STATE TANGIBLE PERSONAL PROPERTY TAX STATUTORY REFERENCES FOR
TAX FOUNDATION BACKGROUND PAPER 63

The following notes refer to the statutes that relate to the assessment ratios, different tax rates, inventory and economic development exemptions, and local options to reduce the tangible personal property taxes outlined in Table 1, TPP Tax Base and Compliance Details.

ALABAMA

- Inventory is exempt. ALA. CONST. amend. 373, § 217(k); ALA. CODE § 40-9-1(23).

- TPP of utilities is assessed at 30 percent, most business properties at 20 percent, homesteads at 10 percent, and private motor vehicles at 15 percent of fair market value. ALA. CONST. amend. 373, § 217(b).

- Abatements are available under the Tax Incentive Reform Act for qualified industrial or research enterprises, headquarters facilities and data processing facilities. ALA. CODE § 40-9B-1 et seq.

  Class 6 cities may grant tax abatements for up to fifteen years. ALA. CODE § 11-51-221 et seq.
  There are fourteen Class 6 cities. See http://ador.state.al.us/Taxincentives/proptaxincentives.html.

ALASKA

- Municipalities may by ordinance levy a property tax. ALASKA STAT. § 29.45.240.

  Second class city may by referendum levy property tax. ALASKA STAT. § 29.45.590.

- Municipalities may impose a flat tax on TPP in lieu of ad valorem tax. ALASKA STAT. § 29.45.055.

- Municipalities may by ordinance fully or partially exempt some or all types of TPP from property tax. ALASKA STAT. § 29.45.050(b)(2).

- Municipalities may by ordinance exempt economic development property. ALASKA STAT. § 29.45.050(m).
• Alaska Taxable 2011, a report by the Office of State Assessor, at Table 4 lists 25 municipalities that tax property. Of those listed municipalities, nine tax inventory and fifteen tax business machinery and equipment. See [www.dced.state.ak.us/dca/osa/pub/11Taxable.pdf](http://www.dced.state.ak.us/dca/osa/pub/11Taxable.pdf).

• Oil and gas property is taxed at the state level. ALASKA STAT. § 43.56.010.

**ARIZONA**

• Inventory is exempt from property tax. ARIZ. REV. STAT. ANN. § 42-11125.

• $50,000 of business TPP is exempt from tax. The amount of this exemption is adjusted by a cost index each year. ARIZ. REV. STAT. ANN. § 42-11127.


• Arizona has nine classes of property. ARIZ. REV. STAT. ANN. §§ 42-12001 to -12009.

  Most business property is Class 1, which is assessed at 20 percent of cash value. By contrast, residential property is assessed at 10 percent of cash value, and agricultural property is assessed at 16 percent of cash value. ARIZ. REV. STAT. ANN. §§ 42-15001 to -15009.

  In 2005, Arizona enacted a phased reduction in the Class 1 assessment ratio from 25 percent in 2005 to 18 percent in 2016. ARIZ. REV. STAT. ANN. § 42-15001.

• Class 6 property includes TPP in a foreign trade zone, in a military reuse zone, used in environmental technology manufacturing, or used in renewable energy manufacturing or headquarters. Class 6 property is assessed at 5 percent of cash value. ARIZ. REV. STAT. ANN. §§ 42-12006, 42-15006.

• Constitutional change to permit legislature to exempt roughly $2.4 million of new TPP is on Nov. 2012 ballot.

**ARKANSAS**

• All TPP is taxable. ARK. CODE ANN. § 26-3-201.
• Textile mills for seven years are exempt. ARK. CODE ANN. § 26-3-304.

• The Arkansas constitution forbids exemptions not in the constitution. The governor and the Agricultural and Industrial Commission may contract with a manufacturer to exempt new property for up to ten years. ARK. CONST. amend. 27.

**CALIFORNIA**

• Inventory is exempt. CAL. REV. & TAX CODE § 219.

• Counties may exempt TPP that has a full value so low that the total taxes would be less than the cost of assessment and collection. CAL. REV. & TAX CODE § 155.20.

• Local jurisdictions may adopt a capital investment incentive program and provide incentives to a qualified manufacturing or research and development facility that invests at least $250 million in the jurisdiction. CAL. GOV’T CODE § 51298.

**COLORADO**

• Inventory is exempt. COLO. REV. STAT. § 39-3-119.

• A taxpayer with $5,500 or less in value of taxable TPP is exempt. The exemption is increased by an inflation factor. COLO. REV. STAT. § 39-3-119.5

• Residential property is assessed in 2012 at 7.96 percent of actual value. All other property is taxed at 29 percent of actual value. COLO. REV. STAT. §§ 39-1-104, -104.2(3)(m).

Section 39-1-104.2(3)(m) implements Article X, § 3(b) of the Colorado constitution, which provides that residential property shall be assessed at 21 percent of actual value in 1985, and the residential assessment ratio shall be adjusted by the legislature in future years to assure the percentage of aggregate statewide assessment attributable to residential property remains the same as in the previous year.

