



The Personal Income Tax Question Referendum

Registered voters in the York Suburban School District will be asked the following question, representing a shift in their school taxes, on the May 15 Primary Election Ballot:

“Do you favor converting the school district’s current earned income tax to a personal income tax at 1.5%? The revenue generated from the personal income tax will be used to reduce taxes on qualified residential property by an estimated \$602 in the 2007-2008 school year and to replace the revenue from the school district’s current earned income tax. The current earned income tax rate is 0.5%.”

YES

NO

The ‘Plain English’ Version

Under the Taxpayer Relief Act (also known as Special Session Act 1 of 2006), each local school board may – with voter approval – impose a tax on personal income in order to pay for reductions in property taxes on approved homestead and farmstead property. The Act provides that voters within each school district are to decide directly whether their school district will impose a new personal income tax to replace the school district’s earned income tax and to fund property tax relief. This referendum question is being presented to voters to allow them to decide that question.

A personal income tax (“PIT”) is a tax on earned income (compensations and net profits), interest, dividends, capital gains, income derived from rents, royalties, patents, copyrights, estates, trusts, gambling or lottery winnings, and other income – but not Social Security and qualified pension income. A local PIT is imposed only on those forms of income subject to the state income tax.

School districts that impose a tax on personal income will convert their existing earned income tax (“EIT”) rate to a personal income tax rate. Because a PIT taxes more forms of income than an EIT, a PIT rate lower than the current school district EIT rate generates the same revenue for the school district. A school district’s conversion to a PIT generates additional funds for property tax relief as described below:

- If the majority of voters vote "yes" on this referendum question, effective July 1, 2007, residents in the York Suburban School District will pay to the school district a PIT in the amount of 1.5% instead of the current .5% in EIT. This includes paying 1.5% in tax on the other forms of income that were not previously taxed, because they were not earned income.
- The current school district EIT rate is .5%; in order to generate the same revenue, a PIT of only .4% would be necessary.

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Primary Election Day Is Tuesday, May 15

The Primary Election will take place on Tuesday, May 15, 2007.

Polling places are open from 7 a.m. to 8 p.m.

Polling place information is available from the York County Voter Registration and Election Office, if residents are not sure where they should vote.

Individuals not familiar with the new computer voting machines may see a machine and receive information at the Voter Registration and Election Office in the basement of the York County Administration Center (the former Courthouse) in the first block of East Market Street in York City.

Independents Can Vote on Referendum

Voters registered as Independents are eligible to vote on the referendum question during the Primary Election on May 15, according to John Scott, Director of the York County Voter Registration and Election Office.

Independents cannot vote for candidates on the ballot; only residents registered as Republicans or Democrats may vote for candidates.

How to Calculate the ESTIMATED Impact of a 'YES' vote on PIT

If the PIT Referendum Question passes on May 15, there will be a tax impact on all residents of the York Suburban School District. Fill in the appropriate worksheet (homeowner or renter) to estimate some of the impact of this change on your household's local taxes. Residents should contact a tax advisor or accountant for specific tax information and guidance.

To complete these calculations you will need the following documents (if you file them):

- 2006 Form PA-40 – state personal income tax return for your household
- 2006 York Adams Tax Bureau Form 214 – local earned income tax return for your household

CALCULATIONS FOR HOMEOWNERS

Enter \$0 if your household does not file the returns listed

	Figure from form	Calculation
Line 11 from 2006 form PA-40	① _____	
Multiply ① by .015 and enter in ②		② _____
Total from Line 7 A + B on YATB 2006 Form 214	③ _____	
Multiply ③ by .005 and enter in ④		④ _____
Subtract ④ from ③		⑤ _____
Reduction on school real estate tax bill (this amount is the same for every homestead property)	⑥ - \$602.00	
Subtract ⑥ from ⑤		⑦ _____

⑦ is the estimated difference in your local tax: a positive number means a higher tax bill; a negative number means a lower tax bill.

NOTE 1: Residents with limited income, older than age 65, may also be eligible for a property tax rebate check directly from the Commonwealth. For more information contact your accountant or tax advisor.

NOTE 2: Residents who itemize deductions on their federal income tax return may see a change if the PIT is adopted – consult your tax advisor.

CALCULATIONS FOR RENTERS

Enter \$0 if your household does not file the returns listed

	Figure from form	Calculation
Line 11 from 2006 form PA-40	① _____	
Multiply ① by .015 and enter in ②		② _____
Total from Line 7 A + B on YATB 2006 Form 214	③ _____	
Multiply ③ by .005 and enter in ④		④ _____
Subtract ④ from ②		⑤ _____

⑤ is the estimated difference in your local income taxes: a positive number means a higher tax bill; a negative number means a lower tax bill.

NOTE 1: Residents with limited income, older than age 65, may also be eligible for a rent rebate check directly from the Commonwealth. For more information contact your accountant or tax advisor.

