



#### **TAX REPLACEMENT:**

HB 76 and SB 76, The Property Tax Independence Act, permanently eliminates and replaces school district property taxes.

The Property Tax Independence Act will completely replace all but a small portion of school taxes over a two year phase-in period. The remaining portion of the property tax, typically about 10% of the total tax bill for most school districts, will be used to service current long-term debt in your district and will be completely eliminated when all current debt is retired; no further debt or expenses funded by property taxes will be allowed. Some districts with little or no long-term debt will have their property taxes totally replaced by the end of the two year phase-in period.

The Property Tax Independence Act completely eliminates the taxing ability of local school boards. The only allowed tax will be an optional local EIT or personal income tax for major projects, and that will be subject to a no-exception taxpayer referendum.

#### **HOW THE PLAN IS FUNDED:**

The Property Tax Independence Act is funded through a moderate expansion of the sales tax base to include more goods and services that are not now taxed. Examples are landscaping, haircuts, sports and theater tickets, dry cleaning, candy and gum, magazines, food items not on the WIC list, and individual clothing items with a value of more than \$50. The plan also increases the sales tax rate to 7%.

Proposed exemptions from sales tax include food stamp purchases, all utilities, home heating fuels, tuition, health, hospital, and dental services, prescription drugs, and home health care.

The Property Tax Independence Act moderately increases the state income tax from 3.07% to 4.95%.

#### **DISTRIBUTION TO THE SCHOOLS AND SPENDING CONTROLS:**

At enactment of The Property Tax Independence Act, all districts will receive 100% funding sufficient to meet all financial obligations with a dollar-for-dollar replacement of the eliminated property tax. In the future, every district will receive identical percentage annual base funding increases that will be limited to the increase in the Pennsylvania average weekly wage, effectively tying annual school budget increases to the increase in available revenue and economic activity.

#### **CONSTITUTIONAL AMENDMENT:**

Proposed companion legislation to The Property Tax Independence Act will provide for a constitutional amendment which GUARANTEES that, once replaced, school property taxes would be gone forever and that a future legislature could never re-institute the taxing of our properties.

**No tax should have the power to leave you homeless.**

**Further details are available at [www.ptcc.us](http://www.ptcc.us)**