**CONNECTICUT**

• Inventory is exempt. CONN. GEN. STAT. § 12-81(50), (54).
• Manufacturing machinery and equipment, including machinery and equipment used in biotechnology, is exempt. CONN. GEN. STAT. § 12-81(76).

• New machinery and equipment used in upgrading a manufacturing facility in a qualified distressed municipality, targeted investment community, or enterprise zone are exempt. The taxpayer must apply for the exemption. CONN. GEN. STAT. § 12-81(70).

• New machinery and equipment in qualified manufacturing facilities, biotechnology, and recycling are exempt. The taxpayer must apply for the exemption. CONN. GEN. STAT. § 12-81(72).

• Municipalities may abate taxes for information technology personal property and real and personal property of a communications establishment. CONN. GEN. STAT. § 12-81t to 12-81u.

DELAWARE

• TPP is exempt from property tax in Delaware. DEL. CODE ANN. tit. 9, § 8103.

DISTRICT OF COLUMBIA

• D.C. exempts $225,000 in value of TPP. D.C. CODE ANN. § 47-1522(a).

• TPP of a qualified supermarket, restaurant, or retail store is exempt under D.C. CODE ANN. § 47-1508(a)(9), to the extent that funds for the exemption are included in a budget and financial plan, per D.C. CODE ANN. § 47-380(b).

• TPP of a qualified high technology company is exempt for ten years. D.C. CODE ANN. § 47-1508(a)(10).


• DC has four classes of real property. The tax rate for TPP is $3.40 per $100. D.C. CODE ANN. § 47-1522.

The rates for real property in effect in 2012 are $0.85 for residential real property, $1.65 for commercial real property less than $3 million in value and $1.85 for property in excess of $3
million in value, $5.00 for vacant property, and $10.00 for blighted property. D.C. CODE ANN. § 47-812.

**FLORIDA**

- Inventory is exempt. Fla. Stat. § 196.185.

- Counties and cities may by referendum exempt the property of a qualified new business or an expansion of an existing business for up to ten years, which may be renewed. A taxpayer must apply for the exemption. Fla. Stat. § 196.1995.

- Qualified target businesses may receive tax refunds upon application and execution of an agreement, creation of at least ten new jobs, and compliance with requirements for job creation and economic benefit. Fla. Stat. § 288.106.


**GEORGIA**


- The state property tax is being phased out from 0.25 mills in 2011 to zero in 2016. The rate in 2012 is 0.2 mills. Ga. Code Ann. § 48-5-8.

- Local governments may by ordinance adopt enterprise zones and permit property tax exemptions for five years for qualifying businesses that create at least five new jobs. Ga. Code Ann. § 36-88-1 et seq.

**HAWAII**


**IDAHO**

- Inventory is exempt. Idaho Code Ann. § 63-602W.

- Counties may enter into agreements with taxpayers to exempt all or part of investment of at least $3 million in a new manufacturing plant for up to five years. Idaho Code Ann. § 63-
- Counties may exempt all or part of property that meets qualified investment requirements specified in the small employer growth incentive exemption provisions of IDAHO CODE ANN. § 63-606A.

- A provision for exempting $100,000 of TPP and reimbursing counties for lost property tax revenue was adopted in 2009 and is contingent on general fund revenues increasing by 5 percent. This provision has not yet been triggered. IDAHO CODE ANN. § 62-602KK.

**ILLINOIS**

- The Illinois constitution required that TPP taxes be abolished by Jan. 1, 1979 and the lost revenue be replaced by statewide taxes raised solely from those classes of taxpayers relieved of the burden of TPP tax. ILL. CONST. art. IX, § 5. The constitution also provides that the revenue loss from the TPP tax must be replaced by statewide taxes raised solely from those classes of taxpayers relieved of the burden of TPP tax.

**INDIANA**

- Inventory is exempt from TPP tax. IND. CODE § 6-1.1-1-11(b).

- A taxpayer may apply for deductions in assessments for qualified investments in economic revitalization areas (IND. CODE § 6-1.1-12.1-1 et seq.), enterprise zones (IND. CODE § 6-1.1-45-1 et seq.), and maritime opportunity districts (IND. CODE § 6-6-1.1-40-1 et seq.).

- A taxpayer making at least a $10 million investment in a county or city may make an agreement to exempt enterprise information technology equipment in a high technology district. IND. CODE § 6-1.1-10-44.

**IOWA**

- TPP is exempt from property tax. IOWA CODE § 427A.2.

**KANSAS**

- Inventory is exempt. KAN. STAT. ANN. § 79-201m.

- Commercial and industrial machinery and equipment acquired after June 30, 2006 is exempt. KAN. STAT. ANN. § 79-223.

- Residential real property is assessed at 11.5 percent, and most business real property is assessed at 25 percent of appraised value. Commercial and industrial machinery and equipment is assessed at 25 percent, public utility TPP is assessed at 33 percent and motor vehicles and other TPP is assessed at 30 percent of appraised value. Kan. Stat. Ann. § 79-1439.

