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Ryan Proposes School Property Tax Elimination Act

HARRISBURG – Rep. Frank Ryan (R-Lebanon) unveiled his proposal to eliminate school property taxes at a Capitol press conference today. The measure, House Bill 13, the School Property Tax Elimination Act, would replace 100% of all school property taxes. The entire press conference can be viewed on Ryan’s Facebook page, *Facebook.com/RepFrankRyan*.

Answering questions with Ryan at the podium were Jim Rodkey, head of the Pennsylvania Property Rights Association; Al Ciardi, managing partner of Philadelphia-based Ciardi Ciardi & Astin, a law firm which specializes in business bankruptcy and other matters; and Blake Ringenberg, licensed professional counselor with Gethsemane Counseling and Coaching. Ringenberg spoke about the negative psychological impact on children when a family loses their home to property tax liens.

“There is no bigger issue in the Commonwealth of Pennsylvania than school property taxes,” Ryan said. “I get more emails and more comments on ‘when are we going to do something about school taxes’ than any other issue. The fact is, seniors are losing their homes to sheriff’s sales and young people are moving out of our state due to this onerous and unfair tax.”

Ryan indicated that he became concerned when he was first elected that the movement of property tax reforms and elimination were not moving. As a result, he set out to find out why and became aware of a multitude of objections to other bills. House Bill 13 seeks to address some of those concerns while keeping the main premise of 100% school property tax elimination.

“The property tax is an archaic, regressive and unfair system of taxation and needs to come to be eliminated,” Rodkey said. “No other tax taxes the same thing over-and-over again until the taxes on the thing exceed its value and worth. Clinging to any part of the school property tax is to continue to embrace this onerous system of taxation. The current mechanism is so unsustainable that it’s not only a threat to our homes, it’s a threat to the future of public education!”

Ryan’s legislation would replace school property taxes with some expanded and new levies so that everyone in Pennsylvania helps to fund our education system instead of placing that burden squarely on the backs of homeowners.

A local Personal Income Tax (PIT) of 1.85% would be paid directly to the school district and a local sales tax of 2% would be added to existing items that are already taxed by the Sales and Use Tax (SUT). These taxes would be allocated to the school district in the county to which the sale took place.

A local sales tax of 2% only would be added to food and clothing, but these items would not be subject to the current 6% SUT. Anyone receiving Supplemental Nutrition Assistance Program benefits or public assistance will be exempt from those taxes on food. Social Security would not be taxed. Retirement income would be taxed at a rate of 4.92% with 3.07% of that tax going to the state for education and 1.85% of the tax going to the school district. It is estimated that seniors would save approximately 75% of the school property taxes that they currently pay.

Ryan indicated that despite focus groups during the development stage, senior reaction has caused him to start to go around the state to listen to comments before introducing the final bill which will continue to be updated on his website repfrankryan.com.

He indicated “I have never seen such a complicated problem and unlevel tax system in my life and developing a rational solution has proved daunting.”

In the interim, Ryan indicated that he is also supporting any bill that completely eliminates school property taxes. Ryan said, “My only concern is that any effort to get rid of this burdensome tax becomes more problematic during a recession”

Ryan, a Certified Public Accountant who, prior to coming to the legislature, helped save companies from bankruptcy, has also developed a financial rescue plan for Pennsylvania that can be downloaded at RepFrankRyan.com. He has extensively reviewed Pennsylvania’s debt to income ratio – in the case of a state, it is unfunded liabilities versus tax receipts and other monies into the Treasury and determined that the commonwealth is just years from insolvency. Should that happen, any hope of property tax elimination will be gone.

“There have been many attempts over the years by many members of the General Assembly to eliminate school property taxes, but the challenge thus far is getting at least 102 votes in the House and 26 votes in the Senate to send a bill to the governor’s desk,” Ryan said. “I have worked very hard to craft this bill to spread the burden of funding our schools in an equitable way to get as many stakeholders on board as possible in order to get the votes we need to make elimination of school property taxes a reality.”

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