



Pennsylvania Association of School Business Officials

Mailing Address:
P.O. Box 6993
Harrisburg, PA 17112-0993
Telephone 717-540-9551

www.pasbo.org

Office Location:
2579 Interstate Drive
Harrisburg, PA 17110
FAX 717-540-1796

2006-2007 WORKSHOP SERIES

WHAT TAX STUDY COMMISSION MEMBERS NEED TO KNOW

This session is designed as a training session for newly appointed tax study commission members. The webcast will inform commission members of their role in developing a recommendation to the school board on the ballot question at the May primary. The session will provide an overview of school district tax structures, requirements for tax study commissions to review, timelines and operations. This program will be offered two different dates and times. Participants will learn about:

- School district income and property taxes
- How property tax reduction will work for homestead/farmstead properties
- Commission areas of study
- Tax and other information necessary for review
- Converting Earned Income Tax Revenue to Property Tax Reduction
- The ballot question form
- Timelines

Date/Locations

Desktop Webcast

Tuesday, September 19 – 7:00 to 8:30 PM

Presenters

Jay Himes, CAE, PASBO Executive Director

William McGill, Director of Technical Assistance

Susan Elder, Director of Research

Announcements

- **All participants are asked to sign-in on the Desktop Attendance Form so your attendance and credit can be recorded. Forms must be returned to PASBO by October 3 for CEU, CPE and Act 48 credit to be given.** Individuals who request CPE or Act 48 credit on the Desktop Attendance Report will receive a certificate by mail and Act 48 credits will be uploaded to the PDE site.
- If you are disconnected at any time during the program, please repeat the two-step process to reconnect. Volume can be adjusted by using the *4 command on your phone. (Please see invitation for additional information.)
- You have two options for asking questions
 - Use the “Chat” function at the left side of your screen – type your question in the message box under the gray bar and hit “send.” You can send a question at any time during the program.
 - If you do not have access to the “Chat” function, send questions by email as directed.
- PASBO Professional Registration CEUs will be automatically uploaded to the PASBO website. To print a Course Transcript, go to the Professional Registration section at www.pasbo.org
- Your evaluation of this program is important to us. The primary contact at each desktop site will receive a link to an evaluation form via email. Please take a few minutes to provide your feedback. Your input helps to ensure that PASBO programs are meeting your needs.


Thank you for your participation!

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What Tax Study Commission Members Need to Know September 19, 2006



For the audio portion of the program, join us at
1.800.977.8002 (Participant Code 23331448 #)
Pressing *4 will increase the volume.

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Today's Speakers




Jay Himes, CAE
PASBO Executive Director

William L. McGill
Director of Technical Assistance




Susan Elder
Director of Research

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Act 1: A Summary

- Lower income seniors are big winners through a significant increase in the state's Property Tax and Rent Rebate Program
- School districts will for the first time have a real and potentially threatening property tax cap
- School districts which want/need to exceed the cap must get exceptions or voter approval (back-end referendum) for additional property tax millage
- A new budget process is required to accommodate the submission of exceptions and the back end referendum.

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Act 1: A Quick Summary

- A May 2007 ballot question is mandated in every school district (front end referendum) to determine if income taxes should increase or be implemented to provide additional property tax relief through a homestead/farmstead exclusion
- The state payments to school districts from slots revenues will be used to provide property tax relief through a homestead/farmstead exclusion
- A new taxpayer option for installment payments for real estate taxes required



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Low Income Senior Benefits

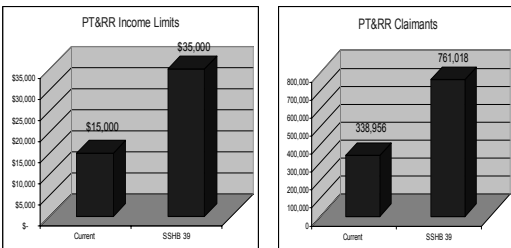
- Act 1 provides a significant expansion of the PA Property Tax and Rent Rebate Program
- Eligibility:
 - You are a resident of Pennsylvania;
 - You, or your spouse, are age 65 or older or a widow or widower age 50 or older;
 - You are age 18 to 65 and are permanently disabled according to the Social Security disability guidelines; and,
 - You paid rent or property taxes (even individuals who live in facilities or subsidized housing can qualify for rebates).



