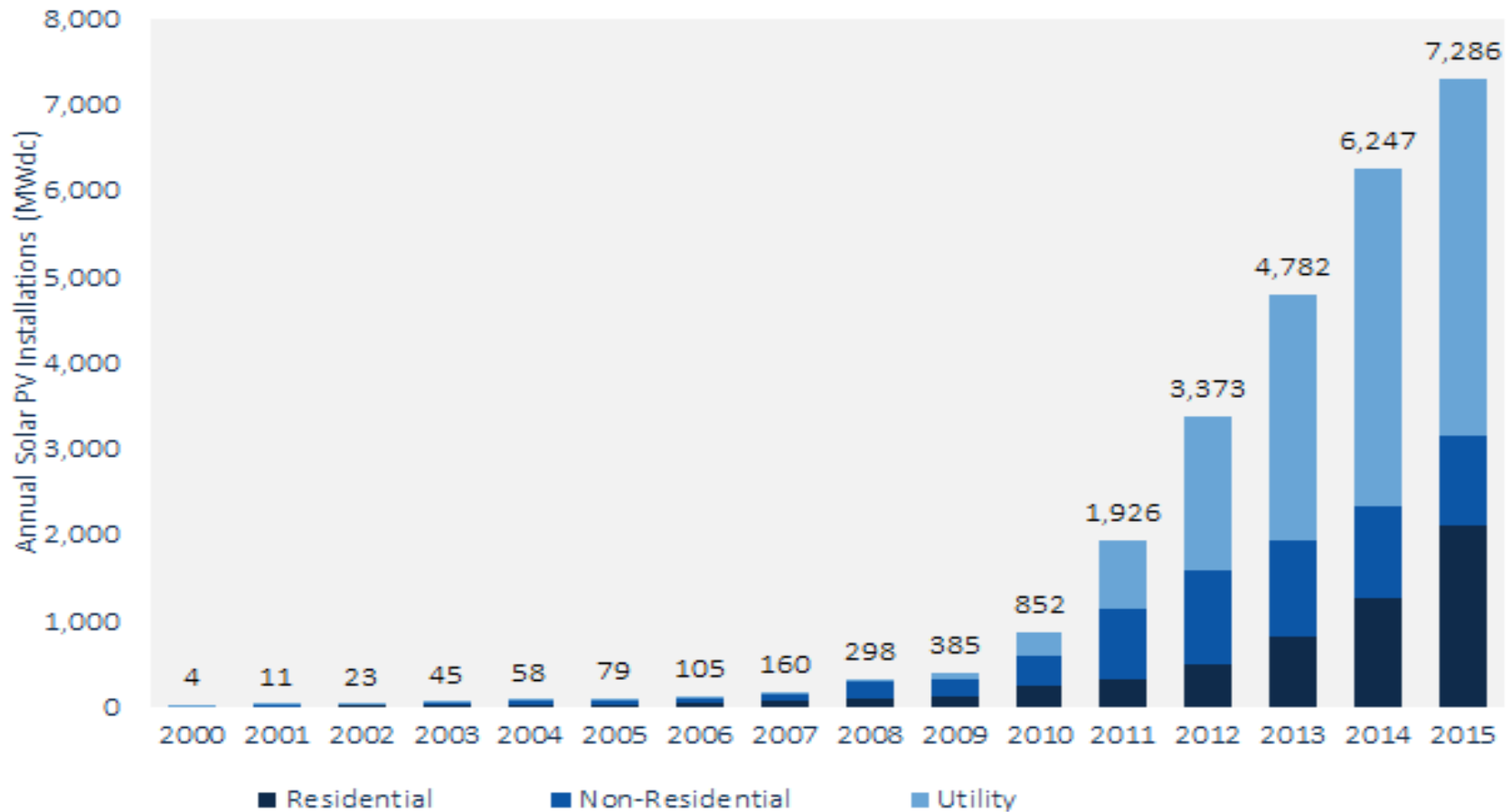
# Wide Use of Green Property Tax Incentives



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# Utility and Residential Solar Use Increase



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# Renewables Raise Property Tax Issues

- What happens when the facility—solar or wind, is located on farm land that enjoys current use status?
- How are solar panels taxed when owned or leased by property owner?
- Does selling “excess” energy back to grid affect the taxation of the renewable facility?
- Does selling back to grid make user a utility?



# Forgiven But Can't Be Forgotten



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# What's This GASB Rule 77 All About

- New reporting requirements
  - Different from Tax Expenditure Budgets
- New York City first to report
- What does it mean
- How much does it represent

# Thanks

And Thanks to Jack Warner

