

Act 1 of 2006: The Taxpayer Relief Act

Questions and Answers

SECTIONS: *(Click a title below to view a section)*

SECTION I. ACT 1: AN OVERVIEW

SECTION II. ACT 1 AND THE OPTIONS FOR TAX REFORM

SECTION III. ACT 1 AND CITIZEN RESPONSIBILITIES

SECTION IV. ACT 1 AND THE DISTRICT BUDGET

SECTION V. ACT I AND GAMING REVENUES

SECTION VI. ADDITIONAL TAX RELIEF UNDER ACT 1

QUESTIONS: *(Click a question below to view the answer)*

SECTION I. ACT 1: AN OVERVIEW

- Q: [What is Act 1 and what is its purpose?](#)
- Q: [Does Act 1 provide more funding for public schools?](#)
- Q: [Is Act I mandatory? Must all school districts accept its provisions?](#)

SECTION II. ACT 1 AND THE OPTIONS FOR TAX REFORM

- Q: [What is the school district's current tax structure?](#)
- Q: [What are the options for tax reform permitted under Act 1?](#)
- Q: [What are the minimum and maximum allowable EIT and PIT rates under Act 1?](#)
- Q: [How does an Earned Income Tax differ from a Personal Income Tax?](#)
- Q: [Will my retirement income be taxed under a PIT?](#)
- Q: [Which form of taxation brings the most revenue to the district?](#)
- Q: [What are the other pros and cons between the EIT and PIT?](#)
- Q: [Do residents have a choice of all the options for both an EIT and a PIT?](#)
- Q: [How is the referendum option chosen? What is the Local Tax Study Commission?](#)
- Q: [Did the commission have the option of recommending no change in the current structure?](#)
- Q: [Is the Board obligated to accept the commission's recommendation?](#)
- Q: [When will the Board make a decision on the referendum question?](#)
- Q: [How will the question be worded?](#)
- Q: [How will a "yes" vote on the referendum option translate into property tax relief?](#)
- Q: [Will all citizens benefit from a 'yes' vote?](#)

SECTION III. ACT 1 AND CITIZEN RESPONSIBILITIES

- Q: [Is property tax relief automatic for all residential property owners?](#)
- Q: [What does the County Department of Assessment have to do with Act 1?](#)
- Q: [What happens if not everyone files an application with the Department of Assessment?](#)

Q: [Will I receive my property tax relief in the form of a rebate check?](#)

Q: [When will I receive my property tax relief?](#)

SECTION IV. ACT 1 AND THE DISTRICT BUDGET

Q: [Does Act 1 place a cap on future district real estate tax increases?](#)

Q: [What happens if the cap is exceeded?](#)

Q: [What impact does the referendum provision have on the budget calendar?](#)

SECTION V. ACT I AND GAMING REVENUES

Q: [What part do gaming revenues play in tax reform?](#)

Q: [Will all school districts receive the same amount of gaming money from the state?](#)

Q: [In addition to the PTRI, will homeowners receive any other relief from gaming money?](#)

Q: [When will gaming money become available?](#)

Q: [How will this money be used to reduce property taxes?](#)

Q: [If residents vote 'no' on the referendum question and therefore retain the status quo in taxing structure, will the gaming money still be available to the district?](#)

SECTION VI. ADDITIONAL TAX RELIEF UNDER ACT 1

Q: [Does Act I provide any assistance to low-income taxpayers?](#)

SECTION I. ACT 1: AN OVERVIEW

Q. What is Act 1 and what is its purpose?

A. Tax reform, or more specifically, reducing the reliance on real estate taxes to fund school district operations, has been discussed in the state legislature since the 1980s. In 1998, Act 50 was enacted by the Pennsylvania General Assembly followed by Act 72 in 2004. Both acts had tax reform as their purpose, but their implementation was optional. The West Chester Area School Board, after a detailed study of the impact those acts would have on taxpayers and district operations, joined most of the school districts across the state in opting not to implement them.