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The Impact of the Legislation on Seniors

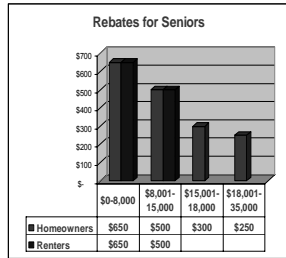


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Lower Income Seniors

- Renters income limit remains at \$15,000
- Seniors in Philadelphia, Pittsburgh and Scranton will receive even higher rebates
- Funding = \$200 million



Installment Payments for School Property Taxes

- Resolution adopted by June 30, 2007 and each year thereafter
- Final language reflecting PASBO amendments limit financial and administrative impact
 - Installment period ends month prior to county delinquent real estate tax turnover date
 - Homestead/farmstead properties only; businesses not mandated but could be included by local option

Installment Payments for School Property Taxes

- PASBO amendments include:
 - No more than monthly and no less than three installments
 - Up to 10% penalty on each late installment
 - ACH and credit card payments authorized
 - Collection can be assigned to third party collector
 - Delinquencies of more than 10 days for more than 2 payments render the taxpayer ineligible in following year

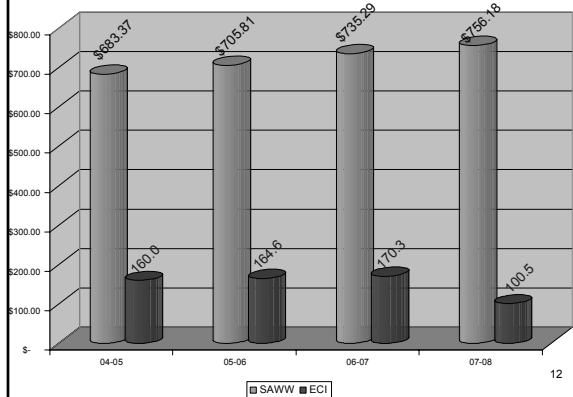
A Property Tax Cap for All School Districts

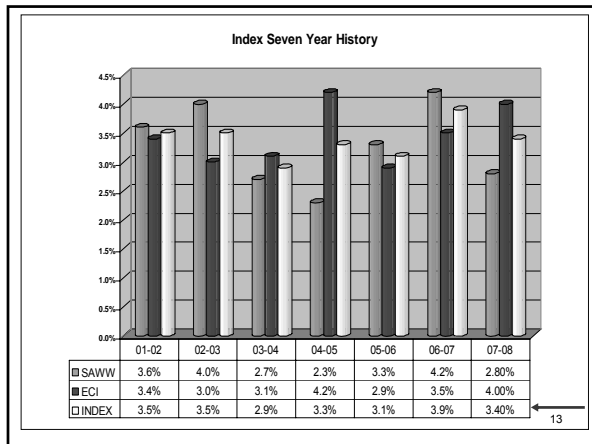
- Under Act 1, school districts will have a new cap on any increase in the millage rate for property taxes.
- The millage rate can increase by the index created by Act 1 (same as under Act 72)
- The base index for FY2007-08 is **3.4%**
- The base index for Act 72 districts for this year is 3.9%.

The Index for All Districts

- The index = average of the SAWW and the ECI
- Statewide Average Weekly Wage (SAWW)
 - A state measure using earnings data
 - Capturing most sectors of industry within the state
- Employment Cost Index for Elementary and Secondary Education (ECI)
 - A national measure of compensation cost trends
 - Tracks employment costs specific to the public education sector
- Slight adjustment for SD's with an Aid Ratio of more than .4000
 - http://www.pde.state.pa.us/proptax/lib/proptax/SIndex_2007-2008.pdf

The SAWW and ECI Four Year History





What Happens When the District Reaches the Index?