- TPP with an original retail cost of $1,500 or less is exempt. Kan. Stat. Ann. § 79-201w.

**Kentucky**

- Inventory is subject to a state property tax of 5 cents per $100 of assessed value. Ky. Rev. Stat. Ann. § 132.020(n).

  Cities and counties may levy a property tax on inventory that is the same rate or less than the rate on other TPP. Ky. Rev. Stat. Ann. § 132.028.

- Ky. Rev. Stat. Ann. § 132.200 lists specific TPP; such as farm implements, manufacturing equipment, raw materials used in manufacturing, and commercial radio, TV and telephone equipment; which is only taxed at the state level.

- Ky. Rev. Stat. Ann. § 132.020 lists state property tax rates. These rates include 0.001 per $100 for machinery used in farming, 0.15 for machinery used in manufacturing, 0.001 for TPP in foreign trade zone, 0.15 for commercial radio, TV and telephone equipment, 0.45 for most business TPP, and 0.315 per $100 for most real property. Section 132.020 also provides that the real property tax rate shall be reduced when the aggregate assessed value exceeds 4 percent of the aggregate assessed value in the previous year. On July 12, 2012, the
Kentucky Revenue Cabinet announced that the statewide real property tax rate for 2012 will be 12.2 cents per $100 of assessed value.

LOUISIANA

• Inventory of businesses with gross sales in excess of $15,000 is taxed. LA. REV. STAT. ANN. § 47:1961.

• A refundable credit against income tax and franchise tax is provided for 100 percent of property tax paid for inventory of manufacturers, distributors, retailers, and for natural gas used in natural gas storage services. This credit was phased in from 20 percent in 1992 to 100 percent in 1996 and subsequent years. LA. REV. STAT. ANN. § 47:6006.

• Local jurisdiction may enter into contract to exempt inventory of a distribution center. LA. CONST. art. VII, § 21(I).

• Land is assessed at 10 percent of fair market value. Public service TPP is taxed at 25 percent, and most other TPP is taxed at 15 percent. LA. CONST. art. VII, § 18.

• The Board of Commerce and Industry, with approval of the Governor, may execute contract for exemption from property tax for new or expanded manufacturing establishment for 5 years, renewable for 5 more years. LA. CONST. art. VII, § 21(F).

• The Board of Commerce and Industry, with approval of the local jurisdiction and the Governor, may execute a contract for taxation at preconstruction value of improvement or development of structure in downtown or economic development district for up to 10 years. LA. CONST. art. VII, § 21(H); LA. REV. STAT. ANN. § 47:4311 et seq.

• 75 percent of property tax of qualified investment of more than $100 million in the City of New Orleans is exempt. LA. REV. STAT. ANN. § 33:4709.21.

MAINE

• Inventory is exempt. ME. REV. STAT. ANN. tit. 36, § 655(1).

• Most business machinery and equipment acquired in Maine after April 1, 2008 is exempt from property tax, except office furniture, general lighting, gambling devices, most retail property, and property used in radio paging and television cable and broadcast services. ME.
REV. STAT. ANN. tit. 36, §§ 691-692. Section 693 requires taxpayers claiming this exemption to file a report annually.

- Partial reimbursement for property tax paid for eligible business machinery and equipment acquired after April 1, 1995 is available to taxpayers. ME. REV. STAT. ANN. tit. 36, § 6651 et seq. To obtain reimbursement, the taxpayer must file a claim. ME. REV. STAT. ANN. tit. 36, § 6654.

- The Treasurer of the state shall reimburse municipalities for 50 percent of property tax revenue lost as a result of property tax exemptions or credits enacted after 1978. ME. CONST. art. IV, pt. 3, § 23; ME. REV. STAT. ANN. tit. 36, § 661.

Me. Rev. Stat. Ann. tit. 36, § 700-B includes a procedure for reimbursement for revenues lost under Section 694. Section 694 has been phased in over six years. The reimbursement was 100 percent in 2008, was reduced by 10 percent each year to 60 percent in 2012 and will remain at 50 percent in 2013 and subsequent years.

MARYLAND

- TPP is exempt from state property tax. MD. CODE ANN. TAX-PROP. § 7-301.

- Inventory is exempt from state property tax. MD. CODE ANN. TAX-PROP. § 7-222(a).

Inventory is exempt from county tax, except that 35 percent of the assessment is taxable in Wicomico County. MD. CODE ANN. TAX-PROP. § 7-222(b).

Inventory is subject to municipal tax unless exempted by the municipality’s governing body. MD. CODE ANN. TAX-PROP. § 7-109(a).

- Machinery and equipment used directly in manufacturing is exempt from state property tax, but is subject to tax in five counties. MD. CODE ANN. TAX-PROP. § 7-225.

Counties may reduce the assessment for manufacturing machinery and equipment by vote of the county’s governing body. MD. CODE ANN. TAX-PROP. § 7-108.

