



Update and ** ACTION ITEM **

05 May 2009

Dear Friends,

There have been many developments on the property tax front during the past week. To keep from overloading you, this update covers only three of the items; the remainder will be sent in a later update.

2009 SPTEA Announced!

On Monday, May 4, Representative Sam Rohrer (128-Berks) announced this session's introduction of House Bill 1275, the *School Property Tax Elimination Act*, in a press release. The release is copied below my signature.

The new bill will be formally introduced in the Pennsylvania House of Representatives in the near future. Until this happens, we need to gather as many co-sponsors as possible for this bill.

**** ACTION ITEM ****

This is VERY important! If you will, please contact your representative as soon as possible to firmly request his or her co-sponsorship of HB 1275, the *School Property Tax Elimination Act*. Although some representatives may offer more of their lame excuses for not co-sponsoring, please do not accept them! You can find your representative and contact information by Zip+4 here:
<http://www.legis.state.pa.us/cfdocs/legis/home/find.cfm>.

Further, please circulate this update as widely as possible to your friends, neighbors, and relatives and ask all of them to also contact their representative. The more co-sponsors we have on the bill the better our chances for action.

2009 Gambling-funded property tax relief posted

On May 1 the Pennsylvania Department of Education released the preliminary estimated 2009 tax relief from gambling money for most Pennsylvania School Districts. For many homeowners the amount of the relief is about the same as last year and varies between \$32 and \$641, depending on your school district.

The relief charts have been posted on the PTCC website at <http://mysite.verizon.net/drbsr/PTCCWeb/2009rebate.htm>. Please note that the relief numbers are incomplete for some districts because a few counties have not yet

reported their number of eligible homesteads. The charts will be updated as new information becomes available.

Don't get too excited about your huge and historic (Governor Rendell's words) "relief" money and don't plan to spend all of it in one place!

New SPTEA Petition

Jeff Helwig of the PCTA's Wyoming County group has written an excellent petition in support of the SPTEA that can be distributed throughout the state. Jeff has volunteered to spearhead this effort by spreading the petitions across the state and then collecting all completed petitions, with the intent of organizing a march on Harrisburg later this year to present them to the General Assembly.

The PCTA and PTCC are asking that you circulate this petition as widely as possible, send it others, and work to find volunteers to ask for signatures at the polls on Election Day, May 19. Election Day would be a great time to gather LOTS of signatures and to spread the word about the SPTEA. If you can also separately gather e-mail addresses from signers and send them to me I'd appreciate it - I'll send them invitations to join the PTCC e-mail list.

The five page petition is available as a PDF file on the PTCC website at <http://mysite.verizon.net/drbsr/PTCCWeb/petitions.htm>. You can print it as five separate pages or flip the paper over and print both sides.

You can send completed petitions to Jeff at:

Wyoming County Concerned Taxpayers PAC
1501 SR6 West
Tunkhannock, PA 18657

Jeff will keep us informed of our progress on this initiative.

I'd like to express my sincere appreciation to Jeff for his work and initiative in starting this effort. Thanks, Jeff!

That's all for today. As I mentioned above, I'll send another PTCC Update shortly to cover other items that have developed during the past week.

My sincere thanks to all of you for your continuing support of our efforts to eliminate property taxes and reform the Pennsylvania education finance system.

Please feel free to write to me at any time with questions or concerns.

David Baldinger
PTCC Administrator

FOR IMMEDIATE RELEASE

May 4, 2009

Rohrer Reintroduces School Property Tax Elimination Act

Touting the benefits Pennsylvania has lost by not acting sooner, Rohrer says eliminating the unfair tax would jumpstart Pennsylvania's economy

HARRISBURG— Hailing it as the single most important step Pennsylvania lawmakers could take to jumpstart the state's economy, prime sponsor Rep. Sam Rohrer (R-Berks) today unveiled the School Property Tax Elimination Act (SPTEA).

“The SPTEA offers a dramatic comparison to the current federal stimulus plan,” Rohrer said. “Compared to the federal stimulus of \$18 billion over three years, the SPTEA would infuse approximately \$7 billion annually into the economy, as homeowners are freed from their onerous property tax bills. The magnitude of the plan simply dwarfs any other options, without using government spending or subsidies, and puts billions into the hands of our citizens to pay their bills, invest in the economy or support local businesses.