- There are three options:
 1. Cut programs and reduce costs
 2. Request exceptions for extraordinary costs or circumstances that are beyond the district's control (ten identified areas in Act 1)
 3. Back-end referendum

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Exceptions for All Districts

- Some exceptions must be submitted and approved by PDE.
- Some exceptions must be submitted and approved by the Court of Common Pleas in the county where the school district is located.

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Referendum Exceptions—10

- Emergencies and disaster response [CCP]
- Court/administrative orders (state or federal) [CCP]
- Principal and interest on debt [PDE]
- Costs to remedy an immediate threat of serious physical harm [CCP]



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Referendum Exceptions—10

- Special education cost increases [PDE]
- Costs for school improvement plan implementation [PDE]
- Maintenance of per student local tax revenue or maintenance of the Average Instructional Expense per Average Daily Membership [PDE]
- Retirement expenses [PDE]



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Referendum Exceptions—10

- Maintenance of revenues from local taxes (income and real estate taxes) and state funding (basic and special education subsidies) [PDE]
- Health care cost increases under a current collective bargaining agreement [PDE]



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The PA Three Step

- For next year's budget you will be allowed to increase your millage rate by the index.
- If your expenses still exceed your revenues you may seek an exception(s).
- If you still need additional revenues, voters must approve any additional millage above the index and exceptions (back-end referendum).



Step One: Index (3.4%) for millage rate increase



Step Two: Exceptions for dollar amounts created by additional millage (PDE or Court approval.)



Step Three: For additional millage voters must approve a BER at the primary election

An Earlier Budget Process

- To accommodate the exception process and the potential for back-end referendum an accelerated budget timetable is required by Act 1.
- This earlier budget schedule increases the complexity of school district budgets since there is less actual data on which to base next year's costs and state revenues have not been announced in the Governor's Budget.


Early Budget for Next Year

- Deadline for adoption of preliminary budget is February 14, 2007
- Ten days prior (Sunday, February 4, 2007) is deadline for public notice of intent to adopt
- Twenty days prior (January 25, 2007) is deadline for putting budget on display using PDE form per Act
- *Formal action by board prior to January 25, 2007 is not required but may be advisable*

What Is A Homestead?


- Owner occupied dwelling (no business property)
- Dwelling is used primarily as the domicile
 - Domicile is “the place where one lives and has his permanent home and to which he has the intention of returning when he is absent.”
 - “voluntary fixed place of habitation of a person”
- A person who owns multiple properties can only have one homestead

Source: Local Tax Enabling Act, P.L.1257, No. 511


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What Is A Homestead?

- Fixed dollar amount
- Everybody receives the same benefit regardless of differences in value
- Consistent throughout the school district
- More complex process for school districts located in multiple counties


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What Is A Farmstead?

- “All buildings and structures on a farm not less than ten contiguous acres in area ..that are used primarily to produce or store any farm product produced on the farm for purposes of commercial agricultural production, to store any machinery or equipment used on the farm....”
- Must be a domicile
- Homestead and farmstead exclusions are the same fixed dollar amount


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Slots revenues are collected by state government. When there is a minimum of \$400 million for school districts, payments will begin. The money from slots is returned to homeowners through the homestead/farmstead exclusion.

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Homestead/Farmstead Exclusions

- There will be no H/F exclusion until your voters approve an EIT front-end referendum or gaming funds are distributed.
- Gaming funds will be used for a slew of other program before state payments for homestead/farmstead relief to school districts will begin
- Perhaps July 2009

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Property Tax Relief from Gaming Funds in Your County

School District	County	\$400 M Slots	\$750 M Slots	\$1 B Slots
Bensalem Township SD	Bucks	\$ 117	\$ 220	\$ 293
Bristol Borough SD	Bucks	\$ 158	\$ 296	\$ 395
Bristol Township SD	Bucks	\$ 151	\$ 284	\$ 379
Centennial SD	Bucks	\$ 60	\$ 113	\$ 151
Central Bucks SD	Bucks	\$ 106	\$ 199	\$ 273
Council Rock SD	Bucks	\$ 118	\$ 222	\$ 304
Morrisville Borough SD	Bucks	\$ 110	\$ 207	\$ 274
Neshaminy SD	Bucks	\$ 127	\$ 238	\$ 315
New Hope-Solebury SD	Bucks	\$ 133	\$ 250	\$ 349
Palisades SD	Bucks	\$ 113	\$ 211	\$ 280
Pennridge SD	Bucks	\$ 109	\$ 204	\$ 272
Pennsbury SD	Bucks	\$ 130	\$ 244	\$ 326
Quakertown Community SD	Bucks	\$ 136	\$ 255	\$ 340

www.papropertytaxrelief.com/propertytaxes/lib/propertytaxes/gamingdistribution.xls