Manufacturing machinery and equipment is taxable in municipalities unless exempted by the
governing body of the municipality. MD. CODE ANN. TAX-PROP. § 7-109.

- Maryland Department of Assessments and Taxation’s 2012-2013 County Tax Rates shows that 5 of Maryland’s 23 counties do not tax TPP.

- Maryland Department of Assessments and Taxation’s Personal Property Assessment Exemptions for the 2012/2013 Tax Year by State, County and Municipality shows that all counties except Wicomico exempt inventory, Baltimore City exempts inventory and 59 out of 160 municipalities exempt inventory.

- County tax rate for TPP and utility real property shall be 2.5 times the tax rate for all other real property. MD. CODE ANN. TAX-PROP. § 6-302.

- Tax credits for qualified personal property investments in a focus area in a designated enterprise zone are available for up to ten years. The state shall reimburse to counties and municipalities 50 percent of the funds that would have been collected if the credits had not been granted. MD. CODE ANN. TAX-PROP. § 9-103.

- Local governments may grant a property tax credit for a new or expanded manufacturing facility and for a new or expanded business in a priority funding area if the taxpayer acquires at least 5,000 square feet of additional space and creates at least ten new jobs. MD. CODE ANN. TAX-PROP. §§ 9-205, -230.

**Massachusetts**

- Most TPP of a manufacturing corporation is exempt. Towns may, by votes of their legislative bodies, exempt TPP of research and development corporations and some LLCs. MASS. GEN. LAWS ch. 59, § 5, cl. 16(3).

- Most TPP of most corporations, except machinery, is exempt. MASS. GEN. LAWS ch. 59, § 5, cl. 16(2).

- Inventory is exempt for most corporations under MASS. GEN. LAWS ch. 59, § 5, cl. 16(2), (3). There is no corresponding exemption for inventory of a sole proprietor or an LLC, other than an LLC exempted by local option. MASS. GEN. LAWS ch. 59, § 5, cl. 16(3).
• Towns, by votes of their legislative bodies, may exempt a minimum value of TPP from tax. The minimum value may not exceed $10,000. Mass. Gen. Laws ch. 59, § 5, cl. 54.


**MICHIGAN**

• Inventory is exempt. Mich. Comp. Laws § 211.9c.

• A statewide education tax of 6 mills is imposed. Mich. Comp. Laws § 211.903.

• Property is assessed at 50 percent of true cash value. Mich. Comp. Laws § 211.27a.

• Most TPP classified as industrial is exempt from up to 24 mills of school tax. Mich. Comp. Laws §§ 211.903(3)(a) and 380.1211(1).

  Most TPP classified as commercial generally is exempt from up to 12 mills of school tax. Mich. Comp. Laws § 380.1211(4).

• Local jurisdictions may exempt investments in an industrial facility located in a plant rehabilitation or industrial development zone for up to 12 years. An industrial facility tax is imposed in lieu of property tax. Mich. Comp. Laws §§ 207.558 and 207.561.

• Local jurisdictions may exempt property of a qualified start-up business for up to five years (Mich. Comp. Laws § 211.7hh), and property in an innovation center used by a high technology business (Mich. Comp. Laws § 211.9j).

• Local jurisdictions may exempt investments in a qualified facility in a commercial rehabilitation district. Mich. Comp. Laws § 207.841 et seq. A commercial rehabilitation tax is levied in lieu of the property tax. Mich. Comp. Laws § 207.850.

• TPP and real property in renaissance zones are exempt from most property taxes. Mich. Comp. Laws § 211.7ff.
MINNESOTA

- Most TPP is exempt from tax. Most taxable business TPP includes some electric generating equipment, pipeline systems and railroad docks and wharves and flight property. Inventory is exempt because it is not listed as taxable property. MINN. STAT. §§ 272.02 and 272.03.

- MINN. STAT. § 273.13 provides for classification. Class I is residential with a class rate of 0.45 to 1.25 percent. Class II property is agricultural with a class rate of 0.5 to 1 percent. Class III is commercial, industrial and utility property with a class rate of 1.5 percent for property with a market value of up to $150,000, and 2 percent for property with a value in excess of $150,000. Class IV includes some multiunit housing and recreation facilities with a class rate of 0.75 to 1.5 percent. Class V is miscellaneous with a class rate of 2 percent. Market value is multiplied by the class rate and then multiplied by the local tax rate to determine the amount of tax.

MISSISSIPPI

- There is no general inventory exemption. Motor vehicles in inventory of a motor vehicle dealer are exempt from the motor vehicle ad valorem tax. MISS. CODE ANN. § 27-51-41.

  Vessels in hands of dealer that are not operating on waters are exempt. MISS. CODE ANN. § 27-31-1(ce).

