



Pennsylvania Association of School Business Officials

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For Immediate Release

January 19, 2017

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PROPERTY TAX ELIMINATION SHIFTS NEARLY \$2 BILLION FROM BUSINESSES TO INDIVIDUALS

HARRISBURG (1/19/17)—Efforts to eliminate school property taxes will increase the burden on individual taxpayers to the tune of approximately \$2 billion, according to an analysis by the PA Association of School Business Officials (PASBO).

Using the most recently available data, PASBO's analysis shows that individuals will pick up the tab for most of the approximately \$3 billion in school property taxes currently being paid by commercial and industrial taxpayers under a property tax elimination proposal.

According to a 2012 analysis by the Independent Fiscal Office, businesses will generate approximately 11% of the revenue from the increased personal income tax and about 10% of the revenue from the increased and expanded sales and use tax. As businesses are paying approximately \$3 billion in school property taxes, this will result in a windfall to businesses of nearly \$2 billion as their school property taxes will be eliminated without an equivalent shift to increased personal income and sales taxes.

This shift away from businesses is at the direct expense of individual taxpayers. Individuals will not only need to replace their own property taxes through increased personal income and sales taxes, but will also be forced to subsidize the almost \$2 billion windfall given to businesses. This shift from businesses to individuals will be most significant in those school districts with a large proportion of commercial property, especially in the 199 school districts that generate more than 20% of their local revenue from businesses.

"Businesses may be the real winners of property tax elimination," said Jay Himes, PASBO Executive Director. "With property tax burdens eliminated and only minimal increases as a result of the shift to other taxes, property tax elimination prioritizes businesses while heaping the burden on Pennsylvania's hardworking individual taxpayers," he added.