Local Tax Study Commission

- Staff and Expenses
 - District provide necessary and reasonable support staff
 - Reimburse members for reasonable expenses



Commission Purpose

- Limited purpose: not entire Act 1
- Study district tax structure
- Recommend referendum question for May 2007 primary election
- Referendum question = voter input on tax shifting
- Commission must recommend:
 - EIT, EIT increase or PIT?
 - What tax rate?
 - Specific referendum question for ballot



Local Tax Study Commission

- Nonbinding recommendation to school board within 90 days
- Presented at public meeting of board
- Scope of recommendations: levy of earned income and net profits tax or personal income tax for subsequent fiscal year
- Board must either accept or reject the Commission's recommendations



May 2007 Front End Referendum

- Mandatory for all districts
- A tax study commission is required to make a recommendation to the board
- Earned Income Tax increase or conversion to Personal Income Tax to provide further homestead/farmstead exclusions



Referendum Question Option 1

•“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 ___%.”



Referendum Question Option 2

- “Do you favor imposing a personal income tax at ___%? The revenue generated from the tax will be used to reduce taxes on qualified residential properties by \$_____.”



Referendum Question Option 3

- “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 earned income tax rate is ___%.”



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Local Tax Study Commission

- The study must include:
 - Historic and present rates and revenue from taxes
 - % of total revenue provided by these taxes
 - Age, income, employment and property use characteristics of existing tax base
 - Projected revenues of taxes
- Commission is required to hold at least one public hearing prior to issuing recommendation



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Tax Rate Parameters

- EIT or PIT Options:
 - ≥ the rate necessary to fund an exclusion of 25% of the district’s median assessed value of homestead property
 - ≤ the rate necessary to fund an exclusion of 50% of the district’s median assessed value
 - Any rate between these two limits
- OR**
- 1% increase if the rate necessary to achieve 25% of the district’s median assessed value is greater than 1%.



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The Rate Question

- The maximum homestead/farmstead exclusion is defined in the state constitution as one-half of the median assessed value of homestead property
- Voluntary 1% option
- Differing interpretations
- PDE guidance says 1% **additional tax**



How do you calculate the exclusions?

Maximum Exclusion

- 50% of the median assessed value
- Established state constitution/Act 50 of 1998

Example:

- Median Assessed Value of homestead properties = \$100,000
- Maximum Allowable Assessed Value Exclusion = \$50,000 or $.5 \times \$100,000$

Minimum Exclusion

- $\frac{1}{2}$ of the maximum exclusion
- Established in Act 1

Example:

- Median Assessed Value of homestead properties = \$100,000
- Minimum Allowable Assessed Value Exclusion = \$25,000 or $.5 \times .5 \times \$100,000$



How do you convert that Assessed Value to a \$ Value / Homestead?

- Maximum Allowable Assessed Value Exclusion (\$50,000) multiply by your district's millage (.0400) results in a maximum dollar value of exclusion per Homestead of \$2,000
- Minimum Allowable Assessed Value Exclusion (\$25,000) multiply by your district's millage (.0400) results in a minimum dollar value of exclusion per Homestead of \$1,000



Convert from Homestead to District Wide?

