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# ISSUE BRIEF

## Corporate Personal Property Replacement Tax and K-12 Education Funding in Illinois: The Intersection of Taxes and Education Policy

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### 1. Introduction

To create any budget—whether it be a local school budget, city or township budget, or a state budget—the starting point is the amount of revenue available. Typically, most state and local revenue comes from taxes people are familiar with, like individual income taxes, corporate income taxes, sales taxes, excise taxes, and property taxes.[1]

In addition to those more familiar revenue sources, Illinois assesses a somewhat unique tax: the Corporate Personal Property Replacement Tax, or "**PPRT**." The PPRT was established in 1979 by Public Act (P.A.) 81-1255 during a special session of the 81st Illinois General Assembly.[2] As the name implies, the PPRT was implemented to replace a tangible Personal Property Tax which was levied on businesses until sunsetting in 1979.[3] The former personal property tax, which generated revenue for local governments, not the state, was based on the value of items utilized in the production of a business's products or services. Forty-three states and the District of Columbia still assess a local personal property tax against business.[4]

Under the PPRT, a levy is made against the taxable income of Illinois businesses. However, unlike the Illinois state corporate income tax, which exempts most businesses from taxation irrespective of profitability, partnerships, trusts, LLCs, S-Corporations, and C-Corporations alike are all subject to the PPRT.[5] The levy assessed under the PPRT varies by business type, with C-Corps paying 2.5 percent of profits; and partnerships, trusts, most LLC's and S-Corps paying 1.5 percent of profits.[6]

From an administrative standpoint, the PPRT is technically collected by the state. But, just like the Personal Property Tax it replaced, the PPRT is not a state-level revenue source. Instead, PPRT revenue is supposed to be disbursed in full to local governments across Illinois.[7]

Between FY 2020 and FY 2023, total PPRT revenue jumped by $2.87 billion or 197 percent.[8] Various factors have led to this dramatic increase in PPRT revenue collection. For instance, as a result of inflation generally, the release of pent-up consumer spending after pandemic restrictions were eased, and many corporations taking advantage of supply chain issues to hike prices, corporate profits increased by a whopping 54 percent between April of 2020 and December of 2021.[9] That was almost five times greater than the 11.4 percent growth in corporate profits over the 1979 – 2019 sequence, shown in **Figure 1.**[10]

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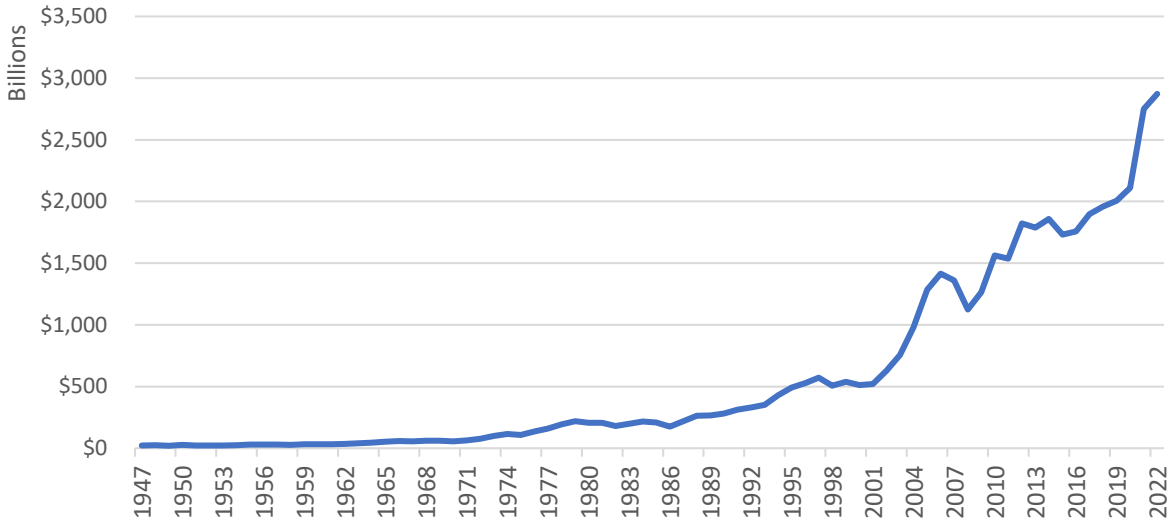
**Figure 1**
**Corporate Profits 1950 – 2022 (nominal dollars)**