- MISS. CONST. art. 4, § 112 establishes classes of property and assessment ratios: Class I—single family homesteads (10 percent of true value), Class II—all other real property, other than utility property (15 percent of true value), Class III—TPP other than motor vehicles and utility property (15 percent of true value), Class IV—utility property (30 percent of true value), Class V—motor vehicles (30 percent of true value).

- Counties that border Gulf of Mexico may exempt TPP of hotels and motels for up to ten years. MISS. CODE ANN. § 27-31-103.

- Local jurisdictions may exempt TPP of new enterprises, or expansion of new enterprises, including warehouses, distribution centers, manufacturing, refining, research, regional and national headquarters, movie studios, and facilities used for air transportation and maintenance, data processing, technology intensive industry, telecommunications, or health care industry, for up to ten years. MISS. CODE ANN. § 27-31-101 et seq.
• Local jurisdictions may enter into tax exemption or fee in lieu of taxes agreements with projects that invest at least $750 million and create at least 3,000 jobs for up to thirty years. MISS. CODE ANN. § 57-75-33.

• Local jurisdiction may exempt property tax of a furniture marketing or exhibition enterprise for up to ten years. MISS. CODE ANN. § 27-31-47.

• All real and TPP of a start-up business in telecommunications, research and development, or technology is exempt for up to five years while it is a tenant in a nonprofit technology incubator. MISS. CODE ANN. § 27-31-1(jj).

• Equipment placed in service before July 1, 2013 by a telecommunications enterprise for broadband deployment is exempt for ten years. MISS. CODE ANN. § 57-87-7.

Missouri

• Inventory is exempt. MO. CONST. art. X, § 6.

• MO. CONST. art. X establishes classes and subclasses of property.

• Residential real property is assessed at 19 percent of true value, agricultural real property is assessed at 12 percent of true value, and commercial, industrial, and utility real property is assessed at 32 percent of true value. MO. REV. STAT. § 137.115(5).

• Farm machinery, livestock and poultry are assessed at 12 percent of true value. Pollution control equipment and equipment for retooling in an enterprise zone are assessed at 25 percent of true value. Most other TPP is assessed at 33 1/3 percent of true value. MO. REV. STAT. § 137.115(3).

Montana

• Inventory is exempt. MONT. CODE ANN. § 15-6-202.

• Property is classified and the class percentage is multiplied against assessed value to determine taxable value. Fourteen classes of property are established. MONT. CODE ANN. §§ 15-6-131 to -159.
• Most land and homes are Class 4 property. In 2010, there was a 39.5 percent exemption for homesteads, and the remaining 60.5 percent of market value was taxed at a rate of 2.82 percent, before adjustments for low income homeowners. See Montana Department of Revenue, *Biennial Report* (2010).

• Most commercial and industrial TPP is Class 8 property. The Class 8 property of a taxpayer with $20,000 or less in Class 8 property is exempt from TPP tax. Class 8 property is taxed at 2 percent for the first $2 million of market value and 3 percent for market value in excess of $2 million. If income tax revenues in any fiscal year beginning in 2013 exceed the previous year’s income tax revenues by more than 4 percent, then Class 8 property is taxed at 1.5 percent of market value for the first $3 million of market value, and 3 percent for market value in excess of 3 million. MONT. CODE ANN. § 15-6-138.

• Class 9 is most centrally assessed property of an electric, natural gas or oil company that owns or operates transmission or distribution facilities, which is taxed at 12 percent. MONT. CODE ANN. § 15-6-141.

• Class 13 includes centrally assessed telecommunications property, and some electric generation property (other than generation through renewable sources), which is taxed at 6 percent. MONT. CODE ANN. § 15-6-156.

• Class 14 property is taxed at 3 percent of market value. It includes facilities for electrical generation through renewable energy, except facilities built without paying the prevailing wage for heavy construction. MONT. CODE ANN. § 15-6-157.

• TPP of company primarily in the business of renting TPP is exempt if the TPP was acquired for short-term rental purposes and the item had an acquired cost of less than $15,000. MONT. CODE ANN. § 15-6-219(5).

• Space vehicles and TPP to design, maintain and launch are exempt. MONT. CODE ANN. § 15-6-219(6).

**Nebraska**

• Inventory is exempt. NEB. REV. STAT. § 77-202(5).
• TPP of some businesses that invest at least $3 million and create at least 75 jobs that qualify under the Nebraska Advantage Act is exempt. Neb. Rev. Stat. § 77-5725.

• Effective in 2013, TPP used in assembling a data center for location out of state is exempt. Neb. Rev. Stat. § 77-202(10).

**NEVADA**


• All real property and TPP is assessed at 35 percent of taxable value. Nev. Rev. Stat. § 361.225.

• Nevada Tax Commission may exempt TPP for which the annual tax would be less than cost of collecting. If this exemption is provided, then the Commission shall annually determine the average cost of collecting property taxes. Nev. Rev. Stat. § 361.068(2).

• City or county may approve, and then the Office of Economic Development may approve, partial abatement of property tax for a new business in an underutilized business zone, redevelopment area, area eligible for a community development block grant or an enterprise community if the project meets Nevada State Plan for Economic Development and guidelines. Nev. Rev. Stat. § 274.310.

