

JOINT RESOLUTION 1

Pennsylvanians need SOLUTIONS from Harrisburg, not more smoke and mirrors.

What is Joint Resolution 1?

If approved, Joint Resolution 1 would amend the PA Constitution to give the General Assembly the authority to allow school districts and counties or municipalities to increase the maximum exemption from property taxes of a “homestead property” (an owner-occupied residential or farm property) up to 100% of the assessed value of each homestead. Currently it may authorize exemptions up to 50% of a district’s median assessment. Voter approval of the resolution does not change the law. If this is approved, the legislature could choose to take no action. Or it could pass a law to exempt less than or up to 100% of the assessed value of each homestead. It would then be up to each district or taxing authority to decide if it wishes to grant any additional exemption.

How will any homestead exemption be paid for?

This is unknown. It will be up to the legislature to decide. It has used casino revenues to provide limited funding for the current exemption (far less than the 50% allowed by law). The legislature would have the authority to provide additional funding from a new state source and a new state allocation to pay for property tax relief, such as from the state income or sales tax. Or it could allow local taxing authorities (school districts, counties, and municipalities) to enact new taxes at the local level, such as a sales tax or increased earned income tax. Or it could create any other number of tax shifting schemes.

If voters pass Joint Resolution 1, what impact would this have on my local school district?

This is impossible to know. Joint Resolution 1 does not compel lawmakers to take any action or specify a source of revenue to replace existing property taxes. School boards would have the option to provide additional tax relief to “homestead properties” ONLY if state lawmakers enact enabling legislation that creates additional sources of revenue to offset the current property taxes they receive. *Joint Resolution 1 allows state lawmakers to tell voters that they are working to reduce property taxes while they, in fact, continue to make no effort to adequately and equitably fund public schools or help homeowners who struggle to pay their taxes.*

Who will benefit if Joint Resolution 1 becomes law?

This is impossible to know. Since this is a proposed tax shift, the winners and losers would depend on who would pay the new taxes that would be used to replace current property taxes.

Is Joint Resolution 1 like SB/HB 76, the so-called Property Tax Elimination Act?

It depends on what the legislature does. One difference is that HB/SB 76 would require districts to replace 100% of property tax revenue for ALL properties, including commercial properties, with money generated from large increases in state sales and income taxes. SB/HB 76 would shift huge amounts of state money to wealthy districts with well-funded schools, and not help poorer districts with inadequate funding. HB/SB 76 would strip ALL authority from communities over school funding and the legislature would have complete control over how much funding school districts would receive. Under the Joint Resolution, the legislature *could* permanently lock in vastly different school funding levels in PA, just as SB/HB 76 proposes, if it passes laws that would prohibit school districts from raising local property taxes and if it mandates a dollar for dollar replacement of homestead revenues with state money.

Joint Resolution 1 does NOT help solve PA's school funding crisis.

The system that is inadequate & inequitable today will be just as inadequate & inequitable if this passes.

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HOW LAWMAKERS CAN SUPPORT HIGH QUALITY PUBLIC SCHOOLS IN EVERY COMMUNITY AND PROVIDE TAX RELIEF TO HOMEOWNERS

1. Increase state funding for public education. PA ranks 46th in the nation for state share of school funding, providing just 37% of K-12 education costs. The national average for other states is around 50%. If the PA legislature commits to significant, predictable state funding increases for school districts, this will significantly reduce pressure on school boards to raise local taxes to help ensure that their children will receive a quality education.

2. Limit school district payments to failing commercial cyber charter schools to match the actual cost of providing an online education. Under current law, state lawmakers mandate that local taxpayers pay a premium to commercial cyber charters, in spite of the 48% graduation rate in PA's cyber schools. State tuition rates are based on the cost of educating a child in a traditional school setting, not the actual cost of educating a student at home on a computer. Cyber school tuition rates range from around \$9,000/student to more than \$40,000/student. School districts can provide the same online education for a fraction of this cost. Since 2012, school districts have sent more than \$1 billion local property taxes to commercial cyber schools.

3. End \$100M+ in special education overpayments to charter schools. PA's current broken charter school law mandates that school districts send charter schools more than \$100 million in excess of what they actually spend for special education services. Charter schools are allowed to spend these excess special education dollars on whatever they please, including on advertising, CEO salaries, and increasing shareholder profits.

4. Expand the Property Tax/Rent Rebate (PTRR) program for older Pennsylvanians. The current program provides a modest state subsidy to the poorest elderly Pennsylvanians. This program could be expanded to offset the property taxes of additional older Pennsylvanians.

5. Enact a "circuit breaker" to target property tax relief to homeowners who are struggling to pay their property tax bills, regardless of age. A "circuit breaker" program compares property taxes to a family's income and benefits. It provides relief once property taxes exceed a set threshold.

Proposed Constitutional Amendment

Shall the Pennsylvania Constitution be amended to permit the General Assembly to enact legislation authorizing local taxing authorities to exclude from taxation up to 100 percent of the assessed value of each homestead property within a local taxing jurisdiction, rather than limit the exclusion to one-half of the median assessed value of all homestead property, which is the existing law?

Pennsylvanians can't afford for Harrisburg to keep kicking the can down the road.

Lawmakers MUST support real solutions to fix PA's school funding crisis and help homeowners.

