

# Bogus tax idea on ballot



ED HILLE / File Photograph

Citizens going into the voting booth in Pennsylvania on Nov. 7 will find a pleasant surprise. They will be asked to vote on a proposed constitutional amendment to do away with local property taxes.

That's not precisely the wording on the ballot — it talks about raising the homestead exemption on residential properties to 100 percent — but that is its effect.

Naturally, most will have an irresistible urge to press the “Yes” button. After all, who likes to pay property taxes?

But stop for a minute and consider the reality behind this simply worded question.

## No free lunch

Property taxes are used to fund public schools. They cannot be abolished without replacing that money. There are bills in the state legislature today to increase the state income tax from 3.07 percent to 4.95 percent to partly fill in the hole.

Another would increase the state sales tax from 6 percent to 7 percent (and from 8 percent to 9 percent in Philadelphia) and remove exemptions on such items as food, nonprescription drugs, and some clothing.

Depending on your income and current property taxes, you could end up paying more.

## Ifs, ands, and buts

The ballot question, which would need further action in subsequent years to become law, makes the plan look simple, but it is not. For instance, taxpayers will have to pay property taxes on the portion of their school districts' longterm debt.

The Philadelphia School District, for instance, has \$270 million in long-term debt, a figure equal to about 10 percent of its total budget.

Another but: Though the portion of property taxes that goes to fund schools will be erased, taxpayers will still have to pay the portion of property taxes that finances local government. In Philadelphia, 45 percent of property tax revenue goes to city government.

## Who's in charge?

Right now, the state has 503 elected school boards that set policy and control spending and taxes when it comes to local schools. Under this proposal, the local boards would lose that control.

In effect, the legislature will have sole power to set spending and taxes.

One proposal would set up a special fund to receive and dole out school subsidy money. But, this new method bakes in the inequities already evident in the school funding formula. It ends all attempts to give more aid to poor districts. The state's unfair system of funding education will remain unfair.

## **The unforeseen**

Under the ballot plan, districts are supposed to be held harmless; they will get as much in the year this new system goes into effect as they did in the year before. After that, the legislature will give them increases based on the rate of inflation.

What happens if expenses rise 3 percent while inflation is 2 percent? The district gets 2 percent. What happens if the legislature decides not to give any increase or takes money out of the special education fund to pay for other projects? (It's been known to happen.) Tough luck for local districts.

What this ballot amendment adds up to is a state takeover of local education that offers no promise of fair or increased funding for public education. A "No" vote is the best vote.

| EDITORIAL Wrong-headed proposal would end state property taxes without creating a better vehicle to fund public schools.