• The Office of Economic Development may approve applications of qualified new business for abatement of up to 50 percent of tax for up to ten years if the business invests at least $500,000 and pays wages that are at least 100 percent of state or county average wage. Nev. Rev. Stat. § 361.0687.

• The Office of Economic Development may approve applications of qualified new business or expanding business for partial abatement of property taxes if the business invests at least $250,000 or increases its TPP investment by at least 20 percent, employs at least ten employees or increases its employees by at least 10 percent, and pays wages that are 100 percent of state or county wages, if the business meets the Nevada State Plan for Industrial Development and Diversification and guidelines, and the Office receives a letter of acknowledgement from the affected county or local jurisdiction. Nev. Rev. Stat. § 360.750.
**New Hampshire**


**New Jersey**

- Most TPP is exempt from property tax. N.J. Stat. Ann. § 54:4-1 provides that the only TPP subject to property tax is the machinery and equipment used by a refinery to manufacture petroleum products from crude oil, and the TPP other than inventory of a telephone, telegraph, or messenger company that as of 1997 was subject to the public utility gross receipts tax.

**New Mexico**

- TPP subject to tax is defined generally as TPP used, produced, held for sale, leased or maintained by a person in a business, profession or occupation and for which the person took a federal tax depreciation deduction in the previous year. Under this definition of TPP, most non-depreciable TPP, including inventory, is exempt from TPP tax. N.M. Stat. § 7-36-8.

- The value of TPP may not be reduced below 12.5 percent of cost for property that is still used in the business. N.M. Stat. § 7-36-33.

- Real property and TPP are assessed at 33 1/3 percent of full value to arrive at taxable value. N.M. Stat. § 7-37-3.

- Property of a metropolitan redevelopment property project lessee is exempt for seven years from acquisition. N.M. Stat. § 7-36-3.1.

- Property of an enterprise zone project lessee is exempt for up to ten years N.M. Stat. § 7-36.3.2.

- Governing body of a county or municipality may exempt all or part of TPP of new business facility for up to twenty years. N.M. Stat. § 3-64-3.
• In general, tax rates on residential and nonresidential property should be identical, but because of limitations on tax increases in N.M. STAT. § 7-37-7.1, the rates may be different. N.M. STAT. § 7-37-7.

**NEW YORK**

• TPP is exempt from property tax in New York. N.Y. REAL PROPERTY TAX LAW § 300.

**NORTH CAROLINA**

• Most inventory is exempt. N.C. GEN. STAT. § 105-275(32a), (33), (34).

**NORTH DAKOTA**

• Most business TPP is exempt from property taxes except TPP of any utility that is centrally assessed. N.D. CENT. CODE § 57-02-08(25); N.D. CONST. art. X, § 4.

  Machinery and equipment used for refining oil or gas is defined as real property and is taxable.
  N.D. CENT. CODE § 57-02-04(3).

**OHIO**

• TPP is exempt from property taxes. OHIO REV. CODE ANN. § 5711.22.

**OKLAHOMA**

• Household goods up to $100 are exempt. Counties may call a special election to vote to exempt household goods. OKLA. CONST. art. X, § 6.

• Inventory is assessed at the value of the average amount on hand in the previous year. OKLA. STAT. tit. 68, § 2817(A).

  A tax on new vehicle inventory is in lieu of TPP tax. OKLA. STAT. tit. 68, § 2805(11).

  A tax on parts of inventory of farm tractors and equipment is in lieu of TPP tax. OKLA. STAT. tit. 68, § 2805(10).

• Property of newly acquired or expanded facility for manufacturing, research and development, aircraft repair and building, computer services, or data processing is exempt for up to five years if it meets a number of qualifications, including investing at least $250,000.
Qualified distribution facilities may be exempted if at least $5 million is invested. OKLA. STAT. tit. 68, § 2902.

- TPP used directly in production of asphalt, mineral ores, oil, gas, and uranium is exempt from TPP tax and instead a gross production tax is imposed. OKLA. STAT. tit. 68, § 2805(5), (6).

Property of an oil refiner used to desulphurize gasoline or diesel fuel is exempt. OKLA. STAT. tit. 68, § 2817(E).

- There are five classes of property: Real property; most TPP; TPP which consists of household TPP of a head of family and livestock to support the family in counties that have exempted this property; public service corporation property; and railroad and air carrier property. OKLA. STAT. tit. 68, § 2803.

- TPP shall be assessed at not less than 10 percent, but not more than 15 percent, of fair cash value, and real property shall be assessed at not less than 11 percent, but not more than 13.5 percent, of fair cash value. OKLA. CONST. art. X, § 8.

OREGON

- Inventory is exempt. OR. REV. STAT. § 307.400.

