



League Of Women Voters of Central Delaware County

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Nov. 7 Ballot Question

This question will be on the November 7 ballot:

“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 with 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.”

The measure would make changes to Resolution 1, a constitutional amendment passed in 1997 that allows local taxing authorities to exempt up to 50 percent of the median value of all homesteads within their jurisdictions from property taxes and make up the difference with an earned income tax of up to 1.5 percent.

This 2017 amendment essentially modifies the constitutional requirement that all commercial property and homes be treated the same and it would be the enabling step to eliminate property taxation for homeowners altogether.

The amendment was approved by the Legislature in two separate sessions. It was approved in 2015-2016 (HB147) by a Senate vote of 45-2 and by a House vote of 200-0. In 2016-2017 (HB 1285), it was approved by a Senate vote of 46-2 and by a House vote of 190-0.

The amendment does not by itself eliminate property taxes; it merely authorizes the House of Representatives to enact implementing legislation giving local taxing authorities — county, municipal and/or school — the option to do so.

Voters should be aware that any property taxes eliminated in this manner must be made up through other means, such as a local earned income tax or, if the change is implemented statewide, a combination of income and sales tax increases.

Any alternative tax scheme requiring increases in income taxes and/or sales taxes would necessarily benefit senior citizens living on fixed incomes whose earning days are behind them, while putting much more of the tax burden on young working families and in the case of a sales tax increase, on the poor.

Proponents say the amendment would be the first step in changing the system to eliminate a highly regressive form of taxation so that an inability to pay property taxes could never again result in the loss of homes that people have worked their whole lives to pay for.

Opponents say that the amendment allows taxing authorities to replace a stable tax source — property — with unstable ones — income and sales taxes — that fluctuate with the economy and could be subject to legislative manipulation.

With regard to school taxes, opponents fear that allowing districts to eliminate property taxation could lead to a loss of local control of education and even to a significantly diminishing commitment to public education as a whole. It has no effect on the Basic Education Subsidy Act and thus does nothing to correct the disparities between rich and poor school districts.