- (assume 1,000 eligible properties in district)
- Maximum:
 $\$2,000 \times 1,000 = \$2,000,000$
- Minimum:
 $\$1,000 \times 1,000 = \$1,000,000$

Calc. of Max / Min

- Target \$ Amt. \$2,000,000
- Taxable Compensation + Net Profits = \$200,000,000
 $2,000,000 / 200,000,000 = 1.0\%$
- Target \$ Amt. \$1,000,000
- Taxable Compensation + Net Profits = \$200,000,000
 $1,000,000 / 200,000,000 = .5\%$

Rate Determination: Example 1

- Current district EIT = .5%
- To achieve an exclusion of half of the maximum requires a .9% increase
- Voters would be asked to approve .9% for the purpose of homestead/farmstead real estate tax reduction
- Total SD EIT rate would equal 1.4%

Rate Determination: Example 2

- Current District EIT = .5%
- To achieve an exclusion of half of the maximum requires a 1.2% increase
- The school board is statutorily not required to propose an increase in excess of 1%

OPTIONS:

- Recommend a 1% increase for h/f reduction purposes with a total district EIT of 1.5% OR
- Recommend a 1.2% increase for h/f reduction purposes with a total district EIT of 1.7%

Income Taxes—EIT and PIT

Earned Income Tax (EIT)

- Currently levied by most but not all school districts
- Many districts levy the EIT at .5% but others have higher rates
- Wages and other compensation paid to employees

Personal Income Tax (PIT)

- Goes beyond wages to include dividends, interest and other unearned income
- Excludes social security and pensions
- Same base as state income tax
- First time authority for school districts under Act 1

EIT and PIT—Pros and Cons

- EIT has existing collection structure in place
- “Blue Collar Bias”
 - Equal wage earners may not have equal wealth
 - Only wage earners pay the tax
- Usually shared with municipality
- PIT has no local collection structure; it must be created
- If adopted, the SD and its municipalities could have different tax bases, different rates and different filings
- Fairer
- Uniform with state income tax; less confusion

Resources for TSC's



www.pasbo.org



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TO FIND

- *Historic and present rates and revenue from taxes*
- The most reliable and up-to-date information can be located in your district's financial records



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TO FIND

- *% of total revenue provided by these taxes*
- http://www.pde.state.pa.us/k12_finances/lib/k12_finances/LocalRev_9394-0405.xls
- This address, which links to the PA Department of Education, provides a breakdown of local revenues per school district from 1993-94 to 2004-05



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TO FIND

- *% of total revenue provided by these taxes*
- http://www.pde.state.pa.us/k12_finances/cwp/view.asp?a=3&Q=50949
- This address, which links to the PA Department of Education, provides total revenue per school district from 1993-94 to 2004-05



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TO FIND

- *Age, income, employment and property use characteristics of existing tax base*
- Several helpful sites provide data on age, income and employment using the same 2000 census data. For a breakdown by school district:
<http://nces.ed.gov/surveys/sdds/selectgeo.asp>
- This address provides access to The National Center for Education Statistics: School District Demographic System



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TO FIND

- *Age, income, employment and property use characteristics of existing tax base (continued)*
- http://factfinder.census.gov/servlet/DTGeoSearchByListServlet?ds_name=DEC_2000_SF1_U&lang=en&ts=173887184046
- This address provides access to the U.S. Census Bureau: American Fact Finder which breaks the data down by municipality



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TO FIND

- *Age, income, employment and property use characteristics of existing tax base (continued)*
- <http://pasdc.hbg.psu.edu/>
- This address links to The Penn State Data Center which breaks the information down by County



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TO FIND

- *Age, income, employment and property use characteristics of existing tax base (continued)*
- <http://www.steb.state.pa.us/Default.asp>
- This address provides the proportional breakdown of property use characteristics in the school district. You should contact your County Assessment Office to see if additional detailed breakdowns are available.



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TO FIND

- *Age, income, employment and property use characteristics of existing tax base (continued)*
- <http://www.revenue.state.pa.us/revenue/cwp/view.asp?A=246&Q=250358>
- This address provides data on taxable income ranges broken down by school district.



TO FIND

- *Projected revenues of taxes*
- The most reliable and up-to-date information can be located in your district's financial records



Questions & Answers

- Send text questions using the "Chat" function at the left side of your screen. Type message under the gray bar and click send.
- If you do not have access to the "Chat" function, send questions by email to corrineshearer@pasbo.org



*Thank you for your
participation!*

REMINDER: Desktop sites are asked to return the Attendance Report to the PASBO office for attendance and credit purposes.



