

Why the *School Property Tax Elimination Act* (SPTEA)?

Comprehensive School Finance Reform

- House Bill 1275, The *School Property Tax Elimination Act of 2007* (SPTEA), eliminates the need for school property taxes and all other local nuisance taxes generated for K-12 education, while funding public education through a broader sales tax.
- The SPTEA will stabilize Pennsylvania's crumbling and obsolete K-12 school funding system by replacing an inadequate revenue source (school property and nuisance taxes) with a broad based, modernized and sufficient revenue system (sales and use tax).
- The SPTEA maximizes school equity by creating a dedicated Educational Operating Fund separate from the Commonwealth General Fund into which all sales tax revenues will be deposited and from which schools will be fairly and adequately funded. The SPTEA also establishes equity adjustments and provides for an Education Trust Reserve.
- The sound and predictable revenue stream generated by the SPTEA will allow schools to focus on education and student performance – not fundraising.

Fair and Flexible Taxpaying

- The streamlined and modernized sales tax system implemented through HB 1275, the *School Property Tax Elimination Act of 2007*, will restore a critical element of choice and promote greater flexibility in taxpaying.
- Replacing a mandatory property tax with a broader sales tax allows Pennsylvanians, regardless of income level or home ownership status, to largely control what they actually pay out in taxes. In other words, those who have the ability to spend more through voluntary consumer purchases will foot the brunt of the bill for K-12 education.
- In addition, this legislation provides sales tax exemptions for such things as food, clothing, residential utilities, home heating fuels, doctor's bills and prescription drugs, and essential business-to-business services such as accounting, engineering, research, computer and legal services.

The 100% Elimination of School Property Taxes is a Win-Win Situation for all Pennsylvanians

- Homeowners will benefit from the restoration of true property ownership and unprecedented financial freedom without the economic oppression of rising school property taxes.
 - Farmers will not have to sell family properties that have been handed down through generations.
 - Senior citizens will no longer be forced to sell their homes or be evicted from their homes due to school property tax bills they can no longer afford to pay.
 - More young couples and renters will benefit from the prospect of qualifying for home ownership because of no school tax escrow and, thus, lower monthly housing payments.
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**The Success of the *School Property Tax Elimination Act of 2007* is
not
Dependent on the Existence of Gambling Revenue**

- The *School Property Tax Elimination Act of 2007* is designed to implement any existing gambling revenue into its school funding formula. However, its success is not dependent slot machines like other so-called property tax reform proposals. If gaming revenue actually materializes, reductions in sales tax rates and distributions to poor school districts will occur faster.
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**Of all Property Tax Elimination Proposals HB 1275, the
School Property Tax Elimination Act of 2007, Can Be Implemented
the Fastest**

- Although there have been numerous property tax elimination proposals introduced over the past 20 years, the *School Property Tax Elimination Act of 2007* presents the most viable, far-reaching and expedient option the Legislature has to finally do something to help both individuals and businesses in an area where it is literally needed most: Their own backyards. Upon enactment, the SPTEA will immediately freeze school property taxes at current levels and will begin a significant reduction in school property tax bills beginning with the first tax bill following enactment.

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