

Property Tax Elimination: What Does It Mean for School Communities?

PROPERTY TAX ELIMINATION MAY ACTUALLY MEAN MORE TAXES FOR SOME CONSTITUENTS.

Property tax elimination maintains school property taxes to pay off any debt the district currently owes. Therefore, whatever percentage of property tax is payable toward a district's debt will still be funded by taxpayers. Taxpayers in over 40% of school districts across the Commonwealth will maintain at least 20% of their current school property tax bill—in addition to paying more in statewide personal income tax and sales tax. Taxpayers in 24 school districts will maintain at least 50% of their current property tax bill, and taxpayers in some districts will continue to pay 100% of their current school property tax bill even after an elimination bill passes.

PROPERTY TAX ELIMINATION LIKELY MEANS CUTS TO PROGRAMS AND SERVICES. As proposed, property tax elimination will create significant financial challenges for school districts. With an even more limited ability to raise needed revenue, cuts to programs, services and staff are likely. Without referendum, school districts will not be able to incur debt or raise taxes above the limits set annually by the state. The current proposal does nothing to address costs related to pension, healthcare, collective bargaining agreements, special education costs, or capital needs. It is likely that school districts will be forced to make cuts in educational programs to accommodate these rising costs.

PROPERTY TAX ELIMINATION MEANS SCHOOLS MAY STRUGGLE TO OPEN THEIR DOORS NEXT YEAR. If passed, the proposed legislation would go into effect on July 1, 2017. That means that school districts can't levy a property tax after June of this year. Since the massive shift to increased personal income and sales taxes to replace school property taxes can't happen overnight (and since the state has not yet been collecting the increased taxes), there are many questions about where the funding for the 2017-2018 school year will come from and when it will actually be disbursed. Many school districts may not have the revenue they need to open doors in September.

PROPERTY TAX ELIMINATION IMPACTS FACILITIES. Under property tax elimination, most school districts will have no ability to quickly and responsibly respond to even the most critical of school building maintenance needs. Most school districts won't be able to replace a leaking roof, update school security infrastructure, fix a faulty heating system or even pave a parking lot without going to voters. As a result, schools are likely to deteriorate.

PROPERTY TAX ELIMINATION TAKES AWAY LOCAL CONTROL. With the elimination of property taxes, comes the elimination of virtually all local control that is the hallmark of Pennsylvania school district governance. School boards will no longer have the authority to add new academic programs, increase staffing or implement extracurricular programs to respond to the needs of their students, and education will become a state-driven, one-size-fits-all approach in 500 school districts.