



FY 2022 Recommended Budget Budget Question

Board Question #: 8

BUDGET QUESTION: Provide more explanation on the recommended business tax decreases.

RESPONDING DEPARTMENT/OFFICE: Budget Office

RESPONSE: Staff used the CY 2020 business tangible taxes as the basis for the analysis performed to arrive at the recommended reduced tax rates for CY 2021 to exhaust the \$2.25 million the Board set aside for a reduction in the tax rates. Using that data, we concluded that business furniture and fixtures accounted for 89% of business tangible revenue while taxes on heavy equipment and machinery & tools accounted for 5% each. (Does not add to 100% because of rounding.)

Using these proportions, staff derived the rate that would need to be in place in CY 2021 for each of these taxes to reduce total revenue by \$2.25 million, all else being equal.

There were 4,568 active accounts for CY 2020 of which 232 (5%) are easily recognized by staff as being chain stores and which would “use” 36% of the total \$2.25 million available at the lowered rates. Therefore 64% – just under two-thirds – would be “used” by other-than-chain stores.

State Code does not provide localities the authority to rebate these taxes. Of course, relief can be achieved through a reduced rate, as has been recommended for CY 2021, but must be applied to the entire class of taxpayers.

ESTIMATE OF STAFF TIME SPENT ON RESPONSE: