Ephrata Area School District

Senate Tax Proposal Effects

January 29, 2018
Senate Options for Property Tax Elimination

- **Plan 1**
  - Eliminate school property taxes for all properties
  - Debt service to be paid with property taxes
  - Personal income tax increase
  - Sales and use tax increase
- **Plan 2**
  - Eliminate school property taxes for homestead properties
  - Personal income tax increase
- **Plan 3**
  - Eliminate school property taxes for homestead properties
  - Personal income tax increase
  - Sales and use tax increase
  - Expansion of sales and use tax
- **Plan 4**
  - Eliminate school property taxes for homestead properties
  - Personal income tax increase
  - Sales and use tax increase
Plan 1 – Eliminate all property tax except for debt service

- **2017**
  - Invoiced real estate tax $38,342,105
    - 20.96 mils
    - 12,258 invoices
  - If invoiced for real estate tax for debt service only
    - Invoice for $6,476,436
    - 3.54 mils
    - 12,258 invoices
Plan 1 – Eliminate all property tax except for debt service

- Sales and use tax increases from 6% to 7%
  - Expansion includes food, clothing over $50, professional services, medications, daycare, and more (www.senatorgall.com/new-taxable-items/)
- Personal income tax from 3.07% to 3.3%
Plan 2 – Eliminate school property taxes for homestead properties (replace with PIT increase)

- 2017
  - Invoiced real estate tax $38,342,105
    - 20.96 mils
    - 12,258 invoices
  - If invoiced real estate tax for non homestead only
    - Invoice for $16,286,976
    - 20.96 mils
    - 4,384 invoices
Plan 2 – Eliminate school property taxes for homestead properties (replace with PIT increase)

- Sales and use tax remains at 6%
- Personal income tax from 3.07% to 4.67%
Plan 3 – Eliminate school property taxes for homestead properties (SUT and PIT increase)

- 2017
  - Invoiced real estate tax $38,342,105
    - 20.96 mils
    - 12,258 invoices
  - If invoiced real estate tax for non homestead only
    - Invoice for $16,286,976
    - 20.96 mils
    - 4,384 invoices
Plan 3 – Eliminate school property taxes for homestead properties (SUT and PIT increase)

- Sales and use tax increases from 6% to 7%
  - Expansion includes food, clothing over $50, professional services, medications, daycare, and more (www.senatorgall.com/new-taxable-items/)

- Personal income tax from 3.07% to 3.3%
Plan 4 - Eliminate school property taxes for homestead properties (replace with SUT and PIT increase)

- **2017**
  - Invoiced real estate tax $38,342,105
    - 20.96 mils
    - 12,258 invoices
  - If invoiced real estate tax for non homestead only
    - Invoice for $16,286,976
    - 20.96 mils
    - 4,384 invoices
Plan 4 - Eliminate school property taxes for homestead properties (replace with SUT and PIT increase)

- Sales and use tax increases from 6% to 7%
- Personal income tax from 3.07% to 4.3%
EASD Recap

• In plan 2-4, District would depend on state for an additional distribution of:
  ◦ $22,055,129
    • 33.6% of 2017 revenue budget
    • Including current state funding $41,856,207
      • 63.8% of 2017 revenue budget
Things to think about

• Timeline of funding
  ◦ Currently, 85% of real estate taxes collected by August 31

• Budget impasses
  ◦ When will funding happen?

• Dependent on the economy
More to think about

- **Homeowners vs. Renters**
  - Renters definitely pay more

- **Working vs. Retired**
  - Will retirement income still be exempt?
  - Kiplinger 2017 #6 Most Tax-Friendly State for Retirees

- **Growing vs. Contracting School Districts**
  - How to distribute $’s for change enrollment and demographics?
Questions