

Workshop on Property Tax Incentives and the Treatment of Tax-Exempt Property

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Michael A. Pagano
College of Urban Planning and Public Affairs
University of Illinois at Chicago
MAPagano@uic.edu



**BUSINESS WON'T
COME TO R.I.
WHEN FORCED TO PAY**

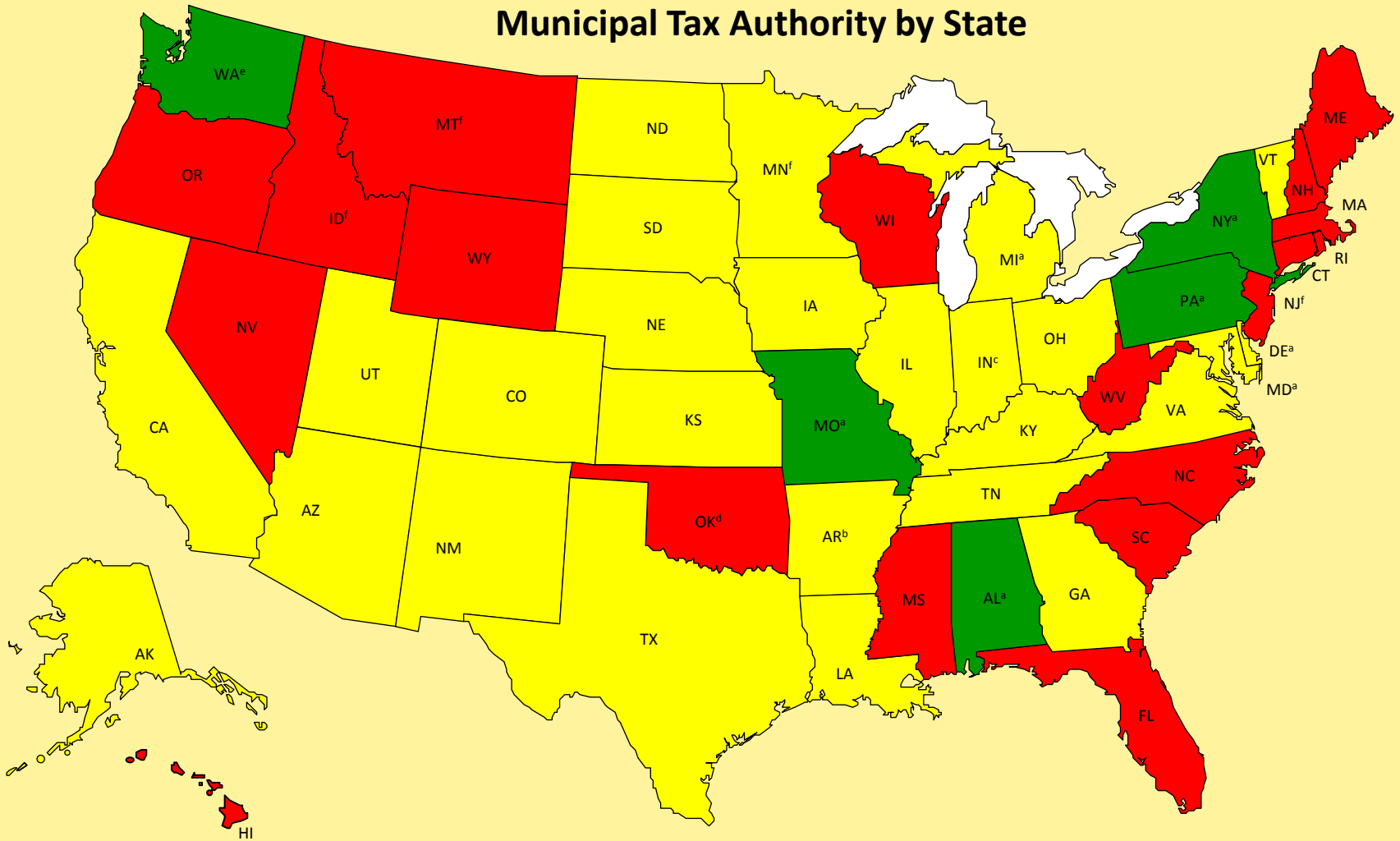
BROWN UNIVERSITY'S TAXES

"PROVIDENCE NEEDS A TAX REVOLT"

Tax structures, options matter

- Revenue/resource portfolio matters
- Constitutional/statutory authority to access a diverse revenue system matters
- Salience of policy issues related to tax-exempt properties depend on revenue reliance and diversity

Municipal Tax Authority by State



a Income or sales tax for selected cities. **b** Cities can levy a local income tax, but no locality currently does so. **c** A local income tax under certain circumstances. **d** Sales tax only; cities can levy a property tax for debt-retirement purposes only. **e** Cities can impose the equivalent of a business income tax. **f** Sales taxes for selected cities and/or restricted use only.

