



# PROPERTY TAX

## *Independence Act*

LIBERTY    EQUALITY    PROSPERITY

### Revenue Sources to Eliminate School Property Taxes

- State Personal Income Tax increase from 3.07 percent to 4.34 percent
- State Sales and Use Tax increases from 6 percent to 7 percent
  - Sales and Use Tax “special interest” loopholes closed
  - SUT expanded to include some currently exempt products and services
- Existing gambling revenues

### Sales Tax Loopholes to be Closed

Special “loopholes” or SUT exemptions for the following products and services would be closed:

- Candy and gum
- Newspapers
- Magazines
- Liquor or malt beverages purchased from a retail dispenser
- Charges for returnable containers
- Caskets and burial vaults
- Flags
- Textbooks
- Airline catering
- Coin-operated food and beverage vending machines
- Hotel permanent residents
- Horses
- Construction of memorials
- Storage
- Bad debt
- Uniform Commercial Code filing fees
- Rental of films for commercial exhibition
- Investment metal bullion and investment coins
- Catalogs and direct mail advertising
- Dry cleaning and laundry services
- Personal care services
- Funeral parlors, crematories and death care services
- Spectator sports admissions (excludes schools)
- Theater, dance, music and performing arts
- Amusement and recreation industries
- Museums, historical sites, zoos and parks
- Transit and ground transportation
- Air transportation

*(Continued on back)*

## Sales Tax Loopholes to be Closed (Continued)

- Truck transportation
- Legal services (except business-to-business services, domestic relations matters and criminal defense matters)
- Architectural, engineering and related services (except business-to-business services)
- Accounting, auditing and bookkeeping services (except business-to-business services)
- Specialized design (except business-to-business services)
- Basic TV service
- Veterinary fees (except business-to-business services)
- Finance and insurance
- Waste management and remediation
- Recreational parks, camps and campgrounds
- Custom programming, design and data processing (except business-to-business services)
- Parking lots and garages

## Sales Tax Expanded to Include Some Items

- Food (only items that are not on the Women, Infant and Children program food list)
- Clothing and footwear (only items that cost \$50 or more)
- Non-prescription drugs

## Fast Facts

- ✓ If a homeowner had his or her entire \$5,000 property tax bill eliminated, he or she would need to spend more than \$70,000 on items that would be *newly* subject to the Sales and Use Tax before he or she would see any form of tax increase.
  - ✓ For homeowners with higher property tax bills that would be eliminated, they would need to spend even more on those items before they would be negatively affected by the tax swap.
- ✓ Every new dollar that would be collected from an out-of-state shopper through the enhanced state Sales and Use Tax would be a dollar to support Pennsylvania schools that would not need to be collected from Pennsylvania taxpayers.
- ✓ The plan would spur economic growth by eliminating school property taxes for homeowners and employers.
  - ✓ Employers will have more money to invest in their businesses, expand their operations and hire more workers.
  - ✓ Homeowners will have more money to spend and invest in Pennsylvania's economy.