



Education Update

From the Senate Education Committee

MAY 8, 2006

House Delays Vote on Property Tax Relief Compromise

Two days after a six-member conference committee unanimously approved a compromise property tax relief bill, the House of Representatives decided not to consider the package.

The Senate approved the measure by a vote of 40-9 on Tuesday, May 2.

The conference committee report on Special Session House Bill 39, the pro-

posed Pennsylvania Taxpayer Relief Act, was crafted by a joint Senate-House conference committee over a two-month period. The conference committee, which included three Senate members and three members of the House of Representatives, met seven times until a compromise was agreed upon.

The House of Representatives has indicated that it may take up the con-

ference committee report when it reconvenes in June.

Special Session House Bill 39 – Highlights

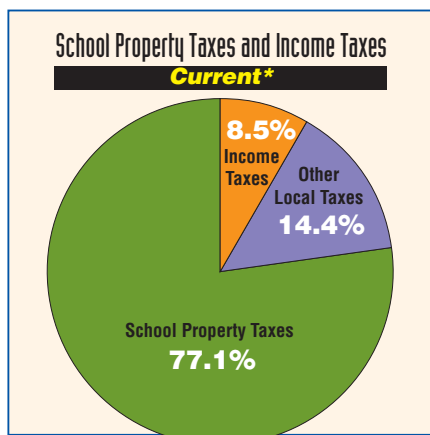
- Require 2007 Primary Election Referendum on Income Tax Shift
- Require Backend Referendum Tax Controls for All School Districts
- Prohibit Act 72 School Districts from Levying 0.1% EIT
- Allow School Districts to Conduct Additional Referendum on Income Tax Shift
- Provide Gaming Revenues for Property Tax Relief to All School Districts
- Require School Districts to Offer Property Tax Installment Payments
- Expand PTRR Program

Property Tax Compromise Could Provide \$1.7 Billion in Relief

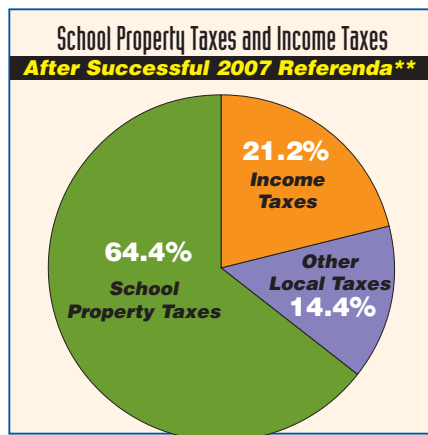
After voters approve local income tax referenda and \$400 million in gaming funds is distributed to school districts, the conference committee report on Special Session House Bill 39 could provide up to \$1.7 billion in

property tax relief to homeowners. An additional \$200 million in property tax relief would be available to senior citizens in 2007.

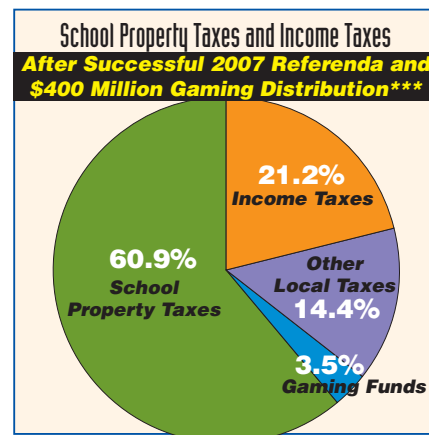
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*Based on FY 2003-2004 tax collection data.



**Assumes all school