Act 1, adopted by the state legislature in July of 2006, shares with the prior acts the goal of reducing the burden of real estate taxes on residents of a school district.

[Go to Top](#)
[Go to Top of Section](#)

Q. Does Act 1 provide more funding for public schools?

A. The sole purpose of Act 1 is to provide property tax relief. The Act does not provide additional revenues for educational programs but simply shifts the sources of those revenues from property taxes (which are reduced but not eliminated) to an increased Earned Income Tax (EIT) or the imposition of a new Personal Income Tax (PIT). Act 1 also allocates a portion of state gaming tax proceeds toward property tax relief.

[Go to Top](#)
[Go to Top of Section](#)

Q. Is Act 1 mandatory? Must all school districts accept its provisions?

- A. School Boards are required to follow the provisions of Act 1. However, the final decision on whether to permit a tax shift, and the nature of that tax shift, lies with the electorate and will be decided in a referendum vote at the May 2007 Primary Election.

[Go to Top](#)
[Go to Top of Section](#)

SECTION II. ACT 1 AND THE OPTIONS FOR TAX REFORM

Q. What is the school district's current tax structure?

- A. The main source of income for the school district is currently the real estate tax, levied against all residential, commercial, and industrial properties in the district. In addition, the district imposes a real estate transfer tax and an earned income tax.

The real estate transfer tax is 0.5% as permitted under state law. The Earned Income Tax levied by the school district is 0.5% with each municipality within the school district imposing another 0.5% for a total 1.0% tax on earned income. Prior to Act 1, the district was not permitted to increase this tax or to convert it to a Personal Income Tax.

The district's real estate tax rate in 2006-07 is 15.16 mills for residents of Chester County and 11.02 mills for residents of Thornbury Township, Delaware County. Prior to Act I, state law imposed no restrictions on annual increases in this tax. The West Chester Area School Board, however, has recognized the need for fiscal restraint given the financial impact of the real estate tax on district residents, particularly on those with fixed incomes. The budget has therefore been carefully scrutinized every year to ensure that all expenses are justified in terms of maintaining the district's reputation for excellence in its educational program. As a result, the district has historically levied the lowest real estate tax rate among all districts in Chester County.

For a comparison of district tax rates in relation to others in Chester County, [click here](#). This chart lists total taxes by municipality, including not only the district real estate tax rate but the county and municipal tax rates as well. As can be seen on the chart, the total millage for almost every municipality within the West Chester Area School District is lower than the total for any other municipality within the county's school districts. In many cases, the difference is significant.

[Go to Top](#)
[Go to Top of Section](#)

Q. What are the options for tax reform permitted under Act 1?

- A. Act 1 permits the school district to increase its existing Earned Income Tax (EIT) by minimum and maximum amounts or impose a new Personal Income Tax (PIT) by a minimum or maximum amount. In both cases, the minimum and maximum are set by a complex formula based on the median assessed value of all 'homestead' and 'farmstead' properties. A 'homestead' or 'farmstead' is a property occupied for residential purposes by the owner or the person holding the mortgage.

[Go to Top](#)
[Go to Top of Section](#)

Q. What are the minimum and maximum allowable EIT and PIT rates under Act 1?

- A.** The district's financial advisor, Public Financial Management, has calculated that the minimum EIT increase permissible under Act 1 in our district is 0.6% and the maximum increase is 1.1%.

District residents are already assessed a 1.0% earned income tax, which is split evenly between the district and each individual municipality (0.5% to the district and 0.5% to the municipality). Therefore, the minimum increase permitted by Act 1 would bring the total EIT to 1.6% and the maximum increase would bring the total EIT to 2.1%.

The district currently does not impose a Personal Income Tax. According to calculations prepared by Public Financial Management, Act 1 permits the district to impose a minimum PIT of 1.1% and a maximum of 1.5%. If a PIT were chosen, the Earned Income Tax would be eliminated as a separate tax and would be folded into the PIT.

