



**West Jefferson Hills
School District**

October 13, 2006

Act 1 – Taxpayer Relief Act

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What is the role of the Tax Study Commission under Act 1?

Tax Study Commission

- Mandatory under Act 1
- Appointed 180 days prior to adopting resolution (9/14/2006)
 - the purpose is to study existing taxes and recommend an EIT or PIT rate for the purpose of reducing property taxes
 - resolution authorizing referendum question for higher EIT or PIT rate
 - Board resolution must be adopted by 3/13/07
- Must include 5, 7, or 9 residents or taxpayers
 - socioeconomic, age, and occupational diversity
 - may include one school board member
 - no employees, officials, or relatives of employees or officials of the District



Contents of the Study – Required by Act 1

- Historic and present rate analysis
 - assessed vs. collected taxes
 - effects of county and municipal taxes
 - % of total revenues provided by taxes
- Tax base demographics
 - age, income, employment, property use
- Projected revenues of currently levied taxes



Commission Recommendation

- Recommendation within 90 days of appointment
- Recommendation to be presented at public board meeting
- Non-binding recommendation regarding imposition of taxes
 - EIT vs. PIT
- At least one public hearing prior to recommendation
- Board may accept or reject recommendation



Board Resolution

- Must be adopted by 3/13/07 (60 days before Primary)

- Must state EIT or PIT rate
 - Rate must achieve a property tax reduction between the minimum and maximum homestead exclusion
 - Rate not required to exceed 1% EIT, or PIT equivalent
 - Non-legal interpretative statement shall accompany referendum question

- Further periodic opportunities to change EIT or PIT may occur at a municipal election, no earlier than November 2009
 - Board decision, tax study will be required

What is Act 1 all about?

What is Act 1 all about?

- *Provides for school district property tax reduction funded through gaming revenue allocated by the state and possibly an additional income tax*
- *Facilitates a tax reduction and possibly a tax shift but does not directly provide additional revenue to school districts to fund academic programs*
- *Every qualified owner occupied home and farm will receive a school property tax reduction. Taxpayers, if they vote to do so, may pay some additional income tax to the school district which needs to be taken into account in terms of the “net” tax reduction to taxpayers.*
- *Districts will have limits on the ability to raise tax rates without seeking voter approval*
- *Citizens can have periodic opportunities to consider raising the initial local income based taxes to provide for further property tax reduction, may occur no earlier than November 2009, initial opportunity will occur in May 2007*

Summary of Major Provisions of Act 1

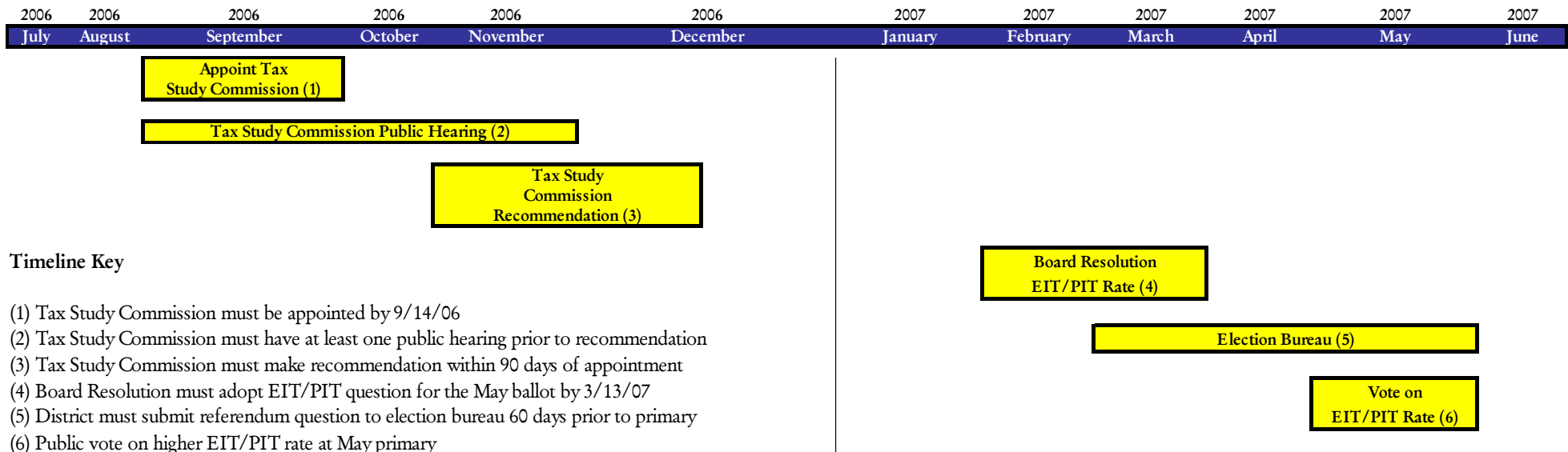
1. Provides an allocation for a portion of Pennsylvania gaming revenue to school districts to provide for property tax reduction – exact timing and amount uncertain at this time
2. Allows higher EIT or PIT to be imposed by front end referendum to provide for additional property tax reduction up to constitutional maximum
3. Uses the homestead and farmstead exclusion to achieve property tax reduction
4. Eventually, total property tax reduction to qualifying homesteads or farmsteads is the sum of state gaming money and any new locally generated income based taxes
5. Requires the school board to seek voter approval through a back end referendum for tax rate increases over an annually determined “index”
6. Provides for exemption from back end referendum for certain budgeted expenditures with either court or PDE approval
7. Any new state gaming money is for property tax reduction only and does not increase or decrease directly the state money available to the district for education
8. Immediately expands the state property-tax and rent rebate program
9. The District must create a tax study commission to study existing taxes and make a non-binding EIT or PIT recommendation for the purpose of reducing property taxes

