

Property Tax Update

House Majority Policy Committee

Matthew Knittel, Director
Independent Fiscal Office



August 30, 2021

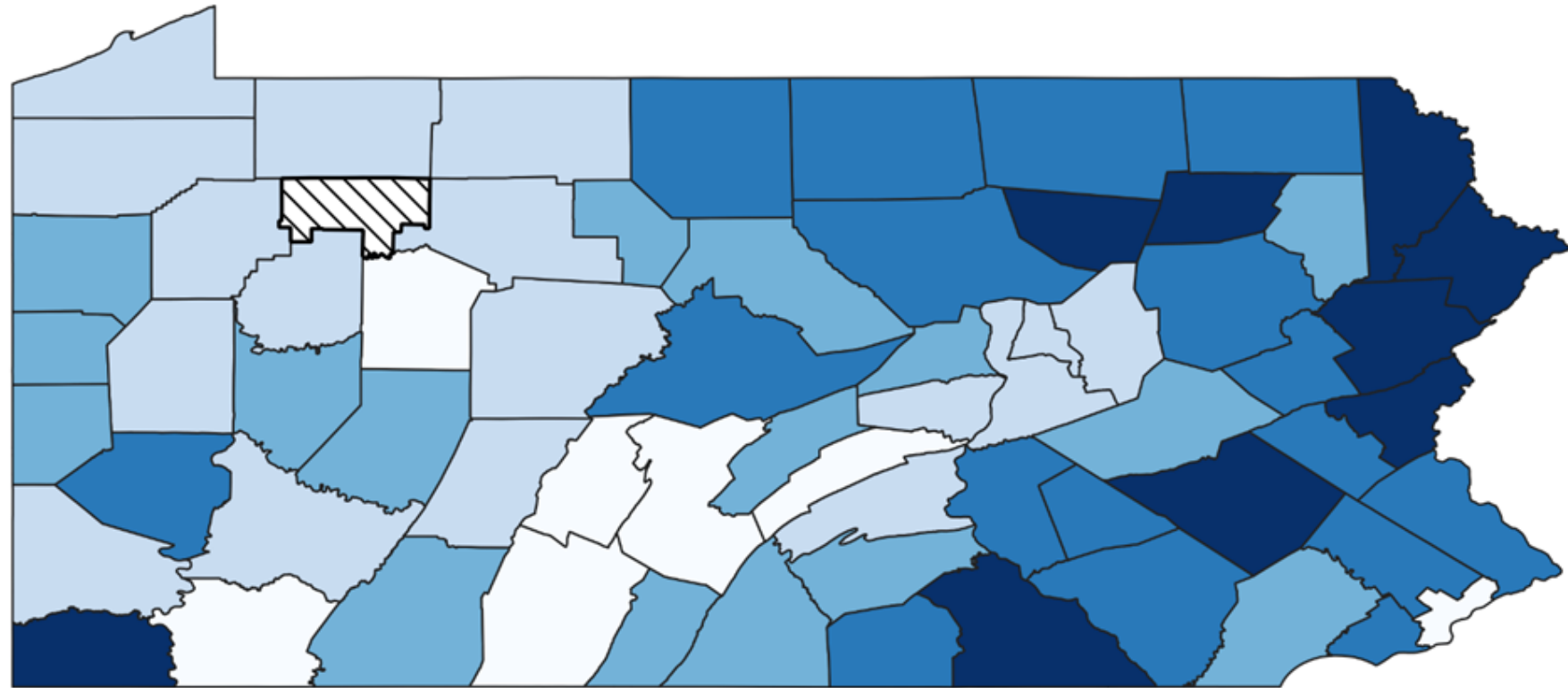
School District Property Tax Forecast

	Actual	Estimate	Forecast				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Current-Year	\$14,276	\$14,080	\$14,570	\$15,130	\$15,770	\$16,380	\$16,960
Act 1 ¹	534	535	535	535	535	535	535
Delinquent ²	<u>565</u>	<u>487</u>	<u>616</u>	<u>617</u>	<u>621</u>	<u>645</u>	<u>667</u>
Total	\$15,375	\$15,102	\$15,721	\$16,282	\$16,926	\$17,560	\$18,162
Note: Millions of dollars.							
1 Actuals through FY 2020-21. Estimated at \$535 thereafter.							
2 Actuals unavailable for FY 2019-20. Estimated by IFO throughout.							
Source: Actuals reported by PDE. All forecasts by IFO (Feb 2021).							

Potential School Property Tax Replacement Revenues

	22-23	23-24	24-25	25-26
Raise SUT by 1.5 ppt (7.5%)	\$3.21	\$3.32	\$3.43	\$3.54
Raise SUT by 2.0 ppt (to 8.0%)	\$4.26	\$4.40	\$4.55	\$4.69
2.0% SUT on Food (exclude SNAP-WIC)	0.66	0.68	0.70	0.73
2.0% SUT on Clothing	0.29	0.30	0.31	0.32
Raise PIT from 3.07% to 4.92%	9.17	9.57	10.00	10.43
Tax Retirement Income at 4.92% (see note)	<u>1.49</u>	<u>1.58</u>	<u>1.67</u>	<u>1.78</u>
TOTAL	15.86	16.53	17.22	17.93
<p>Note: Billions of dollars. SUT is sales and use tax. PIT is personal income tax. Retirement Income excludes Social Security. Estimates assume other Retirement Income will be taxed upon distribution such as DB and DC pensions, IRA withdrawals and annuities. Assumes that income previously taxed via the inability to deduct from gross income are not taxed a second time.</p> <p>Source: Independent Fiscal Office.</p>				

