



Since the first introduction of a proposal to replace school property taxes with a broadened Sales and Use Tax (SUT) base, much of the debate has centered on which goods and services would be taxed.

The newly taxed goods and services listed here have been carefully reviewed and considered using multiple metrics including revenue generation capabilities, economic effects on businesses and consumers, and socio-economic factors. All are a necessary part of the total school property tax replacement package.

Pennsylvania's current SUT base as compared with those of other states is extremely limited; the expansion proposed in House Bill 76 and Senate Bill 76, the Property Tax Independence Act, brings Pennsylvania more in line with the SUT taxation methodology of the majority of jurisdictions nationwide.

While certain goods and services on the expansion list may be immediately opposed on an instinctive level, in actuality it matters little which specific items are taxed when considering the overall economic effect of the expansion of the SUT base.

Additionally, some may not favor the taxation of goods and services that may be considered "life necessities." However, Pennsylvania, through the school property tax, already imposes an egregious and inequitable levy on the most basic of life's necessities: shelter. In some areas of the state, the annual rate of property taxation approaches that of the sales tax. Considering the damage done by property taxes of that magnitude, the imposition of the sales tax to certain additional items is insignificant.

For example, completely replacing a \$3,500 school property tax bill would require the homeowner to purchase \$50,000 in newly taxed items at 7 percent to equal the amount of property tax eliminated.

Finally, during the past year, the provisions of the Property Tax Independence Act – including specific mentions of numerous newly taxed items and services – have been presented in more than 50 meetings with more than 4,000 Pennsylvanians in community groups from all areas of the state. Virtually none of the attendees objected to the taxation of the specific items mentioned as long as the school property tax is completely eliminated.

NEWLY TAXABLE GOODS

- Food (Items not on WIC food list)
- Candy and gum
- Personal hygiene products
- Storage
- Newspapers
- Bad debts
- Magazines
- UCC filing fees
- Clothing and footwear (individual items \$50 and higher)
- Call center tax credit Non prescription drugs
- Rental of films for commercial exhibition
- Airline catering
- Investment metal bullion and investment coins
- Charges for returnable containers
- Catalogs and direct mail advertising
- Caskets and burial vaults
- Construction of memorials
- Flags
- Horses
- Hotel permanent resident
- Textbooks
- Liquor or malt beverage purchased from retail dispenser
- Coin-operated food and beverage vending machines
- Commission - SUT collectors (capped at \$250/month)

NEWLY TAXABLE SERVICES

Personal Services:

Dry cleaning and laundry services

Personal care services

Funeral parlors, crematories, and death care services

All other personal services

Recreation Services:

Spectator sports admissions (excludes schools)

Theater, dance, music and performing arts

Amusement and recreation industries

Museums, historical sites, zoos and parks

Transportation Services:

Transit and ground transportation

Air transportation

Truck transportation

Other transportation

Professional Services:

Legal (except business-to-business, domestic relations matters and criminal defense matters)

Architectural, engineering and related services (except business-to-business)

Accounting, auditing and bookkeeping services (except business-to-business)
Specialized design (except business-to-business)
All other professional and technical services (except business-to-business)

Miscellaneous Services:

Basic TV
Veterinary fees (except business-to-business)
Finance and insurance
Waste management and remediation
Recreational parks, camps & campgrounds
Custom programming, design and data processing (except business-to-business)
Parking lots and garages

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