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_____ **SCHOOL DISTRICT**

Tax Study Commission Appointment Resolution

Background. Act 1 requires the school board to appoint a Tax Study Commission. The Commission must consist of 5, 7, or 9 members who are resident individuals or taxpayers of the district, and reflect the “socioeconomic, age and occupational diversity of the school district to the extent possible.” The Commission members may include one school board member, but otherwise may not include any district official or employee, or relative of a district official or employee. Having carefully considered the foregoing requirements, the board wishes to appoint a Tax Study Commission as set forth below. The individuals to be appointed have consented to appointment.

RESOLVED, by the Board of School Directors of the School District, that the following individuals are appointed to the 2006 Tax Study Commission: _____

The appointment shall be effective September 14, 2006, and the Commission shall make a final recommendation to the school board on or before December 13, 2006.



_____ **SCHOOL DISTRICT**

Commission Member Appointment Letter

Dear _____:

The school board has appointed you to the new School District Tax Study Commission. The appointment is effective September 14, 2006. The first Commission meeting is scheduled to be held on _____, 2006, at _____ p.m., in the _____ room, at the _____ School, _____, _____, PA.

Enclosed are the following:

- Member Appointment Acceptance – *please return this document at your earliest convenience*
- 2006 Tax Study Commission Bylaws
- Tax Study Commission Expense Reimbursement Rules
- Meeting Agenda

Thank you for your willingness to be part of our study process.

Sincerely,

Superintendent



_____ **SCHOOL DISTRICT**

Commission Member Appointment Acceptance

The school board has appointed the undersigned as a member of the Tax Study Commission. The undersigned accepts the appointment.

The undersigned understands that Commission membership is a public service without monetary compensation, and that the Commission will have a series of meetings over a period of approximately 3 months, in order to complete its study and make a final recommendation to the school board. By accepting the appointment, the undersigned agrees to attend every Commission meeting, unless absence is required for good reason.

As required by Act 1, the undersigned affirms to the school district that the undersigned is not a relative of a school district board member, school district official, or school district employee. For this purpose, "relative" means – a spouse, parent, child, stepparent, stepchild, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, niece, nephew, or first cousin – by blood, marriage, or adoption.

Date: _____

Commission Member Signature



SCHOOL DISTRICT
2006 Tax Study Commission Bylaws

(Second Draft)

Section 1. **Commission Name and Office.** The name of the Commission is _____ School District 2006 Tax Study Commission. The principal office of the Commission shall be at the School District administrative offices.

Section 2. **Commission Purpose.** The Commission has been formed pursuant to Act 1 for the purpose of studying the School District tax structure and making a recommendation to the school board concerning a front-end referendum question for the May 2007 primary election ballot. The referendum question will seek voter input on tax shifting – from homeowner real estate tax to a new or increased income tax. The recommendation will include whether the referendum question should relate to an earned income tax or alternatively to a personal income tax, and the tax rate to be included in the referendum question. [Since the School District current earned income tax rate already exceeds 1%, the recommendation will also address whether or not the School District should place a referendum question on the ballot.]

Section 3. **Members.** The Commission members are the individuals who have been appointed by the school board as Commission members.

Section 4. **Officers.** The Commission officers shall be a Chairperson, a Secretary, and such other officers as may from time to time be appointed by the Commission. The officers shall be elected by the Commission members at the initial Commission meeting.

Section 5. **Officer Duties and Qualifications; Records.**

(a) **Chairperson.** The Chairperson shall preside at all Commission meetings. The Chairperson must be one of the Commission members.

(b) **Secretary.** The Secretary shall give or ensure proper notice of all Commission meetings, record minutes and votes at all meetings, maintain Commission records, and turn over to the school board all Commission records after the Commission makes its recommendation. The Secretary is not required to be a Commission member.

(c) **Records.** Commission records include receipts for expenditures, meeting agendas, meeting minutes, written information presented at meetings, any audio or video recordings of meetings, written communications to or from the Commission, and other items the Secretary determines should be considered Commission records. Commission member personal notes are not Commission records.