- If total TPP of a taxpayer in a county has an assessed value of less than $12,500, then the assessment is cancelled. The $12,500 amount is adjusted for inflation for each year on and after July 1, 2003. OR. REV. STAT. § 308.250.


- Economic development incentives include qualified investments in enterprise zones under OR. REV. STAT. § 285C.050 et seq. and qualified investments in a rural renewable energy development zone under OR. REV. STAT. § 285C.350 et seq.

Large projects may qualify for approval by the Oregon Economic Development Commission as a strategic investment development, which permits exemption for up to 15 years for
property exceeding $25 million as part of an investment of more than $25 million. The local jurisdiction and the taxpayer shall enter into an agreement for the taxpayer to pay 25 percent of the exempted taxes, up to $2 million, in lieu of taxes. OR. REV. STAT. §§ 285C.600 et seq. and 307.123.

**Pennsylvania**

- TPP is exempt from property tax. PA. STAT. ANN. § 5020-201.

**Rhode Island**

- Manufacturing inventory is exempt. R.I. GEN. LAWS § 44-3-3(20).

  Retail and wholesale inventory is exempt. R.I. GEN. LAWS § 44-3-29.1.

- Rhode Island permits cities and towns to classify property. The tax rate for TPP cannot be more than 200 percent of the tax rate for other classes. R.I. GEN. LAWS § 44-5-11.8.

- Office furniture, including computers and telephone equipment, which is used for manufacturing or commercial business may be exempted wholly or partially by vote of the town council. R.I. GEN. LAWS § 44-3-3.1.

- Manufacturing, commercial or residential property that is new or expanded may be exempted or the taxes stabilized with the approval of voters in the town. R.I. GEN. LAWS § 44-3-9.

- Machinery and equipment used exclusively in the manufacturing process or associated research and development or quality assurance acquired after 1974 is exempt. The town council may by ordinance exempt all or part of machinery and equipment purchased after 1997 that is used in connection with manufacturing, including processing computer software. R.I. GEN. LAWS § 44-3-3(22).

- Property of a qualified business in an enterprise zone may be exempted, or the taxes stabilized, by the town council. R.I. GEN. LAWS § 42-64.3-9.

- Specific local options by town councils for exemption of qualified property are provided for 13 cities and towns. R.I. GEN. LAWS §§ 44-3-9.1 through -9.7, 44-5-61 through -61.2, 44-3-47, and 44-3-62.
South Carolina


The state reimburses counties and towns for revenue lost as a result of the business inventory exemption. S.C. Code Ann. § 12-37-450.

S.C. Code Ann. § 12-37-935(B) establishes a Trust Fund for Tax Relief to reimburse local taxing entities for revenue not collected as a result of additional depreciation. S.C. Code Ann. § 12-37-2735 establishes a Personal Property Tax Relief Fund to allocate to counties in order to reduce ad valorem tax on personal motor vehicles.

- All new manufacturing facilities and expansions with an investment of $50,000 or more are exempt from county taxes for five years. S.C. Code Ann. § 12-37-220(A)(7).

- All new corporate offices and distribution facilities and expansions with investment of at least $50,000 and creation of at least 75 jobs, if certified by the Department of Revenue, are exempt from nonschool county taxes for five years. S.C. Code Ann. § 12-37-220(B)(32).


- New research and development facilities to research new or improved products, and additions to facilities with an investment of at least $50,000, are exempt from nonschool county taxes for five years. S.C. Code Ann. § 12-37-220(B)(34).


- Qualified new economic development projects may be exempted from tax pursuant to a fee agreement approved by a county council. S.C. Code Ann. § 12-44-40.

- South Carolina classifies property. Most TPP is assessed at 10.5 percent, and most farm machinery and equipment is assessed at 5 percent. Most residences are assessed at 4 percent, agriculture land owned by families and small businesses is assessed at 4 percent, most
manufacturing and utility real property is taxed at 10.5 percent, and most other real property is taxed at 6 percent. S.C. CODE ANN. § 12-43-220.

- Counties may by referendum impose a 1 percent sales tax to fund county and municipal operations and to credit against property taxes. S.C. CODE ANN. § 4-10-30.

**SOUTH DAKOTA**

- TPP that is not centrally assessed is exempt from property tax. S.D. CODIFIED LAWS § 10-4-6.1.

  Centrally assessed TPP that is subject to ad valorem taxation includes operating property of a railroad company, flight property of an airline, operating property of utilities, and property of an oil or gas pipeline company. S.D. CODIFIED LAWS §§ 10-28-1, 10-29-1, 10-35-2, and 10-37-1 et seq.

**TENNESSEE**

- Tenn. Const. art II, § 28 establishes classification.

  Utility real and personal property is assessed at 55 percent of value, industrial and commercial real property is assessed at 40 percent, residential and farm real property is assessed at 25 percent, industrial and commercial TPP is assessed at 30 percent, and all other TPP is assessed at 5 percent. TENN. CODE ANN. §§ 67-5-801, -901.

- Inventory is exempt. TENN. CODE ANN. § 67-5-901(a).