Timing of Major Provisions of Act 1

- Expanded Property-Tax and Rent-Rebate Program
 - First payments will go out in 2007 as a rebate for the 2006 tax year
 - Eligible residents include citizens over the age of 65, widows over the age of 50, and disabled citizens over the age of 18
 - Raised income eligibility
- Voter referendum May 2007 to cut property taxes by increasing local income taxes
 - If approved, new local income tax would become effective July 1, 2007
 - If not approved, no new local tax would be imposed
- State Gaming Revenue
 - Once Reserve Funds are funded, gaming funds will be eligible for property tax reductions at a minimum of \$400 Million

Tax Study Commission Timeline under Act 1

Tax Study Commission Timeline

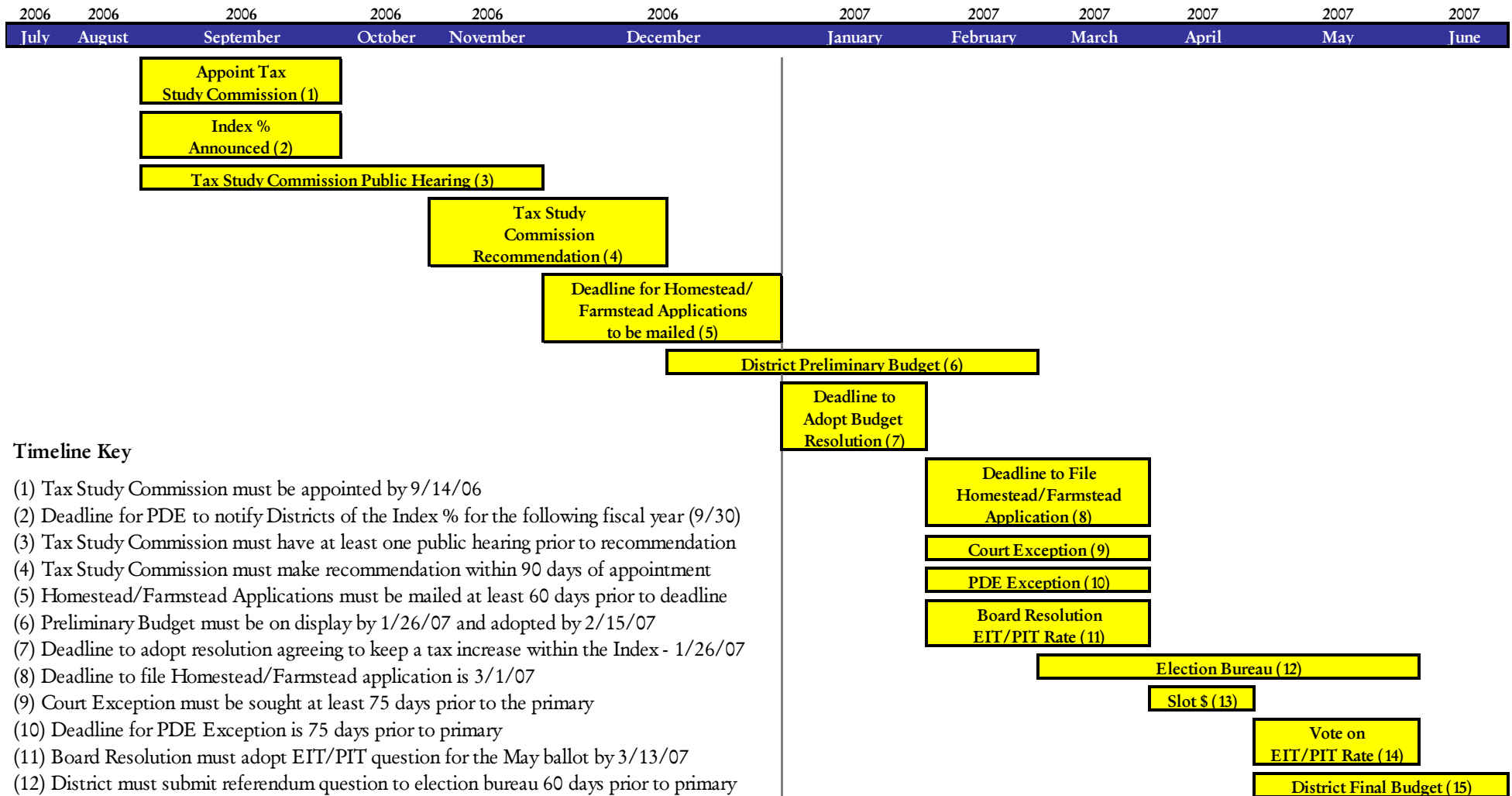


Timeline Key

- (1) Tax Study Commission must be appointed by 9/14/06
- (2) Tax Study Commission must have at least one public hearing prior to recommendation
- (3) Tax Study Commission must make recommendation within 90 days of appointment
- (4) Board Resolution must adopt EIT/PIT question for the May ballot by 3/13/07
- (5) District must submit referendum question to election bureau 60 days prior to primary
- (6) Public vote on higher EIT/PIT rate at May primary

District Budget Cycle under Act 1

District Budget Cycle Under Act 1



Timeline Key

- (1) Tax Study Commission must be appointed by 9/14/06
- (2) Deadline for PDE to notify Districts of the Index % for the following fiscal year (9/30)
- (3) Tax Study Commission must have at least one public hearing prior to recommendation
- (4) Tax Study Commission must make recommendation within 90 days of appointment
- (5) Homestead/Farmstead Applications must be mailed at least 60 days prior to deadline
- (6) Preliminary Budget must be on display by 1/26/07 and adopted by 2/15/07
- (7) Deadline to adopt resolution agreeing to keep a tax increase within the Index - 1/26/07
- (8) Deadline to file Homestead/Farmstead application is 3/1/07
- (9) Court Exception must be sought at least 75 days prior to the primary
- (10) Deadline for PDE Exception is 75 days prior to primary
- (11) Board Resolution must adopt EIT/PIT question for the May ballot by 3/13/07
- (12) District must submit referendum question to election bureau 60 days prior to primary
- (13) Slot \$ to be announced by 4/15/07
- (14) Public vote on higher EIT/PIT rate at May primary
- (15) Final budget adopted by 6/30/07

What should be the evaluation criteria for making an EIT/PIT recommendation?

