

Outline of Presentation

- Obstacles to Property Tax Reform
- Strategies for Property Tax Reform
- Final Suggestions

Obstacles to Property Tax Reform

- visibility
- liquidity problems for some taxpayers
- perceived regressivity
- presumptive tax
- potential volatility
- inelasticity
- lack of capacity/expertise
- political realities

Issues/ Problems	Promising Approaches	Problematic Approaches
Salience	Bundle reforms with public service improvements; phase in; withhold tax at source and other payment options	Assessment limits; property tax capping
Liquidity constraints	Tax deferrals for seniors; more payment options; phase ins	Assessment limits; property tax capping
Perceived regressivity	Property tax credits; tax deferrals; bundle with other tax reforms; package with expenditure changes; low-income housing exemptions	Banding; classified tax rates; progressive tax rates; assessment limits; property tax capping
Presumptive tax	Taxpayer education; consultation; accessible appeal process; phase-in	Self-assessment; classified tax rates; assessment limits; property tax capping
Volatility	Annual reassessment; index base; taxpayer education; understandable communication; phase-in	Assessment limits; property tax capping

Issues/ Problems	Promising Approaches	Problematic Approaches
Inelasticity	Annual reassessments; index base; phase-ins	
Capacity	Education and training	
Political realities	Education, communication	

Strategies for Property Tax Reform

- Process – consultation, education, communication ... before, during, after reform
- Substance – design for success and carry through as circumstances change; clarity of legislation
- Transition to success – “transitory” property tax relief that does not undermine goals of reform

Final Suggestions

- Link property tax to broader reforms in public sector management that improve public services and governance -- give taxpayers something they want
- Complexity of reform requires not just pre-planning but a major and continuing sales effort
- Measures to cushion impact – plan the transition and keep adjusting as necessary

BUT

- don't lose sight of the original objective!