*Source: U.S. Bureau of Economic Analysis, Corporate Profits After Tax (without IVA and CCAdj) [CP], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CP*

In addition to those national economic factors, Illinois policy makers recently eliminated certain state-level corporate tax expenditures, which in turn made a greater amount of corporate profits subject to taxation.[11] The ensuing growth in taxable net business income in Illinois in turn led to the record growth in revenue generated by the PPRT. This greatly benefited local governments across the state, including school districts. However, the impact of the PPRT revenue surge on school districts is somewhat more nuanced, given how the state's school funding formula—the Evidence Based Formula for Student Success or "EBF," adjusts for local revenue realized by school districts.

Following is a short summary of the PPRT, the Personal Property Tax it replaced, and how the significant recent growth in PPRT revenue impacted school funding under the EBF.

**2. Tangible Personal Property Taxes**

Illinois' tangible Personal Property Tax was phased out over a period of nine years, by the state's Constitution ratified in 1970.[12] In application, Illinois' former Personal Property Tax was similar to business taxes still being imposed on tangible personal property in states like Indiana, Florida, Kansas, Kentucky, Louisiana, Colorado, and Maryland.[13] A tax levied on tangible personal property is distinct from standard property taxes most people are familiar with, because property taxes are assessed against the appraised value of real estate and the buildings erected thereon, while tangible personal property taxes are instead levied against the value of items inside those structures that can be physically touched or consumed, such as business equipment, work vehicles, forklifts, machinery, inventory, furniture, and other business equipment.[14]

Each state that implements a [tangible] Personal Property Tax has its own "base" and compliance requirements. The "base" of a tax is simply what the tax is assessed against. For instance, Texas includes business inventory in its Tangible Personal Property Tax, while New Mexico does not. All states with a tangible Personal Property Tax include business machinery and equipment, except for Wisconsin and Connecticut (North and South Dakota and Minnesota levy against the value of all business machinery and equipment other than agricultural machinery and equipment).[15]

States usually exclude personal use items from the base of a tangible Personal Property Tax, and instead assess the tax on property utilized primarily in the conduct of business activities. Some states, however, do tax large, "durable assets," like boats, motor vehicles, and aircraft, that may be owned for individual, rather than business use.[16]

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In general, a tax on tangible Personal Property is determined by multiplying a rate determined at the state or local level, times the assessed value of the property in question. These taxes can be quite complicated, as the rates imposed can vary from community to community, and frequently can involve utilizing different tax rates for different classes of property.[17] All that complexity and variation—even within a state—create compliance, transparency, and other issues.

**3. The Illinois Personal Property Replacement Tax**

Since 1979, Illinois local governments have not had the authority to tax tangible personal property. Of course, that meant local governments would no longer receive the revenue those taxes generated, which was significant.[18] To replace that lost revenue, the state created the **PPRT.**

**Figure 2**
**PPRT Historical Timeline**

| Year | Events |
|---|---|
| **Prior to 1970** | Illinois local governments imposed a tangible Personal Property Tax on business |
| **1970** | Illinois adopted a new state constitution which effectively repealed the Personal Property Tax |
| **July 1, 1979** | Illinois enacted the Personal Property Replacement Tax to replace lost revenue from the elimination of the Personal Property Tax[19] |