Sample Evaluation Criteria to Consider – Not Required Under Act 1

- Who will be impacted by new EIT/PIT rate?
- Which tax base (EIT or PIT) is more predictable?
- Which tax base is growing more rapidly?
- What's the likelihood of a new EIT/PIT rate getting approved?
- How might relative tax structures of neighboring Districts impact population shifts and development?
- How will renters react?
- How will landlords react?
- What % of the population benefits from higher property tax reduction vs. higher EIT/PIT rate?
- What will be required to administer the tax?
- _____
- _____

What are the local income taxes that a district can impose under Act 1?

Districts can enact an Earned Income Tax or Personal Income Tax

Earned Income Tax (EIT): Levied by the Locality, taxes the following for services rendered:

- Salaries/Wages
- Commissions/Bonuses/Incentive Payments
- Fees
- Tips
- Sole proprietorship (Schedule C) Net Income
- Partnership (K-1) ordinary income

Personal Income Tax (PIT): Levied by the Commonwealth, Pennsylvania taxes eight classes of income:

- All of the above plus the following:
- Net Profits
- Net Property Income
- Net Income from Rents, Royalties, Patents & Copyrights
- Dividends
- Gambling & Lottery Winnings
- Interest
- Net Income through Estates or Trusts
- S Corporation (K-1) Net Income

Implications of new EIT or PIT rate

EIT

- Tax focuses on salary and wage earners
- Higher rate needed (smaller base)
- Benefits residents who have no EIT (Seniors)
- Unfavorable towards renters
- Cost to administer the tax

PIT

- More volatile
- Lower rate needed (larger base)
- Must convert all EIT if approved
- Who will collect the new tax?
- Taxes entire population
- Unfavorable towards renters
- Cost to administer the tax

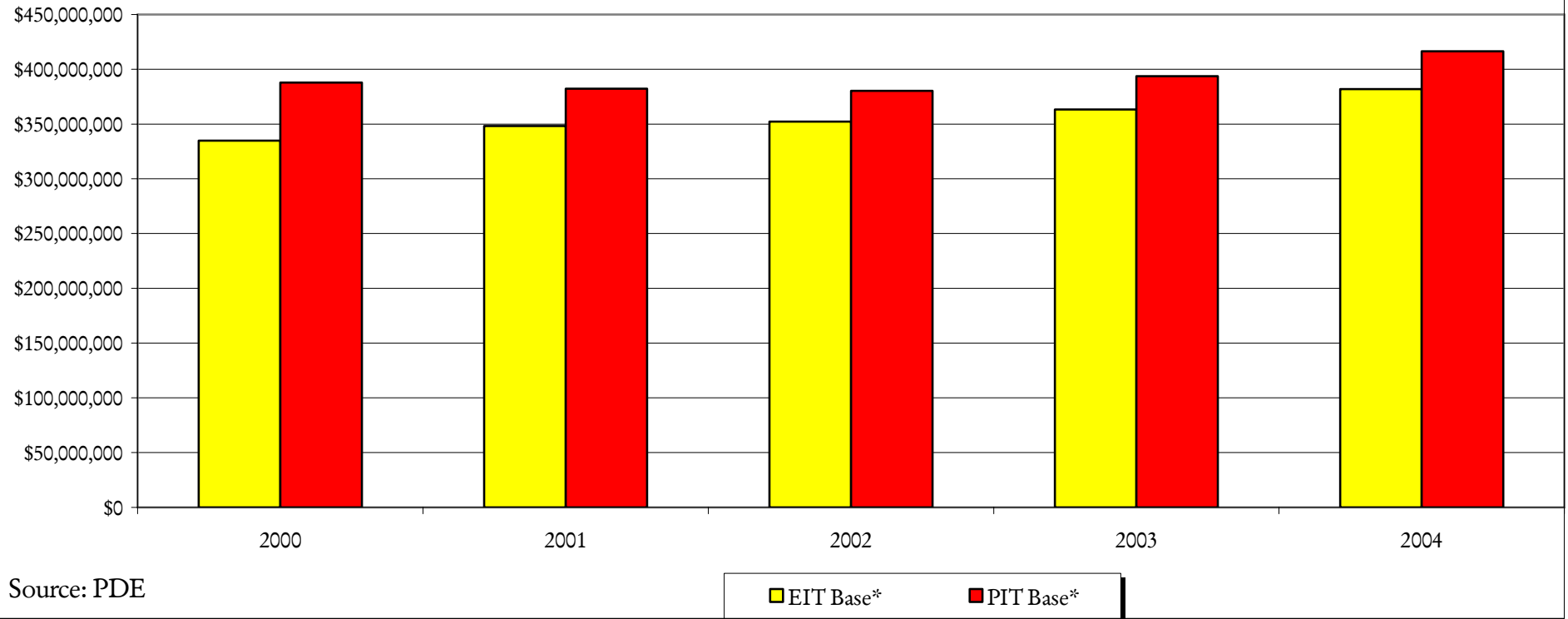
ACT 1 TAX STUDY COMMISSION West Jefferson Hills School District

	<u>2000</u>	<u>% Change</u>	<u>2001</u>	<u>% Change</u>	<u>2002</u>	<u>% Change</u>	<u>2003</u>	<u>% Change</u>	<u>2004</u>
EIT Base*	\$334,889,376	3.98%	\$348,227,784	1.15%	\$352,217,437	3.15%	\$363,322,959	5.07%	\$381,756,720
PIT Base*	\$387,888,313	-1.48%	\$382,137,985	-0.48%	\$380,288,289	3.53%	\$393,693,575	5.77%	\$416,421,926

*For illustrative purposes, a separate base is used for EIT/PIT calculations.




