



## Why HB 1776, The Property Tax Independence Act?

### Comprehensive School Finance Reform

- The Property Tax Independence Act eliminates the need for school property taxes and all other local nuisance taxes generated for K-12 education, while replacing those taxes through a broader sales tax base and other, less onerous, revenue sources.
- The Property Tax Independence Act 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 Property Tax Independence Act maximizes school equity by creating a dedicated lockbox account 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 sound and predictable revenue stream generated by The Property Tax Independence Act 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 The Property Tax Independence Act 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, The Property Tax Independence Act provides sales tax exemptions for such things as food stamp purchases, all utilities, home heating fuels, health, hospital, and dental services,

prescription drugs, home health care, tuition, day care, charitable organizations, and business-to-business transactions.

### **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.
- The elimination of the school property tax will help to attract new business, create jobs, and restore Pennsylvania's economic vitality.

### **The Success of The Property Tax Independence Act is not Dependent on the Existence of Gambling Revenue**

- The Property Tax Independence Act is designed to incorporate any existing gambling revenue into its school funding formula. However, its success is not dependent on gambling proceeds like other so-called property tax reform proposals. If gaming revenue actually materializes to the level predicted, less revenue will be required from other tax sources.

### **Of all Property Tax Elimination Proposals The Property Tax Independence Act Can Be Implemented the Fastest**

- Although there have been numerous property tax elimination proposals introduced over the past 20 years, The Property Tax Independence Act 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 Property Tax Independence Act 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.

HB 1776 is supported by the Pennsylvania Coalition of Taxpayer Associations



More information is available at [www.ptcc.us](http://www.ptcc.us)