*Source: COGFA "Property Taxes in Illinois" 2005*

As indicated previously, instead of placing a tax on the value of a business's equipment, the PPRT imposes a levy against its profits, also known as its "taxable income."[20] However, unlike the Illinois state corporate income tax, which only applies to traditional C-Corporations and hence exempts most businesses from taxation irrespective of profitability, under the PPRT all businesses, whether formed as a partnership, trust, LLC, S-Corporation, or C-Corporation are subject to taxation—just as they were under the former Personal Property Tax.[21] The levy assessed under the PPRT varies by business type, with C-Corps paying 2.5 percent of profits; and partnerships, trusts, most LLC's and S-Corps paying 1.5 percent of profits.[22] Public utilities meanwhile pay a PPRT computed at 0.8 percent tax on their invested capital.[23]

**4. PPRT Revenue Distribution**

One of the unique characteristics of the PPRT is that it is designed to distribute revenue to local governments in accordance with their respective shares of the total revenue generated under the state's former Personal Property Tax, that existed back in 1976 or 1977 (as detailed below).[24] To accomplish this task administratively, the Illinois Department of Revenue ("**IDOR**") has replaced county treasurers as the entity responsible to collect all revenue generated by the PPRT.[25] IDOR then deposits all such revenue into the Personal Property Tax Replacement Fund, for ultimate distribution to local taxing districts. Local taxing districts include municipalities, special road and bridge infrastructure, libraries, and school districts.[26]

IDOR then divides the PPRT revenue into two tranches. The first tranche–which in the aggregate amounts to just over 51% of all PPRT revenue generated in a given fiscal year–is set aside for distribution to the treasurer or other designated fiscal officer of local taxing districts sited solely in Cook County (the "**Cook County Share**"). The second tranche–which in the aggregate amounts to just under 49% of all PPRT revenue generated in a given fiscal year–is set aside for distribution to the treasurer or other designated fiscal officer sited in the remaining 101 counties in Illinois (the "**Remaining State Share**").

After proportioning the total available revenue into the aforesaid two tranches, IDOR then distributes the Cook County Share directly to local taxing districts within Cook County, on the basis of each district's share of aggregate Personal Property Tax collections that were actually realized in Cook County during the 1976 tax year. For example, if the total revenue collected from the Personal Property Tax in Cook County for the 1976 tax year was $1 million, and Local Taxing District A generated $10,000 of that total, Local Taxing District A would thereafter receive 1 percent of the Cook County Share of PPRT revenue distributed in any year.

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IDOR then distributes the Remaining State Share to local taxing authorities located in the state's other 101 counties in a similar fashion, but instead of using 1976 as the tax year that is the basis of each local taxing district's share, actual Personal Property Tax revenue collection from 1977 is used. A local taxing district's share of PPRT revenue determined as aforesaid is called its "**allocation factor**."[27]

IDOR makes eight distributions of PPRT revenue each fiscal year ("**FY**") – July, August, October, December, January, March, April, and May.[28]

Due to the economic factors and tax policy changes referenced in Section 1 of this Report, PPRT revenue has increased substantially over the last 3 years. **Figure 3** highlights the growth in PPRT revenue.

**Figure 3**
**Historical Total Illinois State PPRT Revenue for all Taxing Districts**

| Fiscal Year | FY Amount (nominal $ Millions) |
|---|---|
| FY 2013 | $1,308.2 |
| FY 2014 | $1,371.0 |
| FY 2015 | $1,434.5 |
| FY 2016 | $1,320.5 |
| FY 2017 | $1,466.8 |
| FY 2018 | $1,227.4 |
| FY 2019 | $1,327.8 |
| FY 2020 | $1,453.4 |
| FY 2021 | $1,843.5 |
| FY 2022 | $4,018.4 |
| FY 2023 (estimated) | $4,320.2 |

*Source: IDOR 2022 PPRT History, Funding and Calculation PPT*

As shown in Figure 3, between FY 2020 and FY 2023, total revenue from the PPRT is projected to more than double, increasing by 197.2 percent.

**5. How the PPRT Impacts K-12 Funding Under the EBF**

Revenue which school districts collect from the PPRT have a direct impact on both: how much of any new, year-to-year state funding they will receive in a given year under the EBF; and how much total new revenue the state has to invest in the EBF to reach full funding under the statute. To understand why this is the case, a brief summary of how the EBF works is needed. For starters, the EBF ties the dollar amount taxpayers invest in schools to covering the cost of those educational practices which research shows actually enhance student achievement.

