

## **Property Tax Elimination Policy**

The mission of the Greater Lehigh Valley Chamber of Commerce is to improve the economy and quality of life in the Lehigh Valley. As such, we believe that the elimination of the property tax would have damaging consequences for education, communities and businesses.

Currently \$14.9 billion in local tax revenues fund school districts in Pennsylvania. More than \$12 billion (82%) of this funding comes from property taxes.<sup>1</sup> Efforts to reform property taxes began in the 1970s and continue today with Senate Bill 76.<sup>2</sup>

The Chamber opposes efforts to lessen or eliminate the property tax by replacing this income with increased sales and personal income taxes for the following reasons:

- The funding currently provided by property taxes would have to be replaced. Personal income and sales tax increases have been proposed. These sources are more volatile than property taxes due to economic and regulatory environments
- Proposals include extending the sales and use tax to services (legal and financial among others) could cause businesses to move to other states and increase compliance costs to businesses
- Extension of the sales tax to services would create higher health care costs for patients and families and would disproportionately effect the very ill and elderly, including those in nursing homes
- Tax increases would have to be significant to replace the revenue generated by property taxes
- Business owners, especially renters, would see sales and personal income taxes rise
- Sales and personal income tax would have the biggest impact on those least able to afford these increases, lower income residents
- Local control of school funding and the stability provided by the current system would be lost

We support solutions to education funding that:

- Examine changing the reimbursement formula to eliminate political influence
- Take the cost side of the equation into consideration
- Address the unfunded pension liability
- Protect school funding by providing a predictable revenue source
- Include assessment reform that provides clear, consistent and standardized assessment
- Require periodic mandatory property reassessment
- Are considered in conjunction with other budget areas

Education is crucial to our future and good school systems increase property values. School funding must be maintained to assure quality education in every school in the Commonwealth.

<sup>1</sup> PA Department of Education

<sup>2</sup> Rep. Ryan Mackenzie '15 constituent newsletter

History/Action:

3/10/16 draft 1

3/15/16 Chairman's review/changes

3/16/16 draft 2 discussed at Public Policy/changes  
3/31/16 draft 3 more subcommittee edits  
4/14/16 emailed subcommittee proposed final draft for vote  
4/19/16 one edit, Subcommittee(passed –unanimous)  
4/20/16 Public Policy presentation by Chair Berdahl, discussion, 3 edits, one deletion re: charter school  
funding (add to phase 2), secret ballot vote (passed –15 yay, 2 nay, 1 abstain)  
4/21/16 sent to Exec Committee for vote 4/25-10am  
4/22/16 sent to BOG for review  
4/26/16 Exec Committee members (passed-19 yay, 1 abstention)  
4/27/16 Tax&Reg Chair J.Berdahl presents to BOG for vote (passed unanimously)