

Property Tax Elimination Legislation

AFT Pennsylvania opposes legislation that would replace school property taxes with historic increases in sales and personal income taxes and then redistribute education funding largely to a handful of wealthy, high-tax school districts. Property tax elimination legislation saddles a smaller portion of the population with new and highly regressive taxes and distracts from any serious discussion of how Pennsylvania can raise sufficient and sustainable revenues to fund all public schools adequately and fairly.

- **Legislation will *not* eliminate property taxes.** Taxpayers in 488 of 500 school districts will continue to pay property taxes for more than a decade, until a combined \$25 billion in existing school debt is repaid. Counties and municipalities will continue to levy property taxes, just not to fund schools. In addition, every Pennsylvania resident will be hit with a 60 percent increase in personal income taxes and a 17 percent increase in sales taxes, which will be levied on thousands of additional, and often essential, products and services. If Pennsylvanians were looking for tax relief, this legislation won't provide it!
- **Responsibility for education funding shifts to middle-class, working and poor families and away from big corporations.** The responsibility for funding education today is shared widely, with property taxes paid by homeowners, renters, small businesses, big-box stores, commercial office towers, manufacturers, warehouses, industrial parks and shopping centers. Substituting sales and income taxes to fund schools means individuals and small businesses will shoulder about \$2 billion in school funding that commercial and industrial property owners will no longer be required to pay.
- **Fewer education programs. Deteriorating schools.** An IFO study found property tax elimination would have "a negative net fiscal impact" on school districts, cutting funding for academics and upkeep. With school districts unable to raise property taxes or issue bonds, they will be forced to cut programs to balanced budgets and cover mandated costs. Students' health and safety will be compromised as school boards defer essential maintenance on HVAC, roofs, asbestos removal and more and delay replacing aging schools, buses, technology, labs, gyms and playing fields.
- **New fair funding formula is out. Funding inequities are locked in.** Pennsylvania has a 33 percent gap – the biggest in the country – between what rich and poor school districts spend to educate students. Property tax elimination will make those disparities permanent. To replace property taxes, six, predominately wealthy counties that currently collect the most property taxes, would get the biggest property tax "rebates" (in Philadelphia's case, wage-tax reductions) from the state. The new funding formula, which was designed distribute state funds more equitably to small, rural and urban districts over time, will be unusable.
- **Undermines local control of schools.** Without taxing authority, locally elected and accountable school boards will have virtually no control over the education your child receives. The number of AP courses, availability of tutoring, music and art programs, up-to-date libraries staffed by certified librarians, school nurses, school repairs and construction, teacher-student ratios and every other aspect of how schools are managed will be determined by funding levels set in Harrisburg. While property values and tax revenues increase over time, sales and income taxes revenues are volatile, making it more difficult for communities to develop and maintain the educational and extracurricular programs they want for their children.
- **Homeowners take a hit. Washington gets a windfall.** Eliminating school property taxes means that Pennsylvania homeowners will lose the federal tax deduction for school property taxes. (Sales taxes are not tax deductible.) Homeowners will send an additional \$600 million in taxes to Washington, money that could have been spent on their families.