Section 6. **Meeting Place and Notice.** All Commission meetings shall be held at principal office of the Commission, or at such other place as specified in the meeting notice. Notice of Commission meetings shall be given to the public in accordance with the Pennsylvania Sunshine Law, and to Commission members in writing by e-mail or regular mail. Notice shall include the time, date, and place of each meeting.

Section 7. **Meeting Quorum and Action.** Commission meetings shall be open to the public and conducted in accordance with the Pennsylvania Sunshine Law. A majority of all members shall constitute a quorum of the Commission for the purpose of transacting business. A majority of the members present shall be required and shall be sufficient to approve all actions of the Commission, except that the final Commission recommendation to the school board shall require approval by a majority of all members. The Commission will present the final Commission recommendation at a public school board meeting.

Section 8. **Commission Term.** The Commission will operate from the date of its appointment to the date when it adopts and communicates the final Commission recommendation to the school board. The Commission term and operations will cease after adoption and communication of the recommendation. The Commission is required to adopt the final Commission recommendation no later than 90 days after the Commission member appointment effective date specified in the school board resolution appointing the Commission.



_____ **SCHOOL DISTRICT**

Commission Schedule of Meetings Notice

The Commission will hold meetings on the following dates: _____

All meetings will commence at _____ p.m., and will be held in the _____
room, at the _____ School, _____,
PA.

The Commission has been formed pursuant to Act 1 of 2006 for the purpose of studying the school district tax structure and making a recommendation to the school board concerning a front-end referendum question for the May 2007 primary election ballot. The referendum question will seek voter input on tax shifting – from homeowner real estate tax to a new or increased income tax.

All meetings are open to the public, and district residents and taxpayers are encouraged to attend.



_____ **SCHOOL DISTRICT**

Commission Meeting Notice

The Commission will hold a meeting on the following date: _____

The meeting will commence at _____ p.m., and will be held in the _____ room, at the _____ School, _____, _____, PA.

The Commission has been formed pursuant to Act 1 of 2006 for the purpose of studying the school district tax structure and making a recommendation to the school board concerning a front-end referendum question for the May 2007 primary election ballot. The referendum question will seek voter input on tax shifting – from homeowner real estate tax to a new or increased income tax.

The meeting is open to the public, and district residents and taxpayers are encouraged to attend.



SCHOOL DISTRICT

Tax Study Commission Meeting Agendas

(REVISED 8/28/06 – TO SHOW POSSIBLE BREAKDOWN OF STUDY AND ACTION ITEMS AMONG 5 MEETINGS – TO ADD ACT 1 REQUIRED STUDY DATA LIST/INFORMATION SOURCES – AND TO ADD SAMPLE TAX SHIFTING NUMBERS)

The following is intended as a starting point for preparation of meeting agendas. The items listed are basic items that should be covered at one or more meetings. The School District Administration will need to work with the Commission Chairperson in developing a schedule of meetings, agendas, and action plans for each meeting. It is important to note that the Commission has a very short period of time within which to study, hold a public hearing, and make a recommendation to the school board. Accordingly, substantial advance planning is necessary to ensure effective Commission operations. As part of this advance planning, school districts should start immediately on gathering required data and preparing the numbers required for Commission consideration. The short time fuse also requires a prompt decision (preferably no later than the time of the school board resolution appointing the Commission) on legal counsel who will advise the Commission, and on whether the district will engage a financial advisor for the Commission. In order to maximize the time available for Commission meetings, study, and recommendation decision, the school board might consider appointing the Commission in August or otherwise at the earliest possible date, with the appointment effective date deferred to September 14, 2006.

STANDARD ITEMS

Meeting location: _____

Date: _____

Time: _____

1. School board Commission member (temporary Chairperson) welcome/call meeting to order/brief introduction. [After the first meeting, this agenda item will simply say “Chairperson call meeting to order.”]
2. Introduction of members and others present (temporary Chairperson/Chairperson).



3. Quorum determination (temporary Chairperson/Secretary).
4. Meeting notices given (temporary Chairperson/Secretary).
5. Approve meeting agenda.
6. Public comment. [A public comment item should be included on every agenda at a point determined appropriate by the Commission – perhaps at the end of the agenda for initial meetings, and the beginning of the agenda for the final meeting.]

