County Property Tax Reform

If policymakers want to talk about real, comprehensive property tax reform, they must bring counties to the table as part of a conversation about the entire local tax system.

Don't put all of your eggs in one basket. It's a common piece of advice that suggests if someone fails to diversify their resources or efforts, they will have no alternatives should the venture fail. Yet counties have no way to heed this time-honored wisdom when it comes to their local tax base.

Counties rely on property taxes as their only source of locally generated general fund tax revenues—that is, right now, they have no choice but to put all of their eggs in one basket. So, when costs and mandates go up, and state and federal funding go down, they have nowhere else to go but the property taxpayer to fund critical programs and services.

For many years, counties have sought a menu of local taxing options like local earned income taxes, personal income taxes or sales taxes to offset their reliance on the property tax and diversify their tax base. There is no one "best" mix of taxes for all of our 67 counties. They are rural and urban, their residents have different demographics and incomes, and their communities are built around different economies and different balances between residential and commercial properties. Thus, having options will give each county the ability to decide what portfolio of local taxes works most equitably for their constituents.

Over the past four decades, the phrase "property tax reform" has come to really mean "school property tax reform" in Pennsylvania parlance. It is time to stop talking about county property taxpayers as though they are a different set of individuals, and bring true, comprehensive property tax reform to the commonwealth's property owners.

See estimates of county optional tax yields at *www.pacounties.org* by clicking Government Relations, then Resources and Reports, under the Assessment and Taxation heading.

COUNTIES SUPPORT:

- Options for counties to levy a county sales, personal income or earned income tax of up to one percent to allow counties to reduce their reliance on the real property tax.

For more information on **county property tax reform**, contact **Lisa Schaefer** at (717) 736-4748 or *lschaefer@pacounties.org*.

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COUNTY COMMISSIONERS Association of Pennsylvania
THE **VOICE** OF PENNSYLVANIA COUNTIES