



BERKS COUNTY
COLA
Committee on Legislative Action

“Property tax elimination does nothing more than shift the burden of raising \$14 billion in education funding from one group of taxpayers to another.”

– Jay D. Himes, PASBO Executive Director

BERKS COUNTY SCHOOL DISTRICTS

PROPOSED PROPERTY TAX ELIMINATION SUMMARY

- School Property Tax – Eliminated except to cover district debt
- Personal Income Tax (PIT) – Proposed increase from 3.07% to 4.95%
- Sales and Use Tax (SUT) – Proposed increase from 6% to 7% (expanded to tax additional goods and services)

(The information above is based on legislation as previously introduced.)

WINNERS:

- Big Business/Corporations
- Landlords/Commercial Property Owners
- Possibly Delinquent Taxpayers
- Out-of-State Property Owners
- Many Retired Homeowners?

LOSERS:

- Renters
- Individual Working Taxpayers
- Small Business Owners
- Public School Students
- Local Control

KEY POINTS:

1. Local control of school districts will be greatly diminished
2. Local tax dollars may not stay local
3. Inequity in education funding will lock in place
4. New bipartisan-approved Basic Education Funding Formula will be meaningless
5. Some residents will continue to pay significant amounts of property tax (based on district debt)
6. Some residents of PA's poorest school districts will be hit the hardest — double taxation
7. Tax shift from businesses to individuals (\$2 billion)
8. PA schools may physically deteriorate more quickly (construction loans require voter referendum)
9. Income tax deduction for school district real estate taxes will be lost
10. Personal Income Tax and Sales and Use Tax are affected much more than property taxes during a recession

MAJOR QUESTIONS:

1. How will education money be distributed in future years?
2. How will education money be affected by a downturn in the economy?
3. Will education dollars be distributed quarterly in advance or in arrears (cash flow)?
4. How will school districts handle increases in mandated costs (PSERS, charter schools, special ed, etc.) that rise greater than the cost of living increases the state will give school districts each year?
5. Will delinquent property taxpayers be left off the hook?
6. Will first year distribution from the state that will use a baseline of the prior year taxes collected include both current and delinquent taxes collected?
7. Will the state negotiate and control collective bargaining?
8. Will the state revise its budget timeline in the future?
9. How will inequities in student funding be addressed?
10. Will it really benefit all retired homeowners?