

## Location of Personal Property on Tax Day

### SB 1203 (Runestad)

#### **Issue**

The COVID-19 crisis created many challenges. With the requirement to work from home, tracking personal property such as computers, monitors, and printers for tax purposes creates a serious administrative challenge for both businesses and local communities. Personal property is taxed at its location on “tax day” or December 31 of the prior year. For the upcoming tax year 2021, tracking the actual location of this equipment used by people working from home will be an enormous administrative effort. We anticipate many employees will still be working from home on 12/31/20.

#### **Solution**

To avoid the added administrative effort for taxpayers and local communities for the 2021 tax year, we should treat the property as if it were in its normal location, defined as where it was on “tax day” 12/31/19. This will solve the problem for the upcoming tax year, providing clarity and certainty for taxpayers and local units of government and avoiding the confusion of retroactive tax legislation next year.

This bill will not have any fiscal impact as all property would be taxed as it normally would if not for the pandemic.

#### **Details**

Legislative solution – Amend the General Property Tax Act to clarify for tax year 2021, the location for taxation shall be deemed to be where the property was ordinary assigned for use in its business operation.

The bill adds a new section 211.14a, and adding two definitions:

- “Alternative location” to describe the remote location where personal property is located due to COVID-19.
- “Ordinary location” to describe where the property would have been located but for COVID-19.
- Section 14a(c) establishes the taxing location as of the date Dec. 31, 2019
- The bill would affect tax year 2021 only.

#### **Conclusion**

We believe this simple solution will avoid unnecessary complication caused by the COVID-19 pandemic for both businesses of all types and for local units of government.

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