The EBF defines the amount of evidence-based funding each school district should receive as its "**Adequacy Target**."[29] The determination of a district's Adequacy Target involves quantifying the dollar amount that district needs to cover the costs of: implementing the research and evidence-based practices that correlate to enhancing student achievement delineated in the legislation; and paying for standard operational expenses such as building maintenance and back-office work. The Adequacy Target is costed out based on the average number of students enrolled in the district in question over a rolling three-year period ("**ASE**"), as well as the unique demographic characteristics of those students, with additional funding added based on how many low-income special needs, and English learner students the district is educating.[30]

After determining a district's Adequacy Target, the EBF identifies how much of a school district's Adequacy Target is already being covered by that district's "**Base Funding Minimum**" ("**BFM**") and "**Local Capacity Target**" ("**LCT**"). The BFM is the full dollar amount of all state funding for education which the district in question received in the immediately preceding fiscal year. Hence in FY 2023, a district's BFM is the total amount of state funding that district received in FY 2022. Under the EBF, a district's BFM increases by the amount of any new EBF formula funding said district receives from the state in a year.

The LCT for each district is the dollar amount of its Adequacy Target that the school district in question should cover from its own, local resources. A district's LCT is based primarily on the "**Equalized Assessed Value**" or "**EAV**" of the real property available for said district to tax, versus the EAV available to all other districts. Under the EBF,

low property wealth districts, which often have high property tax rates, are not expected to contribute as much towards the cost of covering their respective Adequacy Targets as are higher wealth districts.

Next, the EBF determines a district's "**Final Resources**," which is the sum of all available state and local resources a particular school district has available to fund its Adequacy Target.[31] This is where revenue from the PPRT plays a role, as it is added to a district's LCT and BFM to determine its Final Resources amount for the year in question.[32] The Final Resources amount is then used to determine how close to its individual Adequacy Target each district actually is.

This is done by dividing that district's Final Resources, by its Adequacy Target for the year in question. The resultant percentage is the district's "**Percent of Adequacy**." Simply put, a district's Percent of Adequacy identifies what portion of its Adequacy Target said district has already covered in state and local funding. Federal funding is not included in the calculation.[33]

This is a hugely important calculation, because it determines priority for receipt of new, year-to-year state level funding made available under the EBF in a given fiscal year. Based on each respective school district's Percent of Adequacy, the EBF sorts school districts into four groups—Tier 1, Tier 2, Tier 3, and Tier 4. Tier 1 districts have the lowest Percentages of Adequacy, and hence the greatest funding gaps between their existing state and local resources and their Adequacy Targets. Accordingly, Tier 1 districts are prioritized to receive the greatest share of any new, year-to-year state funding under the EBF, with Tier 2 districts receiving the second greatest share, and so on down to Tier 4.[34]

Distributions of new state funding under the EBF make it clear that districts do receive a meaningful benefit from being categorized as Tier 1. In fact, from FY 2018—which was the inception of the EBF—through FY 2023, Tier 1 districts collectively received 87 percent of all new year-to-year Tier funding for education from the state, while Tier 2 districts received 11.2 percent, Tier 3 districts 0.9 percent, and Tier 4 districts 0.1 percent.[35]

The historic growth in PPRT revenue identified in Figure 3 affected school districts across Illinois. In fact, the aggregate amount of PPRT revenue received by all Illinois school districts in FY 2023 was 76 percent greater than the amount of such revenue they received in FY 2022.

That said, there is one complication about timing that involves education funding and the recognition of revenue from the PPRT. For purposes of making calculations under the EBF, PPRT revenue is not based on the current fiscal year, but rather the revenue realized two, calendar years prior to the current fiscal year.[36] Hence, the calculation of a district's Final Resources in FY 2023, uses the PPRT revenue that district realized in calendar year 2021.

