

Did You Know?

Act 1 – “The Taxpayer Relief Act”

■ Act 1 of 2006 was designed to decrease school property taxes and to provide additional property tax relief for senior citizens through the Senior Citizen Property Tax and Rent Rebate Assistance program.

■ Act 1 incorporates a shift from local property tax to a local income tax.



■ The first attempt at implementing property tax reductions by using revenue from increased local income taxes was widely rejected by school district residents in a referendum vote in May 2007. Voters in only eight of 498 school districts approved implementation of such a tax shift.

■ Gaming monies from 14 casinos in the commonwealth also will help support property tax relief. It is estimated that distributions will begin in 2008.

■ Act 1 limits school property tax increases to a certain inflationary index each year derived from the statewide average weekly wage and education index. In 2008-09, the base index is 4.4%.

■ School districts that want to raise taxes higher than the index must seek approval from taxpayers through a back-end referendum.

■ To date, only three school districts have sought back-end referendum approval, and none have passed.

■ Act 1 provides school districts with 10 possible exceptions to back-end referendum for costs not controlled by the district.

■ In the 2006-07 fiscal year, 285 districts limited tax increases at or below the index.

■ While Act 1 will serve to reduce school property taxes, the law does not help school districts reduce the cost of education in any way. Under the current public education-funding scheme, school districts are forced to undertake an ever-increasing share of the cost of educating children, as state funds only support an average of 35% of public school costs.

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