

Table 1.1  
Net Fiscal Impact of House Bill 76 / Senate Bill 76  
(fiscal year, \$ millions)

	2014-15	2015-16	2016-17	2017-18	2018-19
Education Stabilization Fund	\$354	\$720	\$1,056	\$1,380	\$1,716
School Districts <sup>1</sup>	-304	-1,098	-1,761	-2,311	-2,813
Other Impacts <sup>2</sup>	-53	-15	17	41	66
<b>Net Fiscal Impact</b>	<b>-3</b>	<b>-393</b>	<b>-688</b>	<b>-890</b>	<b>-1,031</b>

<sup>1</sup> Includes the impact of replacing property taxes for all school districts and eliminating non-property taxes levied to fund the School District of Philadelphia.

<sup>2</sup> Includes the impact on the General Fund and special funds.

Table 1.1, page 2, contains a high-level view of HB/SB 76 and demonstrates the legislation's shortfall in school funding for the years mentioned. This is the chart that opponents are using to claim a \$1 billion shortfall. The only line in which we are interested is "Net Fiscal Impact."

Note that for 2014-15 the shortfall is \$3 million against \$11.07 billion, the amount the IFO has calculated as necessary for replacement of the property tax. That shortfall is .0003% of the total and is essentially a rounding error. HB/SB 76 hits the required amount on the nose.

The numbers for the out years (2015 through 2019) are the differences between what the "old" property tax will generate *if it was still in effect* and the amount of replacement revenue from HB/SB 76. You'll notice that the deficit increases each year until in 2018-19 it reaches just over \$1 billion, the amount opponents are using as an argument against the legislation by claiming that the schools are being underfunded. Those who say this are either are mistaken or intentionally misrepresenting the numbers.

There are two things the chart truly shows. HB/SB 76 *will* actually work to slow ever increasing property taxes. It also contains a dire warning. If HB/SB 76 is delayed or, at worse, not enacted, property taxes are going to skyrocket.

***Taxpayers have waited thirty years. Waiting is no longer an option. HB/SB 76 is needed now. Your help is needed now!***



**The Property Tax Independence Act works to fully fund all Pennsylvania schools.**

Spread the word. Talk to your family, friends and neighbors. Grassroots initiatives depend on the voices of as many concerned taxpayers as possible.

Email, write or visit your elected PA House and Senate Representatives. Encourage them to join the fight for passage of HB/SB 76.

Feel free to copy and circulate this brochure.

Follow the web links below for more information:

 <http://www.ptcc.us>

 <https://www.facebook.com/groups/pataxpayers>

 <http://www.youtube.com/watch?v=qleO6alZcFA>

**Get Informed.  
Get Involved.**



## Vote. Make a difference.

Our Pennsylvania representatives and governor are waking up from a deep slumber, which can only mean one thing: it's time for elections again. It's time to pull the wool over the electorates' eyes. It's time for our representatives to pretend to have the voters' best interests at heart.

They have been working hard on things that are hardly worked on. They've made tough decisions. They've listened to those who elected them. They've put forth solutions and solved big problems. All over Pennsylvania, the economy is rolling along and growing. Good paying jobs are plentiful. Fuel prices are down, and a trip to the store doesn't cost an arm, a leg and perhaps a finger or two. Property taxes have been eliminated, the birds are chirping and music fills the air.

Awakening from this dream brings happiness and a smile. It quickly fades as a stark reality sets in. Things really stink!

The number one issue vexing Pennsylvania has yet to be solved. Thirty years and the electorate has become numb to idea after idea, committee after committee, bill after bill. Property tax promises vanish after elections. That casino money hasn't put a big dent in your property taxes. It never will. The looming pension crisis will definitely see to that.

There is a choice before you today. You can stand idly by listening to the drone of "elect me" commercials and vote your party line. Or, you can make a true difference in your life and the lives of generations of Pennsylvanians to come. *You* can be the one to help pass The Property Tax Independence Act. *You* are the solution to thirty years of broken promises. *You* can stop that oncoming train that's about to fly off the tracks.

