



Great Valley School District
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NEWS RELEASE

FOR IMMEDIATE RELEASE
DATE: December 4, 2006

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School Board Hears Recommendation from Citizens' Tax Study Commission

Malvern, PA – The Great Valley Board of School Directors heard a recommendation from the Citizens' Tax Study Commission (TSC) at its Dec. 4th meeting. The TSC recommended that the Board enact an Earned Income Tax (EIT) at the rate of one percent under the tax-shifting provisions of Pennsylvania Act 1. The recommendation is the result of a six-to-three vote taken at the Nov. 14th meeting of the TSC.

The TSC was formed earlier this year as a mandate of Act 1 of 2006. The Board chose eight members from applications they received from community members. One additional member was chosen from the School Board. The TSC met six times in public and gathered citizen input at two public hearings and over the Great Valley School District web site. The commission's deliberations centered on the pros and cons of EIT and PIT (Personal Income Tax) choices, as well as the percentage rate corresponding to minimum or maximum Homestead Exemptions.

"The majority of the TSC felt that an EIT has the advantages of being understood," said Chair John Martin who resides in Charlestown Township. "An EIT is also relatively stable in terms of base and is collectible without any new forms or collection mechanisms," he said.

According to David Knies, vice chair and resident of Malvern Borough, the TSC recommendation includes a desire to introduce the EIT to residents at a reasonable level, with the option of possibly raising the percentage (and Homestead Exemption dollars) in future years.

For the median income household in Great Valley with earnings of \$92,028 (based on the 2000 census with a 3% annual increase to 2007), the impact of a one percent EIT is a decrease of \$19 per year in tax payments for that household. Philadelphia workers and retired seniors would also see decreases in their tax with the proposed TSC recommendation. High income households and renters would see increases in their annual tax.

"I think it is important for the community to learn as much as it can about the potential tax shifting," said Brian Fink, a member of the TSC who lives in Charlestown Township. "The TSC membership is certainly not representative of the overall school district's demographics. While we tried to look at information objectively to make the best recommendation we could, the six members of the TSC who voted for the EIT recommendation are age 55 or older." Fink noted that while the tax benefits of an EIT are evident for retired residents, younger couples and those who rent may not favor the EIT. "The community really needs to involve itself in this consideration and make its voice heard," said Fink.

Act 1 allows communities to make certain decisions about local tax structure. The legislation requires that all school districts in the state of Pennsylvania place a referendum question on the spring primary ballot that, with voter approval, would shift the local funding for schools from homeowner real estate tax to an earned income tax. The School Board will consider the recommendation of the TSC as it prepares its referendum question for the ballot in May.