

PAR Legislative Committee affirms support of Senate Bill 76

PAR's Legislative Committee met last week to discuss [Senate Bill 76](#) (Argall, R-Schuylkill) and [House Bill 1285](#) (Maloney, R-Berks), which passed in July.

SB 76, which proposes to eliminate property taxes, was re-introduced in June and referred to the Senate Finance Committee. The legislation prohibits school districts from levying a school property tax, with the exception to service outstanding school district debt on the books. School districts may refinance debt if it results in lowering the amount owed or shortens the term in which the debt is owed.

The legislation created the Education Stabilization Fund to fund public schools. The fund is comprised of: an increase in the state's Personal Income Tax from 3.07 percent to 4.95 percent, an increase in the state's Sales and Use Tax from 6 percent to 7 percent, the expansion of the goods and services subject to the state's Sales and Use Tax, and an increase in the Hotel Occupancy Tax from 6 percent to 7 percent.

The major changes from the previous version of the bill introduced last session include:

- Clarifies that school districts may refinance existing debt service if it either lowers the amount owed or reduces the term in which the debt is owed.
- Creates the Education Cost Commission, which will conduct an initial study to identify the largest cost drivers within public education and make recommendations to the legislature as to how to address those costs.
- Allows school districts to continue to try to collect delinquent taxes owed.

The Legislative Committee voted to support this bill.

The committee also voiced its support of HB 1285, the Property Tax Relief and the Homestead Exclusion Act. The act allows the state to conduct a voter referendum in the general election in November which would amend the state constitution to authorize local taxing authorities to exclude from taxation an amount based on the assessed value of homestead property. The constitution now permits the General Assembly to authorize, by law, an exclusion equal to 50 percent of the assessed value of each homestead property. If approved by the voters, the General Assembly would still need to enact new legislation which would provide the guidelines and parameters as to how a school district would go about eliminating the property taxes on 100% of the assessed value of homesteads, including what taxes could be implemented or increased in order to provide the funds to replace the lost revenues from the elimination of the property taxes on homesteads. PAR will work to educate members on this issue.