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LEGISLATIVE ACTION ALERT

PA Municipal Election November 7, 2017

PA Voters in November will have an opportunity to vote on an amendment to the state constitution that could open the door to provide property tax relief for Pennsylvania homeowners.

Don't forget about this very important ballot question on Election Day | Opinion

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By [Guest Editorial](#) Patriot News ©

By **Jim Hertzler**

On Nov. 7, voters across Pennsylvania will weigh in with a decision on a ballot question aimed at the elusive goal of homeowner property tax relief. Specifically, the question before voters is a proposed constitutional amendment, overwhelmingly approved by the General Assembly in two consecutive sessions, that seeks to empower state lawmakers with the constitutional authority to authorize all local taxing jurisdictions to "exclude from taxation up to 100 percent of the assessed value of each homestead property" within each of these jurisdictions.

The amendment, if approved, expands upon an existing and partial "homestead exclusion" overwhelmingly approved by Pennsylvania's voters in November, 1997 -- precisely 20 years ago. Ostensibly, the new constitutional amendment would lead Pennsylvania's property tax-weary citizens to believe that homeowner property taxes will somehow

magically disappear if the question is approved. Unfortunately, that's not the case.

Because, the real question behind the question is: how? And whether and when our state lawmakers will actually grant local jurisdictions viable alternative revenue options to reduce and/or eliminate property taxes. Because, unless we shut down our courts and our jails, close our schools, and eliminate the full range of county, municipal and school district services, local jurisdictions have no way to dramatically reduce, let alone eliminate, homeowner property taxes without an alternative revenue source. Even if we wanted to, we are barred by another constitutional provision from increasing commercial property taxes to reduce homeowner property taxes.

Voters in November will have an opportunity to vote on an amendment to the state constitution that could

open the door to provide property tax relief for Pennsylvania homeowners. The truth is, for well over four decades there has been enough rhetoric to send thousands of balloons skyward in the debate over how to finally reform Pennsylvania's antiquated system of local government finance; to make our local taxing structure more broad-based and fairer - to finally relieve the burden of the inequitable property tax, a levy which, in too many cases, has been blamed for literally taxing people out of their homes.

And yet, here we are, 20 years after the first "homestead exclusion" amendment was overwhelmingly approved by Pennsylvania's voters; a constitutional provision that, except for relatively modest homeowner school property tax relief from slots gaming, never came close to being fully implemented by school districts, or to being implemented at all by counties and municipalities. Pennsylvania's counties are still waiting for action by the General Assembly to enable us to implement the 1997 amendment, as we remain hamstrung by a straightjacket of state law that only allows us to levy property taxes. But, the new ballot question does raise new hope: hope that an honest discussion can ensue; hope that positive action may finally result. No one should have the right to arbitrarily take your property from you. And some lawmakers are working to change that.

First off, an honest discussion must begin with the truth of the challenge. The total local property tax bill in Pennsylvania - for schools, counties and municipalities - is more than \$18 billion, according to two year old data. A very preliminary estimate of the homeowner portion of that tab is about \$11 billion.

And while we credit the advocates of proposals like Senate Bill 76/House Bill 76 for their untiring efforts aimed at completely abolishing school property taxes, the bane of many of our collective constituents, those proposals call for a substantial and consequential tax shift: one that would increase Pennsylvania's state personal income tax (PIT) by 60 percent, from 3.07% to 4.95%, expand the state's sales tax base by roughly \$5 billion by taxing

currently untaxed products and services, and increase the sales tax rate from 6% to 7%.

While our statewide county commissioners association has not taken a position on either SB 76 or HB 76, we have, for a number of years, advanced a proposal calling for what we believe would be a good start to finally achieving some meaningful property tax relief. Instead of a one-size-fits-all proposition, our proposal would grant counties the option, where it would work and make sense, of either a capped county-based sales tax of up to one percent, a capped county-based Personal Income Tax (PIT) of up to one percent, or a capped county-based Earned Income Tax (EIT) of up to one percent for the sole purpose of slashing property taxes.

Our plan is revenue-neutral, meaning that all new dollars generated could not be used for anything other than property tax reduction, via the homestead exclusion, property tax or rent rebates, or across-the-board millage rate reductions. The objective is twofold: 1/ to ensure that counties cannot use the new revenues to increase spending; and, 2/ to ensure that the state continues to provide adequate funding to counties for the programs and services it mandates.

We respectfully call upon our state legislators, whether or not the new homestead exclusion referendum is approved, to work with counties to fashion a responsible plan that will actually work to relieve property taxes. After all, no matter the jurisdiction, it's all coming out of the same property taxpayer's pocket. And, as such, we also respectfully request that the perceived perfect not be the enemy of the possible. Our property tax-aggrieved homeowners -- especially many of our seniors on fixed incomes -- have waited long enough.

Jim Hertzler, a member of the Cumberland County Board of Commissioners, serves as the chairman of the Assessment & Taxation Committee of the County Commissioners Association of Pennsylvania (CCAP). He writes from Carlisle.