NOTE 2: Residents who itemize deductions on their federal income tax return may see a change if the PIT is adopted – consult your tax advisor.

- Thus, the additional 1.1% of the increase in income tax rate will generate additional revenues for the district that will be used to lower property taxes starting with the 2007-08 fiscal year.
- Residents who own and live in their homes (and who have applied and thus far have been approved to receive a homestead or farmstead exclusion) will receive a reduction in their property taxes by an estimated \$602.00 for homesteads and \$602.00 for farmsteads. This reduction may be lower in the first year of implementation due to time lags in the collection of income taxes. In addition, the proposed increase would generate an estimated \$87,050.00 in revenue – representing 2% of the estimated additional revenue generated by the additional tax – which may be used for school district operations in 2007-08 as permitted by the Taxpayer Relief Act.
- The change in school district tax rate will not affect any income tax currently levied by the local municipality or state.

If the majority of voters vote "no" on this referendum question, no changes would occur to the school district's portion of the earned income tax rate. Therefore, no local revenue would be available for property tax relief.

Voters' decision on this referendum question will not affect the school district's ability to receive state funds that will be used for property tax relief.

What the PIT Referendum Means to You

WHAT A 'YES' VOTE MEANS

- Adds 1.5% income tax on all personal income, including interest and dividends (same classes of income as taxed on the Pennsylvania Personal Income Tax return). Social Security and pension benefits are exempt from the PIT.
- Eliminates .05% school district income tax on all earned income. (Townships will continue to collect .05% earned income tax.)
- For qualified homestead properties only (property owners who filed forms), a reduction of approximately \$602 on York Suburban School District real estate taxes.

WHAT A 'NO' VOTE MEANS

- No new taxes on personal income; no change in the taxes on earned income.
- No reduction of York Suburban School District real estate tax bills for qualified homestead properties.

What the Referendum Is All About: A Brief History

ACT 1

Last year, in an effort to shift school revenues away from property taxes in the Commonwealth of Pennsylvania, the legislature adopted Act 1. It requires school districts to place a referendum on the May 15 Primary Election ballot asking voters if they would favor reducing their property taxes by increasing either an Earned Income Tax or a Personal Income Tax.

Because it is a tax shift for residents of the school district, the total amount of money raised through the increased taxes would be "revenue neutral" for the school districts.

If the referendum question were to be rejected by voters, the current property tax system in the school district would remain.

CITIZENS COMMITTEE

School districts were required to organize Tax Study Citizens Commissions to examine the options provided by Act 1.

The York Suburban Citizens Committee – made up of a cross section of residents in the district -- held a series of public meetings.

Following the meetings, the Citizens Committee then recommended to the York Suburban Board of School Directors that a Personal Income Tax (PIT) would be the best solution for the district. The base for the PIT would be the same as personal income taxed by Pennsylvania.

York Suburban is the only school district in York County with a PIT referendum; the others will be voting on Earned Income Tax (EIT) referendum questions.

Act 1 does not allow for an "either/or" vote on imposing a local PIT or increasing the EIT. That means registered voters in the York Suburban School District will be voting "Yes" or "No" on Tuesday, May 15, to establish a Personal Income Tax to shift a portion of the district's revenue away from property taxes or reject the PIT proposal.

Computerized Voting Machines

York County adopted new, computerized voting machines for the Fall 2006 General Election.



Computerized voting machine.

If you did not vote in that election, but will be voting in the May 15 Primary Election, you should know that you will be casting your ballot on a computer screen.

If you would like to see the computerized voting machine prior to the May 15 primary, a sample machine is available at the York County Voter Registration Office, lower level of the York County Administration Center (former York County Courthouse) in the first block of East Market Street.

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Two Polling Locations Have Changed

Here are the polling places for registered voters living in the York Suburban School District:

- Springettsbury Township #1 ... Advent Lutheran Church ... 1775 E. Market Street
- **Springettsbury Township #4 ... Brunswick at Longstown ...2830 Carol Road**
(Formerly located at East York Elementary School)
- Springettsbury Township #5 ... York Art Association ... 220 S. Marshall Street
- **Springettsbury Township # 6 ... Springettsbury Twp. Fire Co. ... 3013 E. Market Street**
(Formerly located at Yorkshire Elementary School)
- Spring Garden Township # 1 ... Christian & Missionary Alliance Church ... 501 Rathton Road
- Spring Garden Township # 2 ... Teamsters Local #430 ... 1780 Sixth Avenue
- Spring Garden Township # 3 ... Spring Garden Twp. Police Building ... 340 Tri-Hill Road
- Spring Garden Township # 4 ... Grantley Fire Company ... 918 Virginia Avenue
- Spring Garden Twp. # 5 ... Luther Memorial Church ... 1907 Hollywood Drive

(Bold face type indicates a new poll location)

If you are not sure of your polling district or the location of your polling place, contact the York County Voter Registration Office, 771-9604.