[Go to Top](#)
[Go to Top of Section](#)

Q. How does an Earned Income Tax differ from a Personal Income Tax?

- A.** An Earned Income Tax is levied on salaries and wages; commissions, bonuses and incentive payments; and fees and tips. The Personal Income Tax is levied on these sources of income as well as on net profits; net property income; net income from rents, royalties, patents and copyrights; dividends and interest; gambling and lottery winnings; and net income through estates and trusts.

[Go to Top](#)
[Go to Top of Section](#)

Q. Will my retirement income be taxed under the PIT?

- A.** Social security, pensions, and other retirement accounts such as a 401 (k) or 403 (b) are not subject to either the Earned Income Tax or the Personal Income Tax. However, income from money invested in non-retirement accounts is subject to a Personal Income Tax, whether the person holding that money is in retirement or actively working.

[Go to Top](#)
[Go to Top of Section](#)

Q. Which form of taxation brings the most revenue to the district?

- A.** Because the PIT taxes more sources of income, it will generate more revenue than the EIT when the same percentage rate is applied to both forms of taxation. The chart below illustrates this point and at the same time compares revenues received under Act 1's minimum permitted tax rates. Figures for number of households and total household income are from 2004 because those are the latest available figures.

[Go to Top](#)
[Go to Top of Section](#)

2004 Earned Income Vs. Personal Income for Residents of West Chester Area School District			
	Number of Households	Total Household Income (2004)	Minimum Increase in Tax Rate Total Tax Rate = 1.1% District Revenues
TOTAL EARNED INCOME	42,669	\$2,992,962,000	\$32,922,582
Personal Income:			
<i>Earned Income</i>	42,669	\$2,992,962,000	\$32,922,582
<i>Interest Income</i>	26,750	\$43,197,000	\$475,167
<i>Dividend Income</i>	20,243	\$91,607,000	\$1,007,677
<i>Gain on the Sale of Property</i>	6,552	\$258,291,000	\$2,841,201
<i>Rents, Royalties, Patents, Copyrights Income</i>	2,015	\$45,757,000	\$503,327
<i>Estates, Trust Income</i>	1,071	\$18,714,000	\$205,854
<i>Gambling, Lottery Income</i>	150	\$758,000	\$8,338
TOTAL PERSONAL INCOME	43,385	\$3,451,286,000	\$37,964,146
<i>Difference in Earned and Personal Income</i>		\$458,324,000	\$5,041,564
Source: State Personal Income Tax data from the Pa Department of Revenue			

Act 1 permits a minimum EIT increase of 0.6%. Applied to the district’s current 0.5% EIT, the increase would bring the district’s rate up to 1.1%. As the chart shows, a 1.1% EIT applied to 2004 total household income would generate \$32.9 million in revenue for the school district. Act 1 also permits a minimum PIT of 1.1%. Applied to 2004 income figures, the PIT would generate almost \$38 million, for a difference of over \$5 million. The difference would be higher today because incomes have risen.

[Go to Top](#)
[Go to Top of Section](#)

Q. Are there other pros and cons between the EIT and the PIT?

A. Yes. While the PIT raises more dollars than the EIT and spreads the burden among more people, it taxes residents who are currently paying no earned income tax and increases the burden on renters with investment incomes. It is also far more subject to market fluctuations than the earned income tax.

[Go to Top](#)
[Go to Top of Section](#)

Q. Do residents have a choice of all the options for both an EIT and a PIT?

A. No. Voters will determine whether they wish to enact tax reform through a referendum question on the May 2007 primary election. The question on the ballot will deal with one and only one of the options. A “yes” vote by the electorate will shift the tax structure in favor of that option; a “no” vote will retain the status quo.

