

Most local leaders say personal property tax is complex, but important to their budgets

20 November 2012

A majority of Michigan's local government leaders believe revenue from the personal property tax is important to their budgets, according to a University of Michigan survey.

The Michigan Personal Property Tax is assessed on businesses for their property such as equipment, furniture and computers, and raises revenue in nearly every local jurisdiction.

The tax has been a target of tax reform in Michigan among those who argue that its complexity makes it burdensome for both businesses and [local governments](#), and that it discourages economic development by penalizing business investments.

[Distrust](#) of the state may be a factor in [tax reform](#).

"More than two-thirds of local leaders tell us they don't trust the state government to follow through on commitments it might make to replace lost personal property tax revenues," said Tom Ivacko, who oversees the poll by the U-M's Ford School of Public Policy.

The poll, part of the Michigan Public [Policy Survey](#) series at the Ford School's Center for Local, State, and [Urban Policy](#), reports that:

- Among jurisdictions that report receiving the revenue, 51 percent say that the funds are important for their budgets. This increases to 83 percent of the state's largest jurisdictions.
- At the same time, many local leaders believe the tax has significant drawbacks. Despite those drawbacks, 46 percent of local leaders whose jurisdictions receive the revenue believe the funding is worth the difficulties the tax presents, compared to just 30 percent who feel the opposite.
- Nearly three-quarters, or 74 percent, of affected local leaders would support

elimination of the tax if the state replaces the revenues in full. Support drops sharply to 44 percent of leaders if the state were to replace most, but not all, of the revenue.

The study, conducted April 9 to June 18, involved surveys sent via hardcopy and the Internet to top elected and appointed officials in all counties, cities, villages and townships in Michigan. A total of 1,329 jurisdictions returned valid surveys, resulting in a 72-percent response rate. The survey had a margin of error of 1.43 percentage points either way.

More information:

[closup.umich.edu/michigan-publ ... state-follow-through](http://closup.umich.edu/michigan-publ...state-follow-through)

Provided by University of Michigan

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