Source: PDE

EIT vs. PIT Base



**ACT 1 MODEL
West Jefferson Hills School District**

IMPACT OF EIT VS. PIT

	HOUSEHOLD A	HOUSEHOLD B	HOUSEHOLD C
			
Income			
Salaries/Wages	\$ 50,000		
Social Security		\$ 25,000	
Pension		\$ 25,000	
Commissions			
Fees			
Tips			
Sole Proprietorship			
Partnership Income			
Net Profits			
Net Property Income			
Net Income from Rent, Royalties			
Dividends	\$ 4,000	\$ 4,000	\$ 30,000
Gambling/Lottery			
Interest	\$ 2,000	\$ 2,000	\$ 26,000
Net Income through Estates/Trusts			
S Corporation (K-1)			
Total Earned Income	\$ 50,000	\$ -	\$ -
Total Personal Income	\$ 56,000	\$ 6,000	\$ 56,000
Total Income	\$ 56,000	\$ 56,000	\$ 56,000
Income Taxes @ 0.5% EIT	\$ 250	\$ -	\$ -
Income Taxes @ 0.5% PIT	\$ 280	\$ 30	\$ 280

Objective of the Tax Study Commission

Objective of the Tax Study Commission

The Tax Study Commission must recommend a specific income tax rate of either:

Earned Income Tax

Required to achieve a property tax reduction between the Minimum and Maximum Homestead Exclusion, rate increase not required to exceed 1.0%

----- OR -----

Personal Income Tax

Required to achieve a property tax reduction between the Minimum and Maximum Homestead Exclusion, rate increase not required to exceed the PIT equivalent of 1.0% EIT

SUMMARY OF INCOME TAX RATE CALCULATIONS
West Jefferson Hills School District

Earned Income Tax Rate Calculations

	Rate		Estimated Property Tax Reduction
Minimum Homestead Exclusion	1.00%	\$	509
Maximum Homestead Exclusion	1.90%	\$	966
Rate increase not required to exceed 1.0%			
1% EIT	1.00%	\$	509

----- OR -----

Personal Income Tax Rate Calculations

	Rate		Estimated Property Tax Reduction
Minimum Homestead Exclusion	1.00%	\$	554
Maximum Homestead Exclusion	1.70%	\$	941
Rate increase not required to exceed .9%			
PIT Equivalent of 1% EIT*	0.90%	\$	498 *

*Not exact equivalent due to rounding required by Act 1

Earned Income Tax Calculations

ACT 1 MODEL
West Jefferson Hills School District

CALCULATION OF MINIMUM HOMESTEAD/FARMSTEAD PROPERTY TAX REDUCTION AND NECESSARY EIT RATE

a. Minimum Homestead Property Tax Reduction*			
Amount Per Homestead:	(25% of Median Assessed Value x Millage Rate) 0.25 x \$101,300 = \$25,325 x 19.99 = \$506	\$	506
Total \$ Required:	(Amount Per Homestead x Eligible Homestead Properties) \$506 x 6,658 = \$3,370,591	\$	3,370,591
Additional Income Tax Rate Increase (over .5%) Needed To Collect \$3,370,591		(Unrounded .97%)**	1.00% ***
Estimated Collections of Additional Earned Income Tax (due to rounding)		\$	3,455,386
Per Act 1, 2.00% of Collections is Withheld for School District Operations		\$	3,386,278
Actual Minimum Homestead Property Tax Reduction:		\$	509
(Actual Projected Collections/ Eligible Homesteads) \$3,386,278 / 6,658 = \$509			

*For these calculations, the 2006/2007 millage rate and the projected 2007/2008 income tax base were used.

**Per Act 1, rate is rounded up to the nearest 0.10%.

***Total School District EIT rate is 1.5%, for illustrative purposes only, actual EIT rate increase not required to exceed 1.0%.

Note: Median assessed value and number of homesteads were provided by the District.

ACT 1 MODEL
West Jefferson Hills School District

CALCULATION OF MAXIMUM HOMESTEAD/FARMSTEAD PROPERTY TAX REDUCTION AND NECESSARY EIT RATE

b. Maximum Homestead Property Tax Reduction*

Amount Per Homestead:	(50% of Median Assessed Value x Millage Rate) 0.50 x \$101,300 = \$50,650 x 19.99 = \$1,012	\$ 1,012
Total \$ Required:	(Amount Per Homestead x Eligible Homestead Properties) \$1,012 x 6,658 = \$6,741,182	\$ 6,741,182

Additional Income Tax Rate Increase (over .5%) Needed To Collect \$6,741,182	(Unrounded 1.95%)**	1.90% ***
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Per Act 1, this rate increase is not required to exceed 1.0%

Estimated Collections of Additional Earned Income Tax (due to rounding)	\$ 6,565,233
Per Act 1, 2.00% of Collections is Withheld for School District Operations	\$ 6,433,928
Actual Maximum Homestead Property Tax Reduction:	\$ 966
(Actual Projected Collections/ Eligible Homesteads) \$6,433,928 / 6,658 = \$966	

*For these calculations, the 2006/2007 millage rate and the projected 2007/2008 income tax base were used.

**Per Act 1, rate is rounded down to the nearest 0.10%

***Total School District EIT rate is 2.4%, for illustrative purposes only, actual EIT rate increase not required to exceed 1.0%.

Note: Median assessed value and number of homesteads were provided by the District.

ACT 1 MODEL
West Jefferson Hills School District

CALCULATION OF HOMESTEAD/FARMSTEAD PROPERTY TAX REDUCTION @ 1.0% EIT

c. Homestead Property Tax Reduction @ 1.0% EIT*

Additional Income Tax Rate Needed	1.00%	**
Estimated Collections of Additional Earned Income Tax	\$ 3,455,386	
Per Act 1, 2.00% of Collections is Withheld for School District Operations	\$ 3,386,278	
Actual Maximum Homestead Property Tax Reduction:	\$ 509	
(Actual Projected Collections/ Eligible Homesteads) $\$3,386,278 / 6,658 = \509		

*For these calculations, the 2006/2007 millage rate and the projected 2007/2008 income tax base were used.