MEETING # 1

7. Adopt bylaws (temporary Chairperson/Chairperson).
8. Elect officers (temporary Chairperson).
 - a. Chairperson.
 - b. Vice Chairperson.
 - c. Secretary.
 - d. Other if desired.
9. Future meeting and public hearing dates.
10. School Superintendent introductory comments.
11. School Business Administrator introductory comments.
12. Act 1 overview (legal counsel; Business Administrator; Superintendent; or other individuals as determined appropriate).
13. EIT/PIT explanation (including exemptions) (legal counsel; Business Administrator; Superintendent; or other individuals as determined appropriate).
14. PIT – status of Pennsylvania Department of Revenue regulations for implementation (legal counsel; Business Administrator; Superintendent; or other individuals as determined appropriate).

MEETING #2

15. District finance overview/audited financial statements (Business Administrator or financial advisor).



16. Act 1 four “mandatory study items” (Business Administrator or financial advisor).
 - a. Historic and present district revenue from current taxes.
 - b. Percentage of total district revenues provided by current taxes.
 - c. Age, income, employment, and property use characteristics of district tax base.
 - d. Projected district revenue from current taxes, and from the possible new or additional Act 1 EIT or PIT at various levels.
17. Other important data:
 - a. Slot money considerations/projections
18. Current and anticipated future income tax collector (Business Administrator, financial advisor, or legal counsel).
19. Real estate tax reduction impact of increasing EIT at various levels (Business Administrator, financial advisor, or legal counsel).
 - a. County tax assessment office information on homestead/farmstead numbers.
 - b. Slot money/homestead tax reduction.
 - c. Philadelphia wage tax impact.
 - d. Overall homestead tax reduction at various EIT levels.
 - e. Impact of alternative rates on different taxpayer groups.

MEETING #3

20. Farmstead options (Business Administrator, financial advisor, or legal counsel).
21. PIT conversion options (Business Administrator, financial advisor, or legal counsel).
 - a. Impact on tax rate.
 - b. Impact on different taxpayer groups.
22. Alternative senior citizen tax relief program options (legal counsel; Business Administrator; Superintendent; or other individuals as determined appropriate).
23. Commission recommendation options/referendum question form options (legal counsel).



24. Short and long term impacts of various options.
 - a. School district finances – cash flow or other.
 - b. School district desirability.
 - c. Property values.
 - d. Other.

MEETING #4

25. Public hearing.
 - a. Brief overview/summary of study information.
 - b. Public input.

MEETING #5

26. Final recommendation to school board.
27. Plan for presentation of final recommendation to school board.
28. Adjourn.



_____ SCHOOL DISTRICT

Tax Study Commission Expense Reimbursement Rules

Pursuant to Act 1, the school district will provide support staff and resources for the Commission, and will also reimburse the Commission and Commission members for necessary and reasonable expenses in the discharge of Commission duties.

The school district will:

- Engage and pay for legal counsel to advise the Commission.
- Through its Business Office [and by engaging a financial advisor to advise the Commission on financial matters], provide to the Commission required financial information, data, and analysis.
- Provide staff and equipment to duplicate any documents required by the Commission.
- Provide secretarial services for typing Commission minutes, preliminary analyses, and the final Commission recommendation and report to the school board.

With this background, it is not anticipated the Commission or Commission members will incur any direct expenses in the discharge of their duties. If the Commission or a Commission member anticipates incurring an expense deemed necessary in the discharge of Commission duties, the Commission or Commission member should request advance approval from the school district Business Administrator to ensure the school district will consider the expense a necessary and reasonable expense in the discharge of Commission duties.

Documentation will be required for any expenses reimbursed to the Commission or Commission members. Documentation should include receipts for the expenditure and detailed explanation of the nature of the expense, the manner in which the cost was established, and the purpose necessitating the expense.

[Notwithstanding the foregoing, Commission members will be reimbursed for mileage in traveling on Commission business, including traveling to and from Commission meetings, at the rate of _____¢ per mile.]