

# REFORMING WEST VIRGINIA'S TANGIBLE PERSONAL PROPERTY TAX

West Virginia Joint Select Committee on Tax Reform  
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**presented by**

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# PROPERTY TAX COLLECTIONS

**REAL: \$55,573,534 (54%)**

**PERSONAL: \$337,051,734 (33%)**

**UTILITY: \$133,815,395 (13%)**

# TPP TAX DISTRIBUTIONS AS % OF PROP. TAX

County	% TPP
Morgan	10.91%
Hampshire	11.99%
Summers	12.67%
Pocohontas	13.10%
Jefferson	14.06%
Marshall	55.74%
Brooke	56.96%
Tyler	58.04%
Wetzel	67.21%
Doddridge	78.50%

# TANGIBLE PERSONAL PROPERTY TAXES...

**32.8% of WV property tax revenue**

**19.0% of all WV local gov't revenue**

**4.78% of all WV gov't revenue**

*compared to 2.25% national average*

# STATES EXEMPTING TPP

Delaware

Hawaii

Illinois

Iowa

New York

Ohio

Pennsylvania

South Dakota

# LIMITED TAXATION

Minnesota

New Jersey

North Dakota

# PITFALLS OF TPP TAXATION

1. High business tax cost
2. Falls on capital formation
3. Distortionary and non-neutral
4. Taxpayer active (compliance costs)
5. Fails benefits test / margin-indifferent
6. Runs afoul of principles of sound taxation

# REFORM OPTIONS

1. Shift away from TPP toward real property
2. Exempt inventory
3. Exempt new property
4. Adopt *de minimis* exclusion
5. Enact local option for TPP exemptions

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