***You can vote for a candidate that supports both House and Senate Bills 76 – The Property Tax Independence Act.***

## Not relief. Elimination.

The Property Tax Independence Act will eliminate all school property taxes across the Commonwealth and will replace those taxes with funding from a single state source.

The most important provision is that it is tax revenue neutral. To provide absolute fairness, the legislation has been crafted to ensure that the tax swap provision of the plan does not raise one dollar more than is already collected.

### The Property Tax Independence Act will:

- Abolish the school property tax on all homesteads, farmsteads, and businesses.
- Eliminate school property taxes via a two-year phase-out. The first year after enactment, school property taxes will be frozen at their current levels. The second year will bring complete elimination except for those school districts that retain long-term debt obligations.
- Increase the current sales tax from 6% to 7%, providing a predictable and stable funding source that will automatically increase revenue in sync with economic growth.
- Increase the state income tax from 3.07% to 4.95%.
- Fully fund all districts by replacing the property tax dollar-for-dollar at each district's current level. Each district will receive the resources it needs regardless of the local ability to pay.
- Create a dedicated lockbox account for all property tax replacement revenues that is separate from the General Fund.
- Completely eliminate the taxing ability of school boards. Voters will finally gain true local control. Any requests for additional revenue from school districts must be presented via a no-exception ballot referendum.
- Finally put a stop to out of control and ever increasing school budgets and property taxes.

## The numbers add up.

The Pennsylvania Independent Fiscal Office conducted two separate analyses of The Property Tax Independence Act.

The first analysis was released on September 25, 2012, and concluded the following:

- School property taxes will increase more than \$4 billion from the current replacement level of \$12.8 billion to \$14.188 billion by 2017.
- That in year five after enactment, HB/SB 76 will save \$1.152 billion annually in replacement revenue compared to the growth of property taxes if that system remains in place.
- The elimination of school property taxes will increase the disposable income of property taxpayers.
- The elimination of school property taxes will cause home values to increase, on average, by more than 10% statewide.
- Working-age homeowners will realize a tax cut. Furthermore, the increase in federal income tax (through lower itemized deductions), state income tax, and sales tax is more than offset by the reduction in property taxes.
- Retired homeowners will realize a significant reduction in taxes because any property tax reduction will easily offset any increase from the higher sales tax.
- Home builders, developers, and other land owners who convert current land holdings into new housing will benefit.
- The elimination of property taxes would significantly reduce the property tax share and would clearly increase the attractiveness of the Commonwealth for business location and expansion.

## Cost controls. Finally.

The second analysis was released on October 7, 2013, and can be summed up in the following two charts.

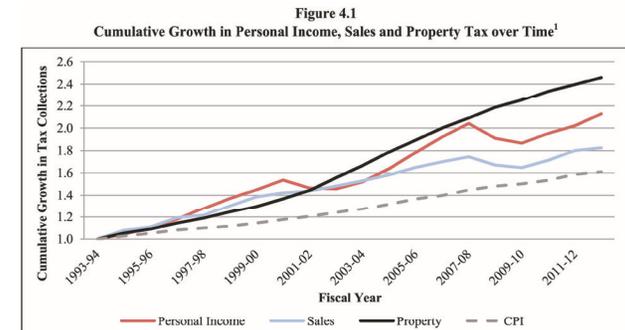


Figure 4.1, page 28, of the analysis shows the growth of the property, income, and sales taxes over time compared to the CPI, a measure of inflation.

Note that all of them grow faster than inflation but the growth in property taxes exceeds the growth of both the income and sales taxes and *far* exceeds the rate of inflation.

Note, too, that while the growth in both income and sales taxes is due to increasing economic activity, not rate increases, the growth in property taxes is due *solely* to increasing the rate and the burden on homeowners – economic activity has no bearing on property tax increases.

This is why property taxes have become such a problem and why this must end as quickly as possible. There's one other note about this figure: Since both sales and income taxes historically increase at a pace greater than inflation and HB/SB 76 relies on them as a funding source, the schools will still receive increases that exceed the CPI under HB/SB 76.

**We don't want relief. We want complete elimination.  
We need The Property Tax Independence Act.**