



*Pennsylvania Coalition of Taxpayer Associations*

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## Ten Reasons to Eliminate the School Property Tax

### WHY ELIMINATION INSTEAD OF RELIEF?

Eliminating the oppressive school property tax has a result that almost everyone recognizes: To finally allow true homeownership for Pennsylvanians. But there are actually many more benefits to eliminating this onerous, antiquated tax.

Those certain Harrisburg lawmakers who continue to tout ineffective, valueless property tax “relief” schemes like local tax shifts and small partial reductions to solve the problem are woefully oblivious to the damage property taxes are doing to Pennsylvania and the greater good that can come from total elimination. They need to remove their blinders and educate themselves about the real issues when considering how to deal with the property tax problem - it's not just about property tax relief.

Consider this:

- More than ten thousand Pennsylvanians lose their homes to sheriff's sales each year and many more are forced to sell to avoid having their home seized for non-payment of property taxes.
- In many areas of the state, homes at the median sale price of \$200,000 have property tax burdens of \$10,000 or more annually. This makes these homes almost impossible to sell and is destroying the real estate market in these areas.
- The American Legislative Exchange Council (ALEC) annually releases their “Rich States, Poor States” report that ranks states based on 15 factors of economic competitiveness. In the June, 2011 report Pennsylvania was ranked:
  - 41st in outmigration
  - 43rd in economic competitiveness
  - 46th in economic performance

Antony Davies, professor of economics at Duquesne University, described these rankings as a symptom of increasing property taxes, which, along with increased income taxes, affects where young college graduates chose to move and live. Davies said, “They can go anywhere they

want, so of course the states that are going to attract them on average are states with lower property taxes.” (*PA Independent*, June 21, 2011)

Runaway property taxes are destroying Pennsylvania’s economy, driving away its residents, and are discouraging entrepreneurs from starting new businesses that would create jobs for Pennsylvanians.

Here are ten well-considered reasons to eliminate the property tax that will benefit the lives of all Pennsylvanians and will help to make our Commonwealth an economic powerhouse and a great place to live, work, and raise a family.

### **1. Achieve True Home Ownership**

You never really own your home as long as it can be taken from you for not paying your property taxes. You’re simply paying rent to the government under threat of eviction.

### **2. Stabilize School Funding**

Many school districts are struggling with steep declines in property tax revenues as a result of assessment appeals by home and business owners. HB 1776, The Property Tax Independence Act, creates a stable, predictable, *equitable* stream of revenue for K-12 education.

### **3. Help Prevent Foreclosures**

Many homes that are in danger of being foreclosed could be saved with the elimination of the monthly property tax escrow that can amount to as much as 40% of a mortgage payment.

### **4. Restore Plummeting Real Estate Values**

Because of excessively high property taxes, homes in some areas of Pennsylvania have sharply declined in value and have become almost impossible to sell. Replacing the school property tax with other funding sources will restore value and make these homes more attractive to buyers.

### **5. Boost the Sagging Housing Market**

Elimination of the monthly property tax escrow payment will make homeownership more affordable, increasing both new and existing home sales.

### **6. Attract Business to Pennsylvania**

Businesses are eager to establish a presence in states where the tax burden is low. Attracting business to Pennsylvania by replacing the property tax can be a huge stimulus for the state’s economy.

### **7. Generate Jobs for Pennsylvanians**

The second largest fixed cost for Pennsylvania business owners is the property tax. Many business owners have stated that the savings gained by no longer paying the property tax would enable them to expand their businesses and hire more employees.

### **8. Create a Massive Stimulus for Pennsylvania**

Homeowners pay about \$10 billion annually in school property taxes. Returning that money to homeowners to spend as they please would create an organic, massive stimulus for Pennsylvania's economy - one that would not subject the commonwealth to the borrowing and debt associated with typical government stimulus initiatives.

#### **9. Increase Personal Wealth**

A home purchase is a family's largest investment. With increased home values and no property tax escrow to pay, homeowners will enjoy a significant boost in personal wealth and a much greater ability to invest in a brighter, more secure future for their families.

#### **10. Stop Costly Reassessments**

Replacing the school property tax is the first step toward the replacement of all property taxes. With no property tax, property assessments become a thing of the past. The average \$10 million per county reassessment cost is eliminated and government spending - and the taxes needed to support it - is reduced.

**No Tax Should Have the Power to Leave You Homeless.**

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