Q. How is the referendum option chosen? What is the Local Tax Study Commission?

A. Act 1 required the district to appoint a Local Tax Study Commission late last summer. The commission was charged with studying the impact of each option on the district and its taxpayers, and coming back with a recommendation for the best option to the School Board. Commission members were required to reflect the socioeconomic, age, and occupational diversity of the school district. One school board member could serve, but only one. Otherwise, no district official, employee, or relative of an official or employee was permitted to serve on the commission.

The West Chester Area School Board appointed its commission in August. On November 20, the commission delivered its report. That report included a recommendation that the minimum Personal Income Tax of 1.1% be imposed on district residents with the Earned Income Tax folded into the PIT. [The full report of the commission is available by clicking here.](#)

[Go to Top](#)
[Go to Top of Section](#)

Q. Did the commission have the option of recommending no change in the current structure?

A. No. The commission under the law was required to recommend one of the options, *even if the majority of commission members felt that the current tax structure would better meet the needs of the district.* In delivering their report, then, the West Chester Area Local Tax Study Commission did not compare the effectiveness of the current tax structure against the effectiveness of a tax shift. They simply recommended what they believed to be the best of the options.

[Go to Top](#)
[Go to Top of Section](#)

Q. Is the Board obligated to accept the commission's recommendation?

A. No. The School Board may determine that in its best judgment another option would better serve the taxpayers. *However, the School Board cannot decide against all of the options. One, and only one, of the options must be placed as a referendum on the May Primary Election ballot.*

[Go to Top](#)
[Go to Top of Section](#)

Q. When will the Board make a decision on the referendum question?

A. The School Board is currently reviewing the recommendation of the Local Tax Study Commission and looking at the impact of the other options on taxpayers and the district. On January 16, the School Board will hold a public hearing to receive input from the community regarding the options for changing the rate of Earned Income Tax or the implementation of a Personal Income Tax. Later that evening, after the Board has received public input, the Property and Finance Committee will meet to discuss and make a preliminary recommendation for the option to place on the May Primary Election ballot. On January 22, in compliance with state law, the Board will authorize the administration to advertise the referendum question over a period of three weeks. The Board will finalize the selection of the question by adopting a resolution before March 13.

[Go to Top](#)
[Go to Top of Section](#)

Q. How will the question be worded?

- A. Act 1 provides the specific wording to be used for the referendum question. The wording differs slightly between the EIT and the PIT options. In all cases, the district must fill in the percentage of tax and the dollar reduction in taxes.

Should the School Board choose to give electors the option of increasing the Earned Income Tax, the question that will appear on the May Primary Ballot is: “Do you favor imposing an additional ____% earned income tax? The revenue generated from the increased tax rate will be used to reduce taxes on qualified residential properties by \$ _____. The current earned income tax rate is 0.5%.”

Should the School Board choose to give electors the option of imposing a Personal Income Tax, the question that will appear on the May Primary Ballot is: “Do you favor converting the School District’s current earned income tax to a personal income tax at ____%? The revenue generated from the personal income tax will be used to reduce taxes on qualified residential property by \$ _____ and to replace the revenue from the school district’s current earned income tax. The current school district earned income tax rate is 0.5%.”

[Go to Top](#)
[Go to Top of Section](#)

Q. How will a ‘yes’ vote on the referendum option translate into tax relief?

- A. A ‘yes’ vote will discount a resident’s real estate tax by the same amount, *regardless of the assessment of the property*. Thus, a property assessed at \$100,000 will receive the same discount as a property assessed at \$500,000. The total amount discounted will equal the amount collected by the increased EIT or the PIT, depending upon the option chosen.

[Go to Top](#)
[Go to Top of Section](#)

Q. Will all citizens benefit from a ‘yes’ vote?

- A. No. First, renters with taxable income will automatically be taxed more with either an increased EIT or the imposition of a PIT because they do not pay real estate taxes and will not receive a discount in that area. Also, commercial and business properties will not receive a discount on their property tax. They will have no change in their tax structure.

