

TREATMENT OF RENTAL EQUIPMENT INVENTORY

- 14 States do not impose a personal property tax on any industry/business. (DE, HI, AI, IL, KS, MN, ND, HN, NJ, NY, OH, PA, SD, VT)
- 8 States provide a partial/full exemption for rental equipment inventory. (AK, CA, ID, MA, MO, MT, TN, WI)
- 5 States authorize a recovery fee to be collected and used to pay the personal property tax on rental Equipment inventory. (AL, AZ, CT, GA, SC)
- 6 States exempt the rental equipment inventory from personal property tax and impose a replacement rental tax instead. (CO, MD, NC, TX, VA, WY)
- 2 States reimburse equipment rental companies for the personal property tax paid on the equipment rental inventory. (ME & MS) *(LA-Prior to 2016)*.
- 8 State are considering reforms to address the unique nature of equipment rental and the taxing of equipment rental inventory (AR, IN, KY, LA, MI, OK, OR, WY).
- 7 States currently have no plans to consider reforms for the equipment rental inventory.

Of the 9 states that currently impose a local property tax on inventory, 4 have put reforms in place to address rental equipment inventory (GA, TX, VA, and MS). **Of the 5 remaining states, all but LA are considering reforms (AR, KY, OK, and WV).**

SPECIFIC AD VALOREM TAX REFORMS PUT IN PLACE BY VARIOUS STATES

- 1.) Define equipment rental inventory as a special class of inventory and exempt it from personal property tax.
- 2.) Define equipment rental inventory as special class of inventory, eligible to receive a state income tax credit for ad valorem taxes paid on inventory.
- 3.) Define equipment rental inventory as a special class of inventory, exempt it from personal property tax, and replace it with a new tax (rental/gross receipts).
- 4.) Authorize a recovery fee to be collected on rental transactions that will be used to pay the annual ad valorem tax on the rental equipment inventory.