“No tax should have the power to leave you homeless,” Rohrer continued. “Seniors citizens, retired couples, young families, recently laid-off workers—through no fault of their own, all these people are standing on the precipice of losing their homes, as their pensions have plummeted and incomes have been reduced or even eliminated. For families struggling to make mortgage payments, this plan offers the only true hope of remaining in their homes and securing their home ownership.”

The bill is distinctive in that it remains the only plan that has the capacity and the simplicity to present a comprehensive restructuring of the way Pennsylvania funds its schools and addresses issues of spending controls, predictability, debt, and distribution. Instead of relying on local school property taxes, school districts would receive their primary source of funding from an expanded state sales tax. The sales tax rate would remain at 6 percent, but would be expanded to include some currently tax-exempt items. Food, clothing, prescription medications and other essential items and services would not be taxed under Rohrer's plan. The SPTEA also would use new rent and royalty payments generated through expanded natural gas harvesting activities on state forest lands to fund Pennsylvania schools.

“Partial reduction is not the answer,” Rohrer stated. “Taxes continue to rise unabated, and the governor's so-called ‘Property Tax Relief Fund’ barely makes a dent in what most taxpayers have to pay. It's a political response, designed to alleviate the problem and never solve it, and it has distracted from the real issue. The only solution is complete and total elimination.”

Funds from the expanded state sales tax and the revenues from Marcellus Shale natural gas development would be deposited into a newly created Education Operating Fund (EOF). The money in the EOF would be used to implement a four-year phase out of school district property taxes. The phase-out would ensure a smooth transition into the

new system without disrupting normal operations of either schools or businesses.

“When we first introduced the idea of school property tax elimination, our proposal ran parallel with Governor Rendell’s proposal to use gambling proceeds to relieve—never solve—the property tax burden,” Rohrer said. “Here we are, seven years later, and homeowners have received just one payment, and a pittance at that, to help with their taxes. Had we enacted the SPTEA back then, we would have already passed through the four-year phase out. Homeowners would not only be free from paying any school property taxes, but the state would have had the time to build up the excess revenue in order to weather this current economic storm.”

The SPTEA addresses the spending side of the equation, tying the school districts’ revenue to the sales tax. Under the current system, as overall property tax revenue decreases because of increasing foreclosures and delinquencies, schools are forced to consider raising their property tax rates, further burdening those who can pay and creating a vicious cycle of foreclosures and delinquencies. Under Rohrer’s plan, the sales tax would continue to create a stable form of revenue. Even in difficult economic climates when the sales tax revenue declines, schools would be forced, along with all Pennsylvanians, to reduce their spending.

Rohrer argued that using the state sales tax to fund education poses significant benefits over the existing property tax system. Specifically, he noted that the sales tax was instituted in 1953 expressly for the purpose of educational funding, and as such remains the best-suited source for the schools because sales tax revenue—and thus school revenue—will grow as the economy improves. In addition, Pennsylvanians will have more control over the amount of taxes they pay, as they can increase or reduce their tax burden based on the purchases they make. Finally, sales tax revenue is sensitive to economic realities, ensuring that when Pennsylvania families are forced to reduce their consumption, schools also will be forced to reign in their spending.

Rohrer’s plan also offers the first real opportunity for voters to have direct control over any future tax increases. Under the SPTEA, any future tax increases would have to be approved by voters through a ballot referendum.

“Under the provisions of Act 1, the voter referendums we have are what I like to call ‘taxpayer protection in name only,’” Rohrer said. “Sure, we have a law that says voters are supposed to have the right to approve or deny any school tax increases. But the Department of Education usually grants the district an exemption and the voters never have a chance to vote on the tax increase. My plan offers real voter empowerment where previous plans offered only false hope.”

“For years, school property tax elimination seemed like a pie-in-the-sky idea to lawmakers in Harrisburg—a noble but impractical goal,” Rohrer said. “But we have a plan to make that dream a reality. Now, it is only a matter of whether state lawmakers choose to listen to their constituents and then act upon their cries in order to make that dream come true for Pennsylvania property taxpayers.”

The SPTEA will be introduced as House Bill 1275. For more information about the proposal, visit Rohrer's Web site at SamRohrer.com.

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