Equally important, not all persons living in their own homes (‘homesteads’) or on farms (‘farmsteads’) will benefit. For every one of the options there is a “breakeven” point. Persons with incomes above the breakeven point pay more in taxes, and persons with incomes below the breakeven point pay less. This happens because the real estate discount is the same for every qualified property. In households with incomes above the breakeven point, the increased earned income tax or personal income tax paid will be greater than the real estate tax discount received.

Using 2006-07 millage rates and the projected income tax base for 2007-08, the district has calculated the impact of tax reform on homeowners and renters with varying incomes. For a bird’s eye view of that impact, using the 0.6% minimum permissible increase in the EIT, [click here](#).

It is important to note that these impact charts show different savings/ cost amounts from the first to the second year of increased EIT tax collections. This difference is caused by the collection

schedule for the Earned Income Tax. In the first year, the district will be able to apply only a portion of the increased EIT tax to the homestead exclusion. In the second and all subsequent years, the full amount of the increased EIT tax will be applied.

In addition, the chart below, prepared by the district’s Local Tax Study Commission shows the income breakeven points for the minimum and maximum EIT and PIT, assuming all qualified property owners filed for the tax reduction.

	MIN. EIT	MAX. EIT	MIN. PIT	MAX. PIT
Household Income Break Even Point	\$111,167	\$111,091	\$114,007	\$118,782
Rate Increase for EIT/PIT on Earned Income	0.60	1.10	0.60	1.00
Rate Increase for PIT On Unearned Income			1.10	1.50
Additional Income Tax	\$667	\$1,222	\$761	\$1,268
Homestead/Farmstead Exclusion*	\$667	\$1,222	\$761	\$1,268
*The Homestead/Farmstead Exclusion is the same amount regardless of the value of the owner's home.				

[Go to Top](#)
[Go to Top of Section](#)

SECTION III. ACT 1 AND CITIZEN RESPONSIBILITIES

Q. Is property tax relief automatic for all residential property owners?

A. No. To receive a discount, the property owner must have completed and filed a homestead/farmstead exclusion application with the Chester or Delaware County Assessors Office. The county processes the application and notifies the homeowner if it is approved. Homeowners need not refile if their current residence was approved in connection with state Act 72. However, persons who have just moved into the district, who have changed residences within the district, or who did not file previously must file the application to receive the discount. *The application must be filed with the Chester or Delaware County Department of Assessment by March 1, 2007.*

[Go to Top](#)
[Go to Top of Section](#)

Q. What does the County Department of Assessment have to do with Act 1?

A. As with Act 72, Act 1 specifies that the County Department of Assessment, and not the school district, must receive and process the application for a homestead/farmstead exclusion. However, the district is required to mail the application to homeowners. In December, the school district sent out a mailing to all residents who were not on record as having an approved property. In Chester County, 7,959 properties out of a total of 29,258 were the subject of the mailing. In Delaware County, the number was 854 out of 1,076.

A second mailing will go out in February. Due to timing, persons who received and filed an application in December may receive the second mailing. If for this or any reason you are uncertain as to whether your property is approved, we suggest you call the Chester County Assessment - Homestead Office at 610-344-4570 or the Delaware County Assessors' Office at 610-891-4893.

If you need an exemption form, [you may download it by clicking here](#). If you reside in Delaware County, you need to call the Delaware County Assessors' Office at 610-891-4893 or the district tax office at 484-266-1035 for a copy of the form.

[Go to Top](#)
[Go to Top of Section](#)

Q. What happens if not everyone files an application with the Department of Assessment?

- A. If not everyone files, the pool of money to return to the qualified homesteads and farmsteads will increase, and thus the discount from real estate taxes paid by those qualified homesteads and farmsteads will increase. This increase in the discount will also impact the income breakeven point, which will be higher.