**Total School District EIT rate is 1.5%.

Note: Median assessed value and number of homesteads were provided by the District.

Personal Income Tax Calculations

ACT 1 MODEL
West Jefferson Hills School District

CALCULATION OF MINIMUM HOMESTEAD/FARMSTEAD PROPERTY TAX REDUCTION AND NECESSARY PIT RATE

a. Minimum Homestead Property Tax Reduction*

Amount Per Homestead:	(25% of Median Assessed Value x Millage Rate) 0.25 x \$101,300 = \$25,325 x 19.99 = \$506	\$ 506
Total \$ Required:	(Amount Per Homestead x Eligible Homestead Properties) \$506 x 6,658 = \$3,370,591	\$ 3,370,591

Personal Income Tax Rate (over existing .5% EIT) Needed To Collect \$3,370,591	(Unrounded .89%)**	1.00% ***
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Per Act 1, this rate increase is not required to exceed the PIT equivalent of 1.0% EIT

Estimated Collections of Additional Personal Income Tax (due to rounding)	\$ 3,762,004
Per Act 1, 2.00% of Collections is Withheld for School District Operations	\$ 3,686,764
Actual Minimum Homestead Property Tax Reduction:	\$ 554
(Actual Projected Collections/ Eligible Homesteads) \$3,686,764 / 6,658 = \$554	

*For these calculations, the 2006/2007 millage rate and the projected 2007/2008 income tax base were used.

**Per Act 1, rate is rounded up to the nearest 0.10%.

***Existing School District EIT rate is .5%, and would need to be converted to PIT, in addition to the 1.% PIT rate.

Note: Median assessed value and number of homesteads were provided by the District.

ACT 1 MODEL
West Jefferson Hills School District

CALCULATION OF MAXIMUM HOMESTEAD/FARMSTEAD PROPERTY TAX REDUCTION AND NECESSARY PIT RATE

b. Maximum Homestead Property Tax Reduction*

Amount Per Homestead:	(50% of Median Assessed Value x Millage Rate) 0.50 x \$101,300 = \$50,650 x 19.99 = \$1,012	\$ 1,012
Total \$ Required:	(Amount Per Homestead x Eligible Homestead Properties) \$1,012 x 6,658 = \$6,741,182	\$ 6,741,182

Personal Income Tax Rate (over existing .5% EIT) Needed To Collect \$6,741,182	(Unrounded 1.79%)**	1.70% ***
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Per Act 1, this rate increase is not required to exceed the PIT equivalent of 1.0% EIT

Estimated Collections of Additional Personal Income Tax (due to rounding)	\$ 6,395,407
Per Act 1, 2.00% of Collections is Withheld for School District Operations	\$ 6,267,499
Actual Maximum Homestead Property Tax Reduction:	\$ 941
(Actual Projected Collections/ Eligible Homesteads) \$6,267,499 / 6,658 = \$941	

*For these calculations, the 2006/2007 millage rate and the projected 2007/2008 income tax base were used.

**Per Act 1, rate is rounded down to the nearest 0.10%.

***Existing School District EIT rate is .5%, and would need to be converted to PIT, in addition to the 1.7% PIT rate.

Note: Median assessed value and number of homesteads were provided by the District.

ACT 1 MODEL
West Jefferson Hills School District

CALCULATION OF HOMESTEAD/FARMSTEAD PROPERTY TAX REDUCTION @ PIT EQUIVALENT OF 1.0% EIT

c. Homestead Property Tax Reduction @ PIT equivalent of 1.0% EIT*

Estimated Collections of Additional Earned Income Tax of 1.0%		3,455,386
Personal Income Tax Rate (over existing .5% EIT) Needed To Collect \$3,455,386	(Unrounded .92%)**	0.90% ***
Estimated Collections of Additional Personal Income Tax (due to rounding)		\$ 3,385,804
Per Act 1, 2.00% of Collections is Withheld for School District Operations		\$ 3,318,088
Actual Maximum Homestead Property Tax Reduction:		\$ 498
(Actual Projected Collections/ Eligible Homesteads) $\$3,318,088 / 6,658 = \498		

*For these calculations, the 2006/2007 millage rate and the projected 2007/2008 income tax base were used.

**Per Act 1, rate is rounded down to the nearest 0.10%

***Existing School District EIT rate of .5% would need to be converted to the PIT equivalent, in addition to the .9% PIT rate.

Note: Median assessed value and number of homesteads were provided by the District.

How will Act 1 impact taxpayers?

ACT 1 MODEL

West Jefferson Hills School District

IMPACT OF TAX REFORM ON HOMEOWNERS (Using EIT Base)