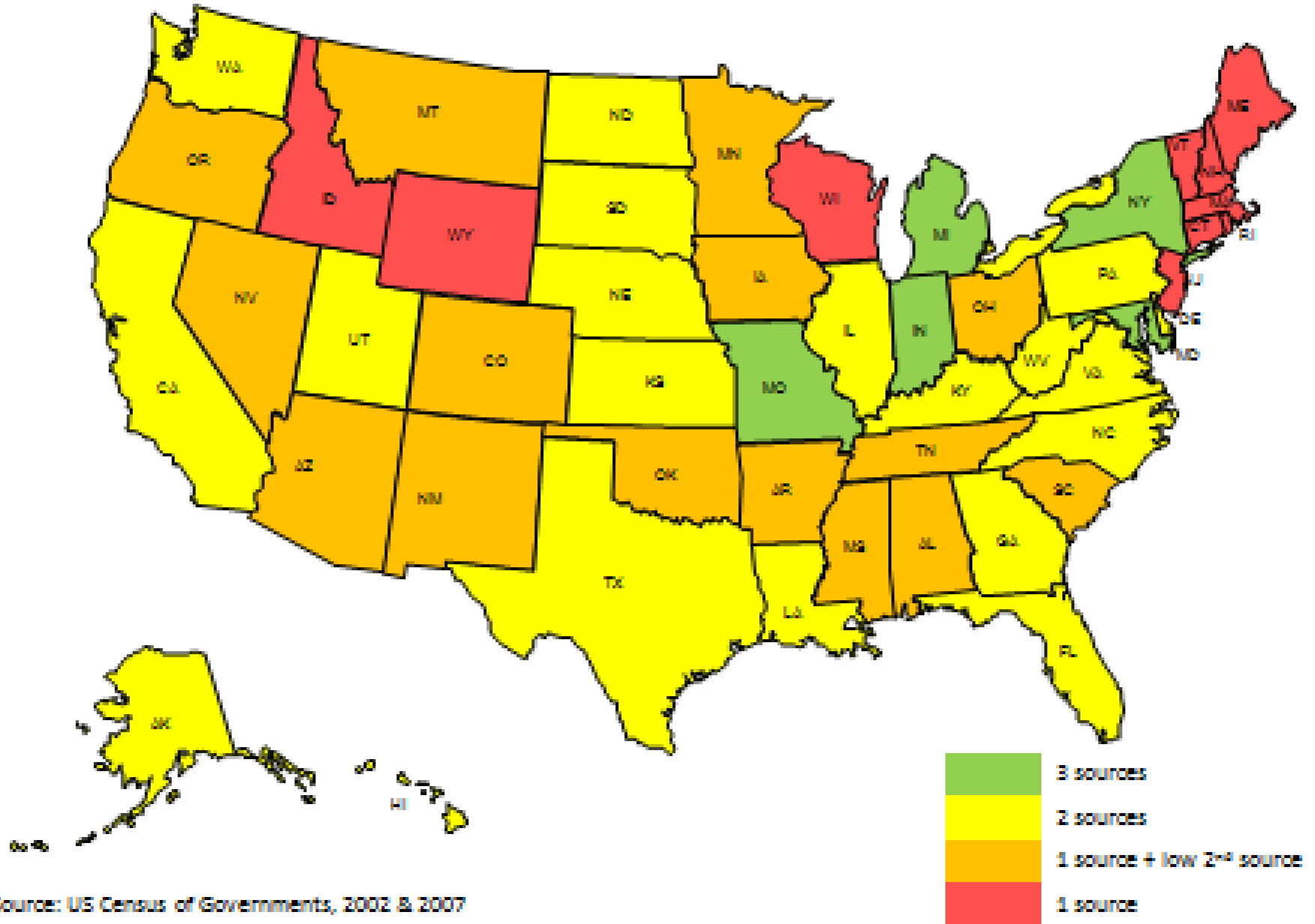
Property + sales + income

Property + sales OR Income

Property or sales only

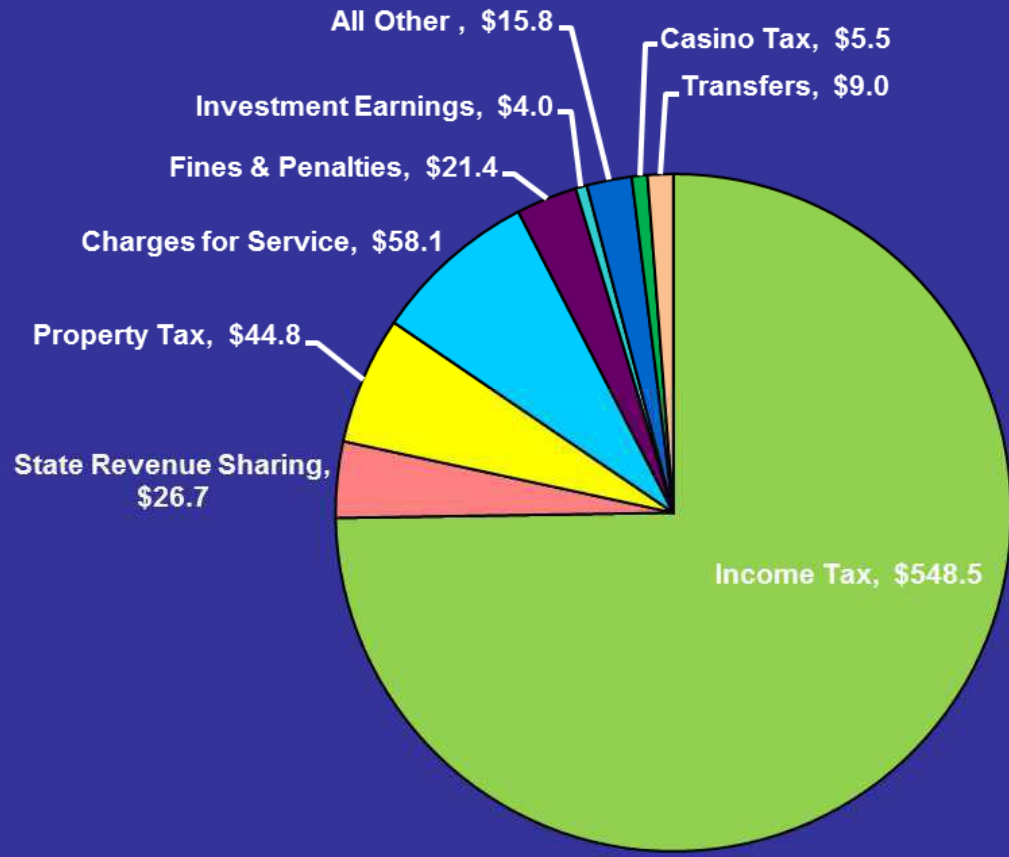
Source: Michael A. Pagano and Christopher Hoene, "States and the Fiscal Policy Space of Cities" in Michael Bell, David Brunori, and Joan Youngman, eds. *The Property Tax and Local Autonomy* (Cambridge, MA: Lincoln Institute of Land Policy, 2010), pp. 243-284.

Municipal Revenue Reliance, 2002 & 2007



Source: US Census of Governments, 2002 & 2007

2013 General Fund Revenues = \$733.8 Million



In Millions

Columbus City and Schools

- Nearly 6% of Columbus' property exempt (acc to Kenyon et al). Tax exempts: State capital, large research university.
- City: "The city experienced a 10.3 percent increase in assessed valuation during the sexennial reappraisal in 2006, but in 2009, the triennial update year, the county applied a zero growth rate to all residential property values. Property tax collections declined by 7.14 percent in 2011 and are projected to decline again in 2012. The City Auditor projects that 2012 property tax collections will be 8.02 percent less than those of 2011. Property taxes are expected to rebound in 2013, with a growth rate of 2.32 percent."
- Schools: Major issue to school district. \$395,233,955 in property taxes collected in 2011; \$509,549,317 in state aid; and \$38,140,408 in PILOT.

What to consider?

- Fees (e.g., curb-fee; water; drainage fee)
- Audits to ascertain compliance with 501-c-3 status (e.g., Provena)
- Transform Fiscal Architecture to better align users of quasi-private (excludable/divisible) city services with payers
- Transform Fiscal Architecture to become less reliant on property taxes, more on earnings, income, payroll and other allowable taxes (e.g., Ohio's municipal income tax).
- Tuition Tax? (e.g., Pittsburgh)