[Go to Top](#)
[Go to Top of Section](#)

Q. Will I receive my property tax relief in the form of a rebate check?

- A. No. The tax relief, or property tax discount, will appear as a reduction in the assessed value of your home on your tax bill. This reduction in assessed value will lower the amount of taxes you are required to pay. Every person who has had a farmstead/homestead exclusion approved by the county Department of Assessment will receive exactly the same reduction in assessed value, resulting in exactly the same reduction in taxes, regardless of the actual value of their home. It is also possible that from one year to another the amount of your tax relief could be lower. This would happen if more residents filed and received approval for homestead or farmstead exclusions. The pool of money available for tax discounts would then be spread among a larger group of taxpayers and each taxpayer would thus receive a lower amount.

[Go to Top](#)
[Go to Top of Section](#)

Q. When will I receive my property tax relief?

- A. If the vote on the referendum question is 'yes,' the reduction in your property tax will appear on your 2007-08 tax bill.

[Go to Top](#)
[Go to Top of Section](#)

SECTION IV. ACT 1 AND THE DISTRICT BUDGET

Q. Does Act 1 place a cap on future property tax increases?

- A. Yes. A school district budget may not exceed a Department of Education Inflationary Index. This inflationary index is the average of the SAWW, or Statewide Average Weekly Wage, and ECI, or Employment Cost Index for Elementary and Secondary Education. The average is calculated every

year. For the coming 2007-08 school year, the average is calculated to be 3.4%, and the inflationary index is consequently set at 3.4%.

[Go to Top](#)
[Go to Top of Section](#)

Q. What happens if the cap is exceeded?

- A. First, it is important to understand that not every budgetary item is included in calculating whether a budget exceeds the inflationary index. There are certain substantial exceptions, including emergencies, special education costs, and health care benefits under existing labor contracts.

If the cap is exceeded after all these exceptions have been accounted for, a district must either reduce its spending or take the budget before the public for approval at the May primary election.

[Go to Top](#)
[Go to Top of Section](#)

Q. What impact does the referendum provision have on the budget calendar?

- A. Past practice in the West Chester Area School District has been to post the preliminary budget in April followed by a public hearing in May and final adoption by June 30.

The June 30 deadline for final adoption of the budget remains a requirement of state law. However, school districts must now prepare their budgets far enough in advance to ascertain whether the tax increase exceeds the inflationary cap. If that is the case, a district needs time to either amend the budget to bring it in line with the inflationary cap or prepare the referendum question for the May Primary. To account for this need, Act 1 requires districts to adopt their budgets at least 90 days prior to the primary election. For 2007-08, districts are required to release their preliminary budgets to the public by January 25, and the deadline for adopting preliminary budgets is February 14.

In compliance with this Act 1 timeline, The West Chester Area School Board has scheduled a special meeting for February 12 to adopt the district’s preliminary budget.

[Go to Top](#)
[Go to Top of Section](#)

SECTION V. ACT I AND GAMING REVENUES

Q. What part do gaming revenues play in tax reform?

- A. Under Act 1, every school district will receive a portion of the state’s revenues from the tax on licensed slot machines. These revenues come from a Property Tax Relief Fund that is the repository account for most of the state’s income from the tax.

[Go to Top](#)
[Go to Top of Section](#)

Q. Will all school districts receive the same amount of gaming money from the state?

- A. No. The amount will differ substantially from district to district according to a “property tax reduction index” that ranks districts on factors related to their relative wealth and current tax effort. Districts like West Chester – with a relatively low property tax due to sound fiscal policies and a healthy tax base – will get less money for tax relief. In fact, the index places West Chester 6th out of the state’s 501 school districts, with the higher numbers receiving the greater tax relief. The

chart below shows the school districts in Chester County and their Property Tax Reduction (PTRI) rankings among the 501 school districts in Pennsylvania. The second chart shows that each West Chester Area homestead is projected to receive \$65 in the form of an exemption if the slot revenue reaches \$400 million. The exemption amount will grow as the slot revenue increases.