Property Tax Reduction only if approved by Taxpayers

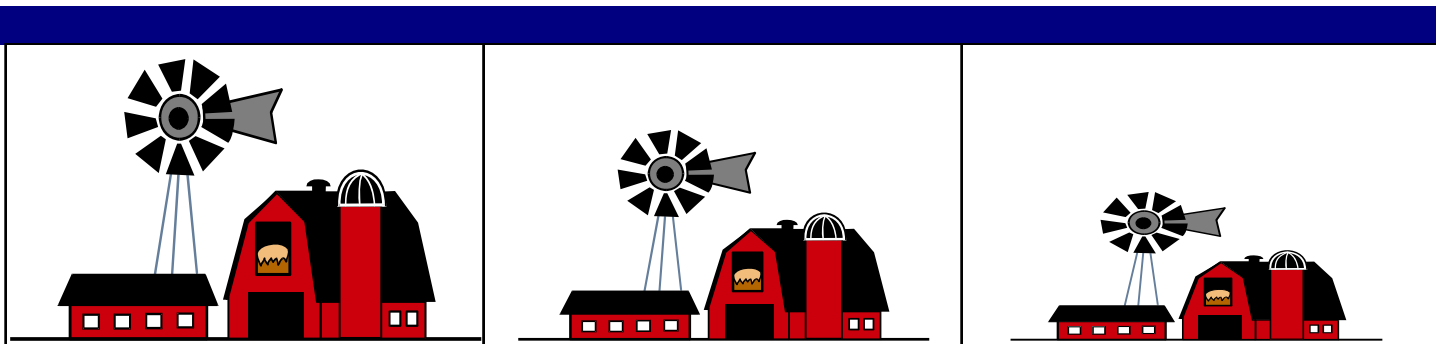
First Year Collections* @ 1.00% EIT	Income \$100,000	Income \$50,000	Income \$25,000
Homestead Exclusion	(\$356)	(\$356)	(\$356)
Additional Income Tax of 1.00%	\$1,000	\$500	\$250
Difference: (Savings)/Cost	\$644	\$144	(\$106)

Second Year Collections @ 1.00% EIT	Income \$100,000	Income \$50,000	Income \$25,000
Homestead Exclusion	(\$509)	(\$509)	(\$509)
Additional Income Tax of 1.00%	\$1,000	\$500	\$250
Difference: (Savings)/Cost	\$491	(\$9)	(\$259)

*For these purposes, assumes first year collections of 70% of total estimated collections.

**ACT 1 MODEL
West Jefferson Hills School District**

IMPACT OF TAX REFORM ON FARMSTEADS (Using EIT Base)



Property Tax Reduction only if approved by Taxpayers

First Year Collections*

@ 1.00% EIT	Income	\$100,000	Income	\$50,000	Income	\$25,000
Homestead Exclusion		(\$356)		(\$356)		(\$356)
Farmstead Exclusion		(\$356)		(\$356)		(\$356)
Additional Income Tax of 1.00%		\$1,000		\$500		\$250
Difference: (Savings)/Cost		\$288		(\$212)		(\$462)

Second Year Collections

@ 1.00% EIT	Income	\$100,000	Income	\$50,000	Income	\$25,000
Homestead Exclusion		(\$509)		(\$509)		(\$509)
Farmstead Exclusion		(\$509)		(\$509)		(\$509)
Additional Income Tax of 1.00%		\$1,000		\$500		\$250
Difference: (Savings)/Cost		(\$17)		(\$517)		(\$767)

*For these purposes, assumes first year collections of 70% of total estimated collections.

**ACT 1 MODEL
West Jefferson Hills School District**

IMPACT OF TAX REFORM ON RENTERS (Using EIT Base)



Property Tax Reduction only if approved by Taxpayers

First Year Collections* @ 1.00% EIT	Income \$100,000	Income \$50,000	Income \$25,000
Homestead Exclusion	\$0	\$0	\$0
Additional Income Tax of 1.00%	\$1,000	\$500	\$250
Difference: (Savings)/Cost	\$1,000	\$500	\$250

Second Year Collections @ 1.00% EIT	Income \$100,000	Income \$50,000	Income \$25,000
Homestead Exclusion	\$0	\$0	\$0
Additional Income Tax of 1.00%	\$1,000	\$500	\$250
Difference: (Savings)/Cost	\$1,000	\$500	\$250

*For these purposes, assumes first year collections of 70% of total estimated collections.

ACT 1 MODEL
West Jefferson Hills School District

IMPACT OF TAX REFORM ON HOMEOWNERS (Using EIT Base)
CHANGE IN SCHOOL TAXES DUE TO TAX REFORM

Assumes EIT Rate is approved by Taxpayers

Property Tax Reduction only if approved by Taxpayers	First Year Collections* @ 1.00% EIT		Second Year Collections @ 1.00% EIT	
	Additional EIT	1.00%	Additional EIT	1.00%
	Total EIT Rate	1.50%	Total EIT Rate	1.50%
	Homestead	\$356	Homestead	\$509
	Household Income	Difference	Household Income	Difference
	300,000	\$2,644	300,000	\$2,491
	285,000	\$2,494	285,000	\$2,341
	270,000	\$2,344	270,000	\$2,191
	255,000	\$2,194	255,000	\$2,041
	240,000	\$2,044	240,000	\$1,891
	225,000	\$1,894	225,000	\$1,741
	210,000	\$1,744	210,000	\$1,591
	195,000	\$1,594	195,000	\$1,441
	180,000	\$1,444	180,000	\$1,291
	165,000	\$1,294	165,000	\$1,141
150,000	\$1,144	150,000	\$991	
135,000	\$994	135,000	\$841	
120,000	\$844	120,000	\$691	
105,000	\$694	105,000	\$541	
90,000	\$544	90,000	\$391	
75,000	\$394	75,000	\$241	
60,000	\$244	60,000	\$91	
45,000	\$94	45,000	(\$59)	
30,000	(\$56)	30,000	(\$209)	
15,000	(\$206)	15,000	(\$359)	
0	(\$356)	0	(\$509)	

Note: Black positive numbers reflect an increase in the homeowner's school taxes.
 Red (negative) numbers reflect a reduction in the homeowner's school taxes.

*For these purposes, assumes first year collections of 70% of total estimated collections.