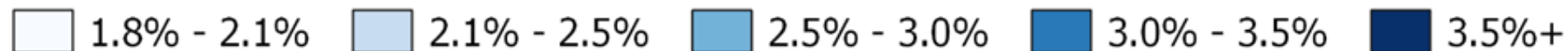
Property Tax Burden Varies Widely by County



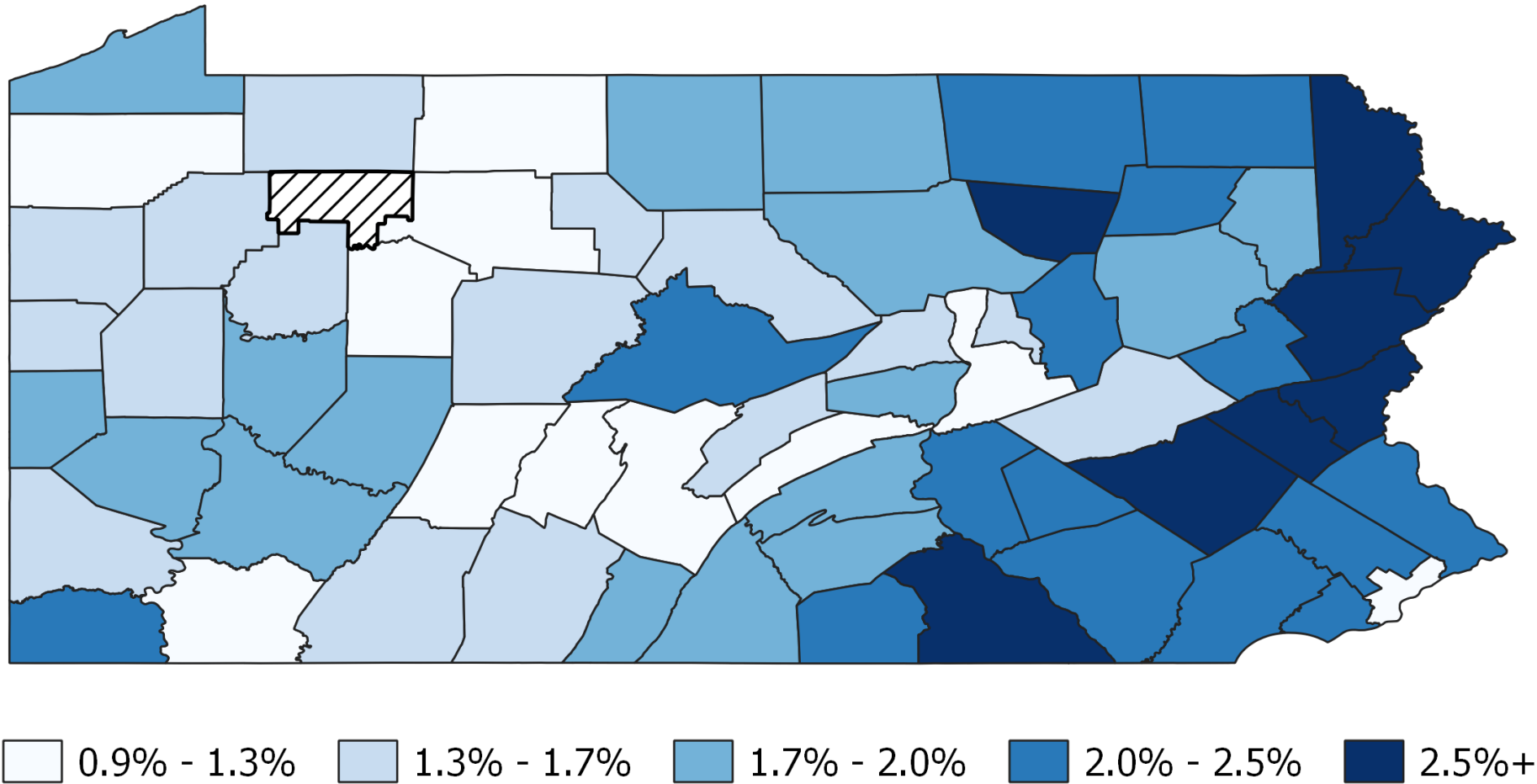
Property Tax Burden =
All Property Tax /
Total Income

Includes homeowners,
renters, landlords,
firms

See *Property
Tax Burden by
County* (Aug 2021)



School District Property Tax Burden by County



Rate of Return Sensitivity Analysis for State Pensions

Fiscal Year	SERS Employer Contributions		PSERS Employer Contributions	
	Underperform ROR by 1.0%	Exceed ROR by 1.0%	Underperform ROR by 1.0%	Exceed ROR by 1.0%
2022-23	\$529	-\$621	\$987	-\$904
2023-24	540	-633	998	-914
2024-25	557	-651	1,008	-926
2025-26	569	-665	1,018	-935
2026-27	579	-676	1,031	-946
Total	\$2,773	-\$3,247	\$5,042	-\$4,624
Note: Millions of dollars. PSERS includes both state and local school district contributions. Sources: Submissions supplied by SERS and PSERS in accordance with Act 37 of 2020.				