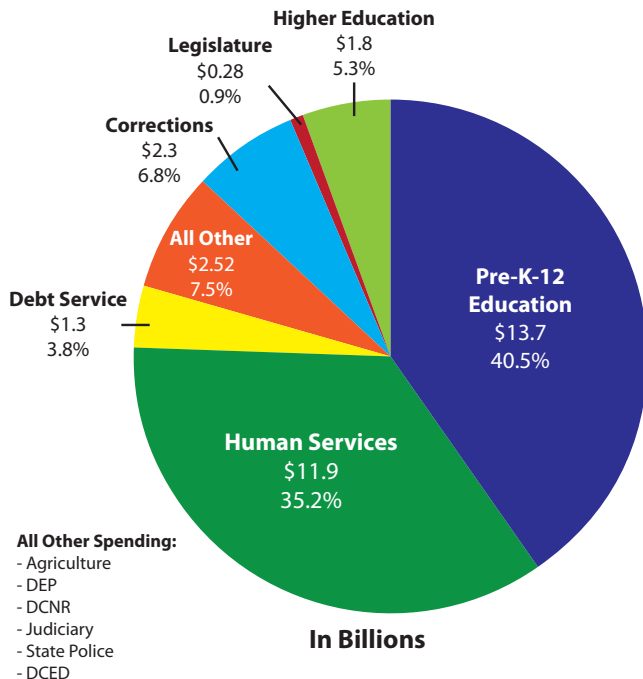


Property Tax Reform – The Big Picture

- Wolf's proposal raises taxes by **\$8 billion**, but returns only **\$3.6 billion** to the taxpayers.
- As proposed, taxpayers in **404** school districts will pay more in sales and Personal Income Tax than they will receive in property tax relief.
- Taxpayers in only **96** school districts will receive true property tax relief.

How does your district fare under the plan?
Individual school district analysis is available at www.taxpayersthatpay.com

Governor's Proposed FY15-16 General Funding Spending \$33.8 Billion



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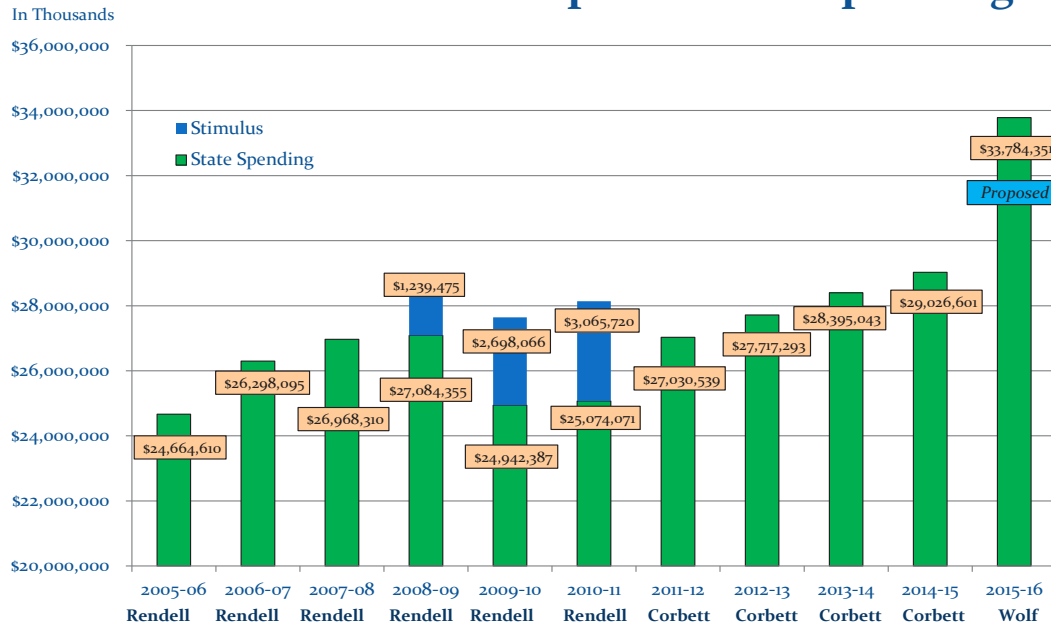
Governor Tom Wolf's BUDGET PROPOSAL 2015-16

Policy Committee Issue Brief



P E N N S Y L V A N I A
HOUSE OF REPRESENTATIVES

Governor Wolf's Proposed State Spending



Source: House Republican Appropriations Committee
www.pabudget.com

Gov. Wolf's Proposed Budget

- The governor's proposal represents \$33.8 billion in state spending.
- 16% increase over the previous year.
- Governor proposes the following off-line spending:
 - \$1.8 billion into a new restricted account for School Employees Retirement.
 - \$2.1 billion of new Personal Income tax revenue distributed to school districts to reduce local property taxes.
- In total, the proposal accounts for \$4.7 billion in new spending.



New Debt and Borrowing

- \$3 billion in new debt to pay down unfunded pension liability.
- \$675 million in new debt for an economic growth plan.
- \$500 million in new debt for water and wastewater facilities.

Major Tax Components:

- Personal Income Tax rate increases from 3.07% to 3.70%.
- Sales and Use tax rate increases from 6% to 6.6%.
- Cigarette tax increases by \$1 per pack from \$1.60/pack to \$2.60/pack.
- New tax on other tobacco products including chewing tobacco, e-cigarettes, cigars, smokeless tobacco.
- Natural Gas Severance Tax: 5% at the well head and additional \$0.047 per Million Cubic Feet (MCF).
- Bank Shares tax increases from 0.89% to 1.25%.
- Phased reduction of the Corporate Net Income tax rate from 9.99% to 4.99% in 2018 over 3 years.
 - Implements mandatory combined reporting.
 - Reduces Net Operating Loss (NOL) deduction.
- Ensures the elimination of the Capital Stock & Franchise tax by end of 2015.

Examples of New items or Services to be Taxed Under Wolf's Proposal:

- Baby diapers
- Child daycare services
- Nursing care facilities and home health care services
- Textbooks
- Personal care services (i.e., hair & nail care, tattooing & piercing, day spa & massage)
- Personal care items (i.e., baby wipes, toilet paper, toothbrushes & toothpaste)
- Feminine hygiene products
- Professional services (i.e., accounting/tax prep, financial planning, attorney's fees)
- Building inspections
- Veterinary services
- Death care services
- Caskets & burial vaults
- Non-prescription drugs



www.taxpayersthatpay.com