Demographics – 2000 Census

West Jefferson Hills School District				
2000 Census	Jefferson Borough	Pleasant Hills Borough	West Elizabeth Borough	Total
2003 Assessed Value	484,301,455	450,030,905	10,903,265	\$ 945,235,625
65 Years and Over Population	1,622	1,724	95	3,441
Weighted Percentage	9,666	8,397	565	18,628
Owner Occupied Homes	51.89%	45.08%	3.03%	100%
Renter Occupied Homes	2,985	2,706	168	5,859
Median Household Income	796	716	79	1,591
	50,615.00	50,289.00	26,339.00	49,731.74

West Jefferson Hills School District Statistics	
Median Household Income	\$49,731.74
Owner Occupied Homes	78.64%
Renter Occupied Homes	21.36%
Population over the age of 65	18.47%

Demographics (Cont.) – 2000 Census

West Jefferson Hills School District Income Levels					
Household Income (1999)	Jefferson Borough	Pleasant Hills Borough	West Elizabeth Borough	Total	Percentage
Less than \$10,000	212	139	49	400	5.38%
\$10,000 to \$14,999	236	175	23	434	5.84%
\$15,000 to \$24,999	385	352	47	784	10.54%
\$25,000 to \$34,999	402	399	41	842	11.32%
\$35,000 to \$49,999	609	638	40	1,287	17.31%
\$50,000 to \$74,999	868	806	27	1,701	22.88%
\$75,000 to \$99,999	568	406	17	991	13.33%
\$100,000 to \$149,999	333	384	9	726	9.76%
\$150,000 to \$199,999	76	66	-	142	1.91%
\$200,000 or more	63	66	-	129	1.73%
Total				7,436	100.00%

Average household income in 2004 per PA Municipal Service is \$62,772.83

Demographics (Cont.) – 2000 Census

West Jefferson Hills School District Household Values					
Household Values (1999)	Jefferson Borough	Pleasant Hills Borough	West Elizabeth Borough	Total	Percentage
Less than \$50,000	283	15	52	350	6.33%
\$50,000 to \$99,999	1,089	1,320	60	2,469	44.64%
\$100,000 to \$149,999	720	979	-	1,699	30.72%
\$150,000 to \$199,999	340	228	3	571	10.32%
\$200,000 to \$299,999	264	55	-	319	5.77%
\$300,000 to \$499,999	92	31	-	123	2.22%
\$500,000 to \$999,999	-	-	-	-	0.00%
\$1,000,000 or more	-	-	-	-	0.00%
Total	2,788	2,628	115	5,531	100.00%
Median Value	101,300	99,500	54,600		

Note: Current Common Level Ratio is 91.1

Historical and present tax analysis-
As required by Act 1

Assessed Value Analysis

Assessed Value

	Jefferson Borough	% Growth	Pleasant Hills Borough	% Growth	West Elizabeth Borough	% Growth	Total	% Growth
1996	69,569,795		71,616,660		1,795,490		142,981,945	
1997	71,675,105	3.03%	71,734,970	0.17%	1,784,365	-0.62%	145,194,440	1.55%
1998	72,942,580	1.77%	73,179,655	2.01%	1,803,690	1.08%	147,925,925	1.88%
1999	74,449,230	2.07%	74,955,590	2.43%	1,812,810	0.51%	151,217,630	2.23%
2000	76,827,985	3.20%	76,525,852	2.09%	1,828,360	0.86%	155,182,197	2.62%
2001	464,812,201		429,067,504		11,455,670		905,335,375	
2002	469,046,765	0.91%	454,222,295	5.86%	11,665,865	1.83%	934,934,925	3.27%
2003	484,301,455	3.25%	450,030,905	-0.92%	10,903,265	-6.54%	945,235,625	1.10%
2004	479,795,945	-0.93%	433,479,611	-3.68%	10,070,765	-7.64%	923,346,321	-2.32%
2005	477,743,615	-0.43%	432,096,961	-0.32%	9,981,965	-0.88%	919,822,541	-0.38%
Average		1.61%		0.96%		-1.42%		1.24%

Source: STEB

Assessed vs. Collected Real Estate Taxes

ACT 1 MODEL West Jefferson Hills School District

Analysis of Assessed vs. Collected Real Estate Taxes*

Fiscal Year Ending 6/30	Assessed Taxes	Collected Taxes	% Collected
2002	17,447,842	15,568,058	89.23%
2003	18,508,689	17,040,868	92.07%
2004	18,568,860	17,189,390	92.57%
2005	19,739,896	18,491,307	93.67%
2006	19,924,873	18,920,906	94.96%

*As required by Act 1 of 2006

ACT 1 MODEL
West Jefferson Hills School District

5 YEAR REVENUE & EXPENDITURE HISTORY

Table 1

	2001-2002	% Change	2002-2003	% Change	2003-2004	% Change	2004-2005	% Change	2005-2006
Revenues									
Local*									
<i>Real Estate*</i>	15,568,058	9.46	17,040,868	0.87	17,189,390	7.57	18,491,307	2.32	18,920,906
<i>Earned Income Tax*</i>	1,605,734	1.02	1,622,152	2.14	1,656,862	0.46	1,664,511	1.00	1,681,156
<i>Other Local Revenue*</i>	2,508,764	27.03	3,186,841	17.51	3,744,856	-2.47	3,652,313	-0.46	3,635,668
State	7,636,445	4.63	7,990,018	3.89	8,300,571	5.74	8,777,333	1.50	8,908,879
Federal	184,812	27.13	234,952	16.03	272,607	-19.28	220,057	-0.20	219,621
Other	71,719		41,066		13,326		245		17,244
Total Revenues	<u>27,575,532</u>	9.21	<u>30,115,897</u>	3.53	<u>31,177,612</u>	5.22	<u>32,805,766</u>	1.76	<u>33,383,474</u>
Expenditures	<u>28,021,284</u>	5.76	<u>29,634,670</u>	4.16	<u>30,867,981</u>	3.97	<u>32,093,144</u>	4.64	<u>33,582,930</u>
Difference	(445,752)		481,227		309,631		712,622		(199,456)

