

**Testimony of Senator Mike Folmer**  
**Senate Finance Committee**  
**9:30 a.m., Wednesday, April 30**  
**Hearing Room 1, North Office Building**

THANK YOU for the opportunity to offer my support to Senator Argall and his efforts to eliminate school property taxes through passage of Senate Bill 76. I wholeheartedly support both the bill and Senator Argall's amendment.

Many of us ran on the promise of eliminating school property taxes. If your Districts are like mine, people say school property taxes are their biggest headache and they want elimination of these taxes to be a top priority for the General Assembly.

Like any state tax policy, shifting from one tax to another will result in winners and losers. SB 76 is no exception.

To eliminate school property taxes, SB 76 proposes a combination of changes in the Sales Tax and changes in the Personal Income Tax. The Sales Tax would be broadened and expanded to 7 percent and the PIT would be increased 1.27% – raising the net PIT rate from 3.07% to 4.34%.

Opponents of SB 76 have had two main objections to the bill as drafted:

- The numbers don't work
- The bill is technically flawed

Senator Argall's amendment to SB 76 addresses both of these issues. The amendment was drafted through an arduous process of meeting with opponents, carefully going through their concerns, studying the October 2013 Independent Fiscal Office analysis of the bill, and dissecting the 13 pages of comments from the Pennsylvania Department of Revenue on the bill as drafted.

This process has resulted in the comprehensive amendment that is now before you. It makes a number of important changes, including:

- Carefully describing to-be-taxed services
- Clarifying business-to-business exemptions
- Addressing various technical flaws and timelines

This amendment eliminates all the excuses for not supporting SB 76; the numbers add up and the bill is now technically correct.

SB 76 with the amendment allows us to reach the much-needed and long-overdue goal of eliminating school property taxes. If you support SB 76 with the amendment, you support the elimination of school property taxes. If you don't support SB 76 and the amendment, you support the *status quo*.