

Property Tax Elimination: What Does It Mean for Taxpayers?

IT DOESN'T ELIMINATE SCHOOL PROPERTY TAXES. 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.

IT DOESN'T ELIMINATE OTHER LOCAL PROPERTY TAXES. In addition to property tax elimination not eliminating school property taxes, it doesn't even touch county or other local government property taxes. This means that taxpayers will still be paying an ever-increasing \$5 billion in non-school property taxes each year.

IT'S DOUBLE TAXATION ON THE POOREST CITIZENS. The residents in some of Pennsylvania's poorest school districts will be hit the hardest by property tax elimination. Not only will they not have their property taxes eliminated—many will maintain more than 50% of their current property taxes—but they will also be paying the increased personal income and sales taxes, which will be shipped out of their community to subsidize the education in some of the wealthiest school districts in the state.

IT SHIFTS TAXES FROM BUSINESSES TO INDIVIDUALS. Eliminating property taxes across the board means that the property tax burden carried by businesses will be shifted to individuals in the form of increased personal income and sales taxes. Across Pennsylvania, businesses are currently paying approximately \$2.7 billion in property taxes; with property tax elimination, those businesses would pay nothing. In the 2014-15 school year, for example, commercial and industrial properties in the Great Valley School District generated \$19,580,386 in revenue for the school district. None of that revenue would be available with property tax elimination. In addition, many are concerned about the impact of an increased sales tax on our small businesses and our local community as spending could be impacted.

IT GIVES A WINDFALL TO THE FEDS. The elimination of property taxes means that approximately \$600 million will be sent to the federal government each year through lost federal income tax deductions. More Pennsylvania money will go to Washington D.C. than ever before, meaning that there will be hundreds of millions of dollars less to be used to generate additional sales tax revenue.

WHO NEEDS LOCAL CONTROL, ANYWAY? With the elimination of school property taxes, comes the total elimination of taxing authority by locally elected school boards and a total undercutting of local control. As a result, locally elected school board members—individuals locally elected by their communities to make the important decisions, including funding decisions, about how to run and operate the district's schools—will be rendered useless. The state will oversee every decision made by a school board.

LOCAL TAX DOLLARS DON'T STAY LOCAL. Unless your school district is in Allegheny, Bucks, Chester, Delaware, Montgomery or Philadelphia County, it's unlikely much of the increase in personal income or sales tax you will pay under property tax elimination will actually find its way to your school district. To replace the property taxes levied by all school districts, a large portion of the new state dollars collected

will flow to the school districts in just 6 counties. This means that education funding is no longer local and your tax dollars are likely to be shipped across the state to benefit students hundreds of miles away.