Table 2

% of Revenue from Taxes*	71.38%	72.55%	72.46%	72.57%	72.60%
Existing Taxes*					
School District EIT Rate	0.50%	0.50%	0.50%	0.50%	0.50%
Municipality EIT Rate	N/A	N/A	N/A	N/A	N/A
Occupation Tax	N/A	N/A	N/A	N/A	N/A
Occupational Privilege Tax	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Mechanical Device Tax	N/A	N/A	N/A	N/A	N/A
Per Capita Tax	N/A	N/A	N/A	N/A	N/A
Real Estate Transfer Tax	1-1.5 Mills	1-1.5 Mills	1-1.5 Mills	1-1.5 Mills	1-1.5 Mills
Business Privilege Tax	6 mills	6 mills	6 mills	6 mills	6 mills
Millage Rate	18.79	18.79	18.79	19.99	19.99
1 Mill=	828,529	906,912	914,816	925,028	946,519

*As required by Act 1 of 2006

ACT 1 MODEL
West Jefferson Hills School District

5 YEAR REVENUE & EXPENDITURE PROJECTION

Table 1

	2006-2007	% Change	2007-2008	% Change	2008-2009	% Change	2009-2010	% Change	2010-2011
Revenues									
Local*									
<i>Real Estate*</i>	18,615,000	1.00	18,801,150	1.00	18,989,162	1.00	19,179,053	1.00	19,370,844
<i>Earned Income Tax*</i>	1,706,124	1.00	1,723,185	1.00	1,740,417	1.00	1,757,821	1.00	1,775,399
<i>Other Local Revenue*</i>	3,879,510	1.00	3,918,305	1.00	3,957,488	1.00	3,997,063	1.00	4,037,034
State	9,193,268	2.00	9,377,133	2.00	9,564,676	2.00	9,755,970	2.00	9,951,089
Federal	216,050	0.00	216,050	0.00	216,050	0.00	216,050	0.00	216,050
Other	15,000	0.00	15,000	0.00	15,000	0.00	15,000	0.00	15,000
Total Revenues	33,624,952	1.27	34,050,824	1.27	34,482,793	1.27	34,920,957	1.27	35,365,416
Expenditures	34,394,502	3.00	35,426,337	3.50	36,666,259	3.50	37,949,578	3.50	39,277,813
Difference	(769,550)		(1,375,513)		(2,183,466)		(3,028,621)		(3,912,397)

Table 2

% of Revenue from Taxes*	71.97%	71.78%	71.59%	71.40%	71.21%
Existing Taxes*					
School District EIT Rate	0.50%	0.50%	0.50%	0.50%	0.50%
Municipality EIT Rate	N/A	N/A	N/A	N/A	N/A
Occupation Tax	N/A	N/A	N/A	N/A	N/A
Occupational Privilege Tax	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Mechanical Device Tax	N/A	N/A	N/A	N/A	N/A
Per Capita Tax	N/A	N/A	N/A	N/A	N/A
Real Estate Transfer Tax	1-1.5 Mills	1-1.5 Mills	1-1.5 Mills	1-1.5 Mills	1-1.5 Mills
Business Privilege Tax	6 mills	6 mills	6 mills	6 mills	6 mills
Millage Rate	19.99				
1 Mill=	931,216				

*As required by Act 1 of 2006

How does the State determine the amount of slot revenue a district will receive?

Allocation of Gaming Revenue to Schools

Available gaming revenue as certified by Secretary of Budget is allocated to each district which qualifies. Allocation based on a “Property Tax Reduction Index”

Property Tax Reduction Index Concept

- **Every district is ranked on four dimensions of relative wealth and tax effort**
- **The rankings for every district for the four dimensions are summed**
- **The sum of the ratings is divided by 1000 to produce an index for each district**
- **The Property Tax Reduction Index gives a greater share of property tax reduction to low income, low wealth, high tax effort districts**
- **Districts receive additional gaming funds as credit for Philadelphia Wage Tax payments paid by their residents.**

Allocation of Gaming Revenue to Schools

Components of Property Tax Reduction Index

1. 2002 Personal Income/2003-04 ADM

- Lowest income per student gets highest ranking i.e. 501

2. 2004-05 MV/PI Aid Ratio

- Highest aid ratio (least wealthy) gets highest rank

3. 2002-03 Equalized Mills (Total school taxes/market value)

- Highest tax effort gets highest rank

4. 2002-03 School Tax Ratio (Total school taxes/personal income)

- Highest tax effort gets highest rank

State Allocation= District Index x ADM x (Dollar Amount Set by State)

Next Steps for the Tax Study Commission....

- Review and analyze material
- The Tax Study Commission must recommend an income tax rate of:
 - Earned Income Tax or Personal Income Tax
 - Required to achieve a property tax reduction between the Minimum and Maximum Homestead exclusion, but not required to exceed 1% EIT or the PIT equivalent
- Hold at least one public hearing prior to recommendation
- Make recommendation at public board meeting within 90 days of appointment
(If September 14th + 90 days = December 13th)

Referendum Question #1

- Do you favor imposing an additional X% earned income tax? The revenue generated from the increased tax rate will be used to reduce taxes on qualified residential properties by (insert amount of reduction). The current earned income tax rate is Z%.

Referendum Question #2

- Do you favor imposing a personal income tax at X%? The revenue generated from the tax will be used to reduce taxes on qualified residential properties by (insert amount of reduction).

Referendum Question #3

- Do you favor converting the school district's current earned income tax to a personal income tax at X%? The revenue generated from the personal income tax will be used to reduce taxes on qualified residential property by (insert amount of reduction) and to replace the revenue from the school district's current earned income tax. The current earned income tax is Z%.

Referendum Questions

- [Referendum Question #1](#)
- Do you favor imposing an additional $X\%$ earned income tax? The revenue generated from the increased tax rate will be used to reduce taxes on qualified residential properties by (insert amount of reduction). The current earned income tax rate is $Z\%$.
- [Referendum Question #3](#)
- Do you favor converting the school district's current earned income tax to a personal income tax at $X\%$? The revenue generated from the personal income tax will be used to reduce taxes on qualified residential property by (insert amount of reduction) and to replace the revenue from the school district's current earned income tax. The current earned income tax is $Z\%$.

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