Since PPRT revenue goes into the calculation of a district's Final Resources, and a district's Final Resources drive its Percent of Adequacy, and a district's Percent of Adequacy determines which Tier that district will be in from a funding priority standpoint, the significant surge in PPRT revenue had a meaningful impact on the distribution of new state funding under the EBF. However, that impact was not shared equally across districts. To understand why, consider the effect PPRT revenue growth had on two different districts: Effingham CUSD 40 ("**CUSD 40**"); and School District 299, also known as "**Chicago Public Schools"** or "**CPS**."

As shown in **Figure 4,** CUSD 40 received a meaningful year-to-year bump in PPRT revenue over the FY 2022-FY 2023 sequence.

**Figure 4**
**PPRT Revenue for Effingham CUSD 40**

| | FY 2022 EBF | FY 2023 EBF | Change |
|---|---|---|---|
| Total PPRT Revenue | $677,234 | $1,188,894 | $511,660 (76%) |
| PPRT Revenue as Percent of Final Resources | 2.57% | 4.27% | 1.7 percentage points |
| Tier Allocation based on Total Percent of Final Resources Available compared to Adequacy Target | Tier 2 – 83% | Tier 2 – 87% | 4 percentage points |

*Source: ISBE EBF FY 2022 FY 2023 Comparison*

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This growth in local PPRT revenue did in fact move CUSD 40 closer to its Adequacy Target. However, its PPRT revenue growth was not sufficient to move CUSD 40 from one Tier into another. CUSD 40 was categorized as a Tier 2 district both prior and subsequent to the spurt in PPRT revenue.

In addition to realizing significant year-to-year growth in its PPRT revenue, other local factors played a role in moving CUSD 40 closer to its Adequacy Target. For instance, ASE in CUSD 40 decreased by 3.3 percent between FY 2022 and FY 2023, while the district's low-income student count decreased by 7.8 percent. The loss of student population generally and low income student population specifically, reduce the overall Adequacy Target of resources a district needs under the EBF. After accounting for all these—as well as other factors, total new Tier funding from the state for CUSD 40 decreased by $6,717, or 8.63 percent in FY 2023 from FY 2022 levels, as shown in **Figure 5** below.[37]

Now consider the case of CPS. In FY 2022, CPS realized $193 million in PPRT revenue, which made up 5.16 percent of its Final Resources for that fiscal year, as shown in Figure 5. In FY 2023, PPRT revenue for CPS jumped by over $146 million, or a little more than 75 percent. This in turn meant that PPRT revenue made up 8.15 percent of CPS's Final Resources for the year.[38]

**Figure 5**
**CPS PPRT Revenue**

| | FY 2022 EBF | FY 2023 EBF | Change |
|---|---|---|---|
| Total PPRT Revenue | $193,437,215 | $339,581,758 | $146,144,543 (76%) |
| PPRT Revenue as Percent of Final Resources | 5.16% | 8.15% | 2.99 percentage points |
| Tier Allocation based on Total Percent of Final Resources Available compared to Adequacy Target | Tier 1 – 68% | Tier 2 – 74.6% | 6.6 percentage points |

*Source: ISBE EBF FY 2022 FY 2023 Comparison*

Between FY 2022 and FY 2023 ASE in CPS decreased by 2.75 percent, while the district's low-income student count decreased by four percent, which combined to reduce the district's Adequacy Target. That reduction in Adequacy Target, when combined with CPS's 76 percent increase in PPRT revenue and hence greater overall Percent of Adequacy, were enough to change the categorization of CPS from Tier 1, which it was in FY 2022, to Tier 2 in FY 2023. This in turn meant that the amount of new Tier funding from the state CPS received in FY 2023 was a whopping 52 percent less than it was the prior fiscal year, as shown in **Figure 6**.