- Household goods seem to be exempt as a matter of practice. TENN. CODE ANN. § 67-5-215 exempts $7,500 in value of household goods per individual. Section 67-5-602(c ) (2) provides that household goods and private motor vehicles may be assumed prima facie by the assessor as not exceeding $7,500 per individual.

**TEXAS**

- Inventory is taxed. TEXAS TAX CODE ANN. § 23.12.

- $500 in value of TPP is exempt. TEXAS TAX CODE ANN. § 11.145.
**Utah**

- Inventory is exempt. *Utah Code Ann.* § 59-2-1114.

- Each individual item of TPP with an acquisition cost of $1,000 or less, with a current value of 15 percent or less of acquisition cost, is exempt. TPP with an aggregate FMV of $3,500 or less, except registered motor and recreational vehicles and mobile homes, is exempt. The $3,500 value is indexed for inflation, and has been adjusted to $3,900 for 2012. *Utah Code Ann.* § 59-2-1115; *Utah Tax Commission Informal Pub.* 20 (Apr. 1, 2012).

**Vermont**

- TPP is exempt from the statewide property tax to support education, which represents more than 70 percent of all property taxes collected in Vermont. *Vt. Stat. Ann.* tit. 32, § 5401(10)(D).

- TPP is exempt from local property taxes in most municipalities. Effective in 1992, Vermont authorized cities and towns to exempt inventory and TPP from municipal taxes. The exemptions could be phased in over a period of ten years. The local options must be approved by a majority of voters. *Vt. Stat. Ann.* tit. 32, §§ 3848-3849.


**Virginia**


  County or town may impose a license tax on merchants in lieu of the tax on inventory. *Va. Code Ann.* § 58.1-3704.

- *Va. Code Ann.* § 58.1-3506(A) lists 41 different types of TPP, and subsection B provides that counties and cities may levy a tax on that property at rates that are different from the tax on other TPP. Section 58.1-3008 provides that counties and cities may levy tax rates on real
estate that are different from rates on inventory and other TPP.

- City or county may by ordinance exempt household goods. VA. CODE ANN. § 58.1-3504.

  We found no jurisdiction that currently taxes household goods.

- County or town may impose license tax in lieu of tax on merchants’ capital (inventory). VA. CODE ANN. § 58.1-3000.

Local Tax Rates Tax Year 2009 published by the Virginia Department of Taxes shows that 50 of 95 counties do not tax inventory, and one county does not tax machinery and tools. All but one of Virginia’s 39 cities exempt inventory, and two cities exempt machinery and tools. Of 191 towns, 177 exempt inventory, 72 exempt machinery and tools, and 46 exempt TPP. For comparison, Local Tax Rates Tax Year 2000 shows that 46 of 95 counties exempted inventory, and one county exempted machinery and tools. All 38 reporting cities exempted inventory. Of 185 reporting towns, 164 exempted inventory, 70 exempted machinery and tools and 37 exempted TPP. This seems to show a slight trend toward expansion of local exemptions from TPP tax.

WASHINGTON

- Inventory is exempt. WASH. REV. CODE § 84.36.477.

- Head of household has $15,000 exemption under paragraph (b) for property other than household effects, mobile home and motor vehicle. WASH. REV. CODE § 84.36.110.

  This exemption is not available to a corporation or LLC. WASH. ADMIN. CODE § 458-16-115(3).

- Semiconductor machinery and equipment is exempt for twelve years if a contract for $1 billion or more is signed for construction of a semiconductor fabrication facility. WASH. REV. CODE § 84.36.645; 2010 Wash. Sess. Laws 794.

- Personal property account of $500 or less is exempt. WASH. REV. CODE § 84.36.015.
WEST VIRGINIA

• All property, except public service businesses, is assessed at 60 percent of true and actual value.

• Property is divided into classes: I—TPP used in agriculture; II—residential and farm property; III—real and TPP, that is not I or II property, outside a municipality; IV—real and TPP, which is not I or II property, inside a municipality. W.Va. Code § 11-8-5.

  Taxes may not exceed 50 cents per $100 of assessed value for Class I, $1 for Class II, $1.50 for Class III and $2 per $100 of assessed value for Class IV, plus certain excess and bond levies. W.Va. Code § 11-8-6.

WISCONSIN

• Inventory is exempt. Wis. Stat. § 70.111(17).

• Machinery and equipment used directly and exclusively in the manufacturing process is exempt.
  Wis. Stat. § 70.11(27).

• Cash registers and fax machines are exempt, but a tax return must be filed. Wis. Stat. § 70.11(39m).

• Property leased by the Wisconsin Aerospace Authority is exempt. Wis. Stat. § 70.11(38m).

WYOMING


• Wyoming has assessment ratios. The taxable value is 100 percent of gross products of minerals and mines, 11.5 percent of fair market value of industrial property, and 9.5 percent of fair market value of all other real property and TPP. Wyo. Stat. Ann. § 39-11-101.