



ELIMINATING SCHOOL PROPERTY TAXES LEAVES

INDIVIDUALS HOLDING THE BAG

With businesses currently paying approximately \$3 billion in school property taxes (based on the most recent available data from 2014-15), a property tax elimination proposal will shift the majority of the burden of replacing this revenue to individuals.

According to a 2012 analysis by the Independent Fiscal Office, businesses will generate approximately 11% of the revenue from the increased personal income tax and about 10% of the revenue from the increased and expanded sales and use tax.

With businesses currently paying approximately \$3 billion in school property taxes, property tax elimination will give businesses a nearly \$2 billion windfall as their school property taxes will be eliminated without an equivalent shift to personal income and sales taxes.

Elimination of

$$\begin{array}{l} \$3 \text{ billion} \\ \text{in school property taxes} \\ \text{PAID BY BUSINESSES} \end{array} = \begin{array}{l} \$2 \text{ billion} \\ \text{Increased PIT and SUT} \\ \text{PAID BY INDIVIDUALS} \end{array} + \begin{array}{l} \$1 \text{ billion} \\ \text{Increased PIT and SUT} \\ \text{PAID BY BUSINESSES} \end{array}$$

As a result, individuals will need to replace not only their own property taxes with a shift to increased personal income and sales taxes but also the nearly \$2 billion previously paid by businesses. This shift from businesses to individuals will be most significant in those school districts with a large proportion of commercial and industrial property. [Click here for a spreadsheet showing the percentage of commercial and industrial property in each school district and an estimate of the amount school property taxes collected from these properties in 2014-15.](#)