**Figure 6**
**Effingham CUSD 40 compared to CPS Change in EBF Metrics, FY 2022 to FY 2023**

| Change Between FY 2022 & FY 2023 | Effingham | CPS |
|---|---|---|
| Average Student Enrollment | -3.3% | -2.75% |
| Low Income Student Count | -7.8% | -4% |
| New Tier Funding (% Change) | (-$6,717) (-8.63%) | (-$29.6M) (-52%) |

*Source: ISBE EBF FY 2022 FY 2023 Comparison*

Of course, CPS is a considerably larger district by Average Student Enrollment than CUSD 40. In the current fiscal year (FY 2023), CPS has an Average Student Enrollment of over 332,000 students. PPRT revenue per pupil for CPS increased from $566 in FY 2022 to $1,022 in FY 2023, a $456 or 81 percent increase. In FY 2023, CUSD 40 has an Average Student Enrollment of 2,375 students. PPRT revenue per pupil for CUSD 40 increased from $276 in FY 2022 to $501 in FY 2023, an increase of $225—or 81 percent.

Hence controlling for the difference in ASE, the percentage increase in PPRT revenue between FY 2022 and FY 2023 for CUSD 40 and CPS was identical. Moreover, CUSD lost a greater percentage of both its total ASE and low-income student population than did CPS from FY 2022 to FY 2023. All of which would lead one to believe that CUSD 40 would lose a greater percentage share of new state-level Tier funding than would CPS. However, that was decidedly not the case, as CPS saw its share of new state-level Tier funding drop by over half—52 percent—while CUSD 40 realized a year-to-year loss in state-level new Tier funding of just 8.63 percent.

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The reason for this striking differential, however, is clear: the factors impacting CPS were enough to move it from being a Tier 1 district, and hence eligible to share in the greatest percentage of new state-level Tier funding, into Tier 2, whilst CUSD 40 stayed in Tier 2 before and after the changes.

On the surface, the positive growth in PPRT revenue between FY 2022 and FY 2023 will more than offset the reduction in the state's new Tier funding. However, if PPRT resorted back to its pre-pandemic levels to a more historical level, both CPS and Effingham CUSD 40 would be at risk of losing more revenue than gained. This is because the $84 difference per pupil in new Tier funding that CPS will miss out on in FY 2023 is far less than the potential $456 difference in per pupil PPRT revenue. Similarly, the $2 difference per pupil in new Tier funding that Effingham CUSD 40 will miss out on in FY 2023 is far less than the potential $225 difference in per pupil PPRT revenue.

**6. Looking Ahead**

As shown in Section 5 above, between FY 2022 and FY 2023, aggregate PPRT revenue for all school districts increased by a record 76 percent. As things stand today, more record growth in PPRT revenue is projected for FY 2024, as shown in **Figure 7.**

**Figure 7**
**PPRT Revenue Change for All 851 School Districts**

| PPRT Revenue for All 851 School Districts | FY 2022 - FY 2023 EBF | FY 2023 - FY 2024 EBF |
|---|---|---|
| Aggregate Change in PPRT Revenue | $545,720,839 | $1,297,625,116 |
| Percentage Increase in PPRT over Prior Year | 76% | 102% |

*Source: CTBA analysis of IDOR FY PPRT/ISBE calendar year PPRT data*

As shown in **Figure 8**, this is historic and unprecedented growth in PPRT.

**Figure 8**
**EBF Historical CPPRT & LCT**

| | PPRT | $ Change in PPRT /(%) | EBF Adjusted Final LCT |
|---|---|---|---|
| FY 2018 (CY 2016 CPPRT) | $677,116,722 | | $12,868,170,156 |
| FY 2019 (CY 2017 CPPRT) | $715,057,196 | $37,940,475/(6%) | $12,790,529,389 |
| FY 2020 (CY 2018 CPPRT) | $650,067,998 | ($64,989,198)/(-9%) | $13,026,363,934 |
| FY 2021 (CY 2019 CPPRT) | $808,193,398 | $158,125,400/(24%) | *No LCT Calculated* |
| FY 2022 (CY 2020 CPPRT) | $722,317,248 | ($85,876,150)/(-11) | $13,642,559,240 |
| FY 2023 (CY 2021 CPPRT) | $1,268,038,087 | $545,720,839/(76%) | $14,152,949,296 |
| FY 2024 (CY 2022 CPPRT) | $2,565,663,203 | $1,297,625,116 /(102%) | *LCT Not Yet Calculated* |

*Source: CTBA analysis of IDOR FY PPRT/ISBE CY PPRT data*

While that revenue is certainly a welcome addition to school district resources, it does pose a few interesting quandaries. First, in addition to creating a school funding formula that would be more equitable in resource distribution as well as based on the evidence of what works to enhance student achievement, the EBF was intended to shift a significant portion of the responsibility to fund education away from local resources and onto state-based resources.