Chester County School Districts	PTR Ranking
Avon Grove	468
Coatesville Area	424
Oxford Area	403
Octorara Area	376
Kennett Consolidated	237
Downingtown Area	210
Phoenixville Area	134
Unionville-Chadds Ford	99
Great Valley	10
West Chester Area	6
Tredyffrin-Easttown	4

School District	County	\$400 M Slots	\$750 M Slots	\$1 B Slots
Avon Grove	Chester	\$ 274	\$ 513	\$ 686
Oxford Area	Chester	\$ 185	\$ 347	\$ 463
Coatesville Area	Chester	\$ 181	\$ 339	\$ 453
Octorara Area	Chester	\$ 159	\$ 298	\$ 398
Kennett Consolidated	Chester	\$ 158	\$ 297	\$ 397
Unionville-Chadds Ford	Chester	\$ 154	\$ 288	\$ 390
Downingtown Area	Chester	\$ 136	\$ 254	\$ 339
Tredyffrin-Easttown	Chester	\$ 110	\$ 206	\$ 291
Owen J. Roberts	Chester	\$ 110	\$ 206	\$ 281
Phoenixville Area	Chester	\$ 90	\$ 169	\$ 235
Great Valley	Chester	\$ 88	\$ 165	\$ 235
West Chester Area	Chester	\$ 65	\$ 121	\$180

[Go to Top](#)
[Go to Top of Section](#)

Q. In addition to the PTRI, will homeowners receive any other relief from gaming money?

A. Yes. Residents of the school district who work in Philadelphia pay the Philadelphia Wage Tax. In the past, the district has been required to issue a tax credit to these wage earners. Since the Philadelphia Wage Tax (3.7716%) is higher than the district’s current earned income tax (0.5%), this requirement in effect has exempted Philadelphia wage earners from the district’s EIT. Act 1 provides for the first time that suburban school districts, including West Chester, will be reimbursed for the tax credits they give to these wage earners. This reimbursement will come out

of state gambling funds when those funds become available All reimbursement monies will benefit qualified property owners in the form of reduced real estate tax bills.

At the district's current 0.5% Earned Income Tax rate, and based on 2005 wages, a total of \$1.378 million would be reimbursed. If the district increases its Earned Income Tax rate or imposes a Personal Income Tax, the reimbursement would increase accordingly.

[Go to Top](#)
[Go to Top of Section](#)

Q. When will gaming money become available?

- A. The state cannot distribute monies from the Property Tax Relief Fund until the slot machine tax revenue reaches into the hundreds of millions of dollars. Due to delays in the process for approving slot machine licenses, it is not expected that there will be any distributions from the fund until after the 2007-08 fiscal year.

[Go to Top](#)
[Go to Top of Section](#)

Q. How will this money be used to reduce property taxes?

- A. The revenue from the slot machine tax will appear as a reduction in assessed value on your tax bill when that money becomes available.

[Go to Top](#)
[Go to Top of Section](#)

Q. If residents vote 'no' on the referendum question and thereby retain the status quo in tax structure, will the gaming money still be available to the district?

- A. Yes. Even if the status quo is retained and property taxes are not reduced through an increased EIT or the imposition of a PIT, the district will receive its allocated portion of gambling revenues as well as its reimbursement for district residents who pay the Philadelphia Wage Tax. These gambling monies, when available, will be applied to the tax bills of qualified property owners as a reduction in assessed value.

[Go to Top](#)
[Go to Top of Section](#)

SECTION VI. ADDITIONAL TAX RELIEF UNDER ACT 1

Q. Does Act I provide any assistance to low-income taxpayers?

- A. Yes. Act I expands the Property Tax and Rent Rebate Program, which assists low-income residents whether renters or owners. Rebates are provided to seniors, widows or widowers 50 years of age or more, and anyone 18 or over with a permanent disability as long as they meet income eligibility requirements. Act I increases the amount of income renters and homeowners may have and still be eligible for the rebate and also increases the size of the rebate from a maximum of \$500 to \$650. In addition, seniors who pay more than 15% of their income in property taxes also have their property tax rebate increased by an additional 50% if their income is under \$30,000.