

# ARIZONA BUSINESSES SUPPORT SB1263

## *Locally Assessed Business Personal Property Elimination*

**Arizona has passed many bills over the last 30 years to reduce the tax burden on business personal property (BPP).**

- The Legislature initially enacted “accelerated depreciation” for newly acquired BPP in 1994 and has adjusted the accelerated depreciation schedule twice since its initial enactment. Accelerated depreciation front-loads the depreciation on newly acquired equipment in order to encourage economic development in our state.
- The voters approved a constitutional amendment in 1996 to exempt the first \$50,000 in BPP per taxpayer. That exemption is now \$207,366 due to adjustments for inflation.
- Legislation enacted in 2022 limited the taxation of newly acquired BPP to a valuation factor of 2.5%.
- Voters’ passage of Prop 130 last November provided the Legislature with the authority to fully exempt the tax on locally assessed BPP.

Historically, in addition to being a tax that discouraged capital investment in Arizona, the BPP was complicated and inefficient. Worse, many business taxpayers often fail to self-report because they are unaware they owe the taxes.

Previous actions by the Arizona Legislature and the voters have slowly reduced the reliance on the BPP tax and Arizona can now move to completely eliminate the compliance burden on both taxpayers and county government to administer this tax. **In fact, locally assessed BPP currently accounts for less than 3% of the total property tax base.**

**Passage of SB1263 will allow Arizona to join 12 other states that have eliminated the BPP tax:**

- Delaware, Hawaii, Illinois, Iowa, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Ohio, Pennsylvania, South Dakota.

# ORGANIZATIONS IN SUPPORT