True, the focus of that shift was on reducing the role local property taxes play in funding education in Illinois, but like property taxes, PPRT revenue is a local revenue source. To the extent PPRT revenue is closing the statewide Adequacy Gap, the state is relieved of its responsibility to fund the EBF from state-level taxes. If the projections for FY 2024 prove to be accurate, it will mean that collectively over the FY 2020 through FY 2024 sequence, the statewide Adequacy Gap under the EBF was reduced at a significantly faster rate because the local revenue increased at a faster rate over this time period compared to the increase in state-based revenue.[39]

Second, the PPRT is, to put it mildly, a relatively odd revenue source, that allocates revenue to school districts in accordance with their respective collections of Personal Property Tax revenue in either 1976 or 1977, as the case may be. Much has changed in the Illinois landscape over the last half-century, demographically, industry-wise, and

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economically. It is quite likely that the allocation formula used under the PPRT is outdated, and does not treat districts fairly.

For example, in FY 2023, PPRT revenue made up nearly 50 percent of the total Final Resources for Monticello CUSD 25 ("**CUSD 25**"). Part of the reason PPRT revenue comprises such a significant portion of CUSD 25's revenue is that, in 1977 large businesses like Illinois Power and General Cable were sited in CUSD 25's community—allowing it to collect significant revenue from its Personal Property Tax. Those industries have gone, yet the district's PPRT revenue share is determined as if they still exist. Other districts that did not have such industry at the time receive significantly lesser shares of PPRT revenue, even if they are now home to bigger business entities. That in turn likely means PPRT taxes paid by a business sited in one community are being transferred to the benefit of a school sited in a different community.[40]

Fixing the distortions caused by the antiquated allocation factors used in the PPRT will not be easy—as districts that stand to lose significant funding for their schools through any modernization of the allocation factor should be held harmless by the state to ensure their financial condition is not impaired.[41]

Which brings us back to one of the reasons the EBF was passed in the first place—moving more of the responsibility to fund education away from local resources and to state-based resources.

A final question to answer is whether the record gains being realized in PPRT revenue are sustainable. In all likelihood the answer to that question is, probably not. True, the tax expenditures for businesses the state eliminated in FY 2022 increase the amount of business profits subject to the PPRT levy, and hence should result in increased PPRT revenue in most years—barring economic downturns.[42]

That said, inflation hit a 40-year high last year.[43] Needless to say, 40-year highs are not everyday occurrences, and most projections are that inflation will decline over the next few years, eventually returning to the Federal Reserve's target rate of two percent.[44] That in and of itself should have a dampening effect on corporate profitability, if for no other reason than businesses have been taking advantage of the recent spikes in inflation to in turn hike their prices well beyond what was needed to simply pass on increases in costs of production—and hence take advantage of inflation to effectively price gouge, and thereby enhance profitability.[45]

Paul Donovan, chief economist of global wealth management for UBS Bank, note price gouging was happening because "resilience in demand has given companies the confidence to raise prices faster than costs."[46] This explains why corporate profits have hit a 40 year high.[47] Again, whenever the economic data are showing record highs—in this case for corporate profits—it becomes quite unlikely those highs will be sustainable over the long haul. That is especially the case now, when many economists are projecting a recession in the next 12 to 24 months.[48]

But if PPRT revenue returns anywhere close to prior levels realized by school districts (such as in calendar year 2019 before historic corporate profit growth), districts collectively could lose up to $1.5 billion (nominal, not inflation-adjusted) in "local revenue" that almost certainly would not be immediately off set by additional state level funding under the EBF.

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