

MYTH: Local tax dollars don't stay local.

FACT: Passage of HB-SB 76 will enable a dollar-for-dollar replacement of all property taxes eliminated in each district. There is *no* formula and *no* redistribution of wealth. Annual increases are based on an inflationary index and are distributed to the schools equally on a percentage basis. In the event of an economic downturn all schools are guaranteed at least level funding with no reductions. All revenue is placed in a segregated account - the Education Stabilization Fund - for transparency and to prevent meddling. Any adjustments between districts must be done through the Basic Education Subsidy, the portion of school funding that is done through the General Assembly.

MYTH: It doesn't eliminate school property taxes.

FACT: Yes, it does via one of the following scenarios: 1) School property taxes will immediately be eliminated in areas where school districts do not have any long term debt obligations; or 2) School property taxes will be reduced, on average, 82 percent in areas where school districts do have long-term debt obligations. In this case, school property taxes will be eliminated after all long term debt obligations are met. Plainly spoken, if your school district has been fiscally responsible with your (taxpayer) money and has no debt then school property taxes in your district will be eliminated immediately. If your school district has been spending your (taxpayer) money like a drunken sailor on shore leave then you'll pay approximately 82 percent less in school property taxes until all your school district's debt is paid.

MYTH: It doesn't eliminate other local property taxes.

FACT: This actually is correct, it does not eliminate other local property taxes. The Property Tax Independence Act was never "sold" as a vehicle to eliminate *all* property taxes. In fact, the bill stipulates that *only* school property taxes will be eliminated. Period.

MYTH: It eliminates local control and/or creates a state takeover of public schools.

FACT: The current idea of local control is actually the myth. It is proven to be a myth by the more than 3,000 pages of rules, regulations and mandates handed down from the state to local school boards. Actually, passage of the Property Tax Independence Act would enable true transparency of school district budgets. In fact, local taxpayers will gain far more control within their school districts via a no-exception ballot referendum. Requests for additional revenue from school districts (via a local EIT or PIT only) must be approved by taxpayers. The only thing eliminated is the ability of school boards to just ignore taxpayers. Plainly spoken, if your school district wants a college like sports complex they will have to fully explain their needs to you, the taxpayer. Finally, taxpayers would have the final say in funding said college like sports complex.

MYTH: It shifts taxes from businesses to individuals.

FACT: First and foremost, businesses do not pay taxes. Individual customers pay taxes. Taxes, including school property taxes, affect the prices of products that consumers pay. It's often argued that big box stores (such as Walmart or Target) will reap a windfall from the elimination of school property taxes. This is a tactic that is meant to stir the "class warfare" pot. What's not mentioned is the fact that small firms make up over 98 percent of Pennsylvania's employers. The statement that small businesses are the backbone of the economy is, indeed, true. In fact, if you look at statistics from the Pennsylvania Small Business Development Centers you'll see that most of these businesses represent local small "mom and pop shops" that have to fight tooth and nail to compete with the big box shops. Big corporate entities (such as Walmart or Target) can afford expensive lawyers (and local and state puppet representatives) to milk the current school property tax system. A perfect example is local taxing authorities picking winners via specialized tax privileges. The little "mom and pop shop" that already is at disadvantage becomes even more pronounced when a large business is given a specialized school property tax break. Essentially, passage of the Property Tax Independence Act would turn the entire state into a giant Keystone Opportunity Zone.

MYTH: Harrisburg will play political games with the revenue.

FACT: All revenue collected goes into an account *totally separate* from the General Fund called the Education Stabilization Fund. A budget stalemate, for example, will have absolutely no affect on this revenue because the account separate and free from the bonds of political gamesmanship. The Education Stabilization Fund does exactly what the name implies – it enables school districts to budget more precisely based on a constant and stable flow of quarterly payments from a funding source unencumbered by the politics of Harrisburg.

MYTH: It would take \$14 billion to fill the void of eliminating school property taxes.

FACT: This actually is not a myth! Just three years ago the total amount needed to eliminate school property taxes was \$12.6 billion. At that time the income tax increase needed to eliminate school property taxes was just over 4 percent. Fast forward to the present and the income tax needs to be increased almost another full point – to 4.95 percent. Why? Because entities such as the Pennsylvania School Boards Association (PSBA) don't want to admit that the school administrators and boards they represent have a huge spending problem. Under the current system of school property taxation these increases will continue to mount, unabated, unless taxpayers gain a true voice in how their schools are spending taxpayer money.

MYTH: School property taxes are stable.

FACT: School property taxes are far from stable! The stability comes from a system of taxation that enslaves families. Every year families across Pennsylvania are forced to figure out how to pay for rising school property taxes. These families have seen very limited or, in fact, no increases in income, yet, school spending continues unchecked with no consideration of taxpayers ability to pay. From year to year the master takes hold of this virtual whip and strikes the taxpayer with more lashes. Eventually, the taxpayer is broken leaving his or her family without a home. Up to 10,000 people lose homes annually in Pennsylvania because of the instability created by the school property tax. Stability through force is not stability. It's enslavement - pure and simple!

MYTH: It doesn't address the factors driving school costs.

FACT: It will address costs by bringing real world budgeting back to school districts by pegging annual funding increases to an inflationary index. What it means is that many school boards are going to have to tighten their belts and stop building unneeded Taj Mahal schools, outrageous sports facilities and trying to "one up" each other. Further, the enactment of the Property Tax Independence Act will force Harrisburg to finally address other problems like pension and unfunded mandates. They will no longer be able to pass these expenses on to local school boards.

MYTH: It removes all "safety valves" to cover unpredictable costs.

FACT: This is a big myth! Additional school district expenditures can be financed at the local level with an earned income or personal income tax. Entities such as the Pennsylvania School Boards Association (PSBA) oppose this, however, because imposing these additional taxes would require approval through a local voter referendum. The PSBA doesn't want true local control of taxation whereby the taxpayers have a voice in spending and taxation. To put it bluntly, the PSBA wants to maintain unfettered access to your wallet. If there isn't enough in your wallet they'll take your home.

MYTH: School property tax elimination will exacerbate school funding inequities.

FACT: Passage of the Property Tax Independence Act will lock the current inequities between districts in place, establishing a baseline for future correction of these inequities. Allowing the current system to remain in place will truly exacerbate the inequities as wealthy districts continue to increase taxes and the amount they spend on each pupil while poor districts with a stagnant tax base remain mired in education poverty. Entities such as the Pennsylvania School Boards Association (PSBA) are too interested in maintaining the status quo to realize the gross inequities and damage to poorer districts that is caused by current system as the gap between districts widens. In reality, the onus of the inequity in education funding falls directly into the lap of the Pennsylvania General Assembly's inability to come up with a truly equitable basic education funding formula.

MYTH: Increasing income and sales taxes will hurt renters.

FACT: This is usually framed around the idea that supporters of maintaining school property taxes actually care about renters. According to the American Community Survey (ACS), in the last three years alone median rent has increased by 5.47 percent. The largest factor in the increase of rent is the property tax. If those trends continue, Pennsylvania's renters would see a 27.4% increase in rent over the next 15 years. They also fail to mention the fact that by shifting to a personal income and sales tax the burden of increasing rents due to rising school property taxes will no longer be there to drive up the cost of rent.