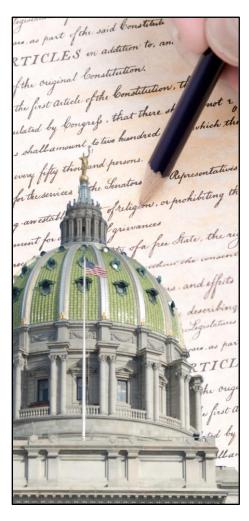
On the Ballot: Proposed Constitutional Amendment on Property Taxes



This November 7, voters across Pennsylvania will be asked to consider a proposed amendment to the Pennsylvania Constitution regarding property tax reductions. It is important to understand what the question that will appear on the ballot means, and what the impact will be for taxpayers and taxing bodies, including school boards.

What is the proposed constitutional amendment that will appear on the ballot?

The question on the ballot will ask voters if the state constitution should be amended to permit the General Assembly to enact legislation allowing local taxing authorities to exclude from taxation up to 100% of the assessed value of each homestead property within a taxing jurisdiction.

What is a homestead property exclusion?

A homestead exclusion lowers a property owner's tax bill by reducing the assessed value of the home before property taxes are levied. For example, if a home is assessed at \$50,000 and the homestead exclusion is \$5,000, then the homeowner only pays taxes on an assessed value of \$45,000.

What does the ballot question mean, and how is the proposed change different from what is permitted now?

The state constitution was amended in 1997 to allow up to one-half (50%) of the median assessed value of all homestead property within a local taxing jurisdiction. The question now before voters is to allow current law to be expanded to raise the cap from 50% to a maximum of 100%.

What impact would this change have on my property taxes? Does this mean my property taxes will be eliminated?

Voter approval of the ballot question would not eliminate property taxes, or have any immediate impact on your property tax bill. The amendment to the constitution cannot by itself impact your tax bill, or direct your local school board to make changes in setting tax rates. It simply allows the General Assembly to adopt legislation in the future expanding current law regarding homestead exemptions. Changes can be provided *only* if enabling legislation is signed into law, *and* if the state can provide revenue to fund the increased homestead exclusion. It is important to keep in mind that as a practical matter, even with legislative authorization, homestead exclusions are only possible if there is some source of new revenue to fund them.

What actions should school boards take if the ballot question is approved by the voters?

Until new legislation would be enacted, school boards have no actions that they must take. The ballot question does not interfere with a school board's authority to levy property taxes or raise tax rates. Another key point to understand is that the ballot question is separate and distinct from proposed legislation that would prohibit the levying of property taxes for primary residences and businesses. They are two very different things. The most that can be said at this point is that by expanding the constitutional limits on exclusions, the General Assembly could adopt legislation to provide additional options for property tax relief for residential property owners, likely with shifts in other tax and revenue sources to help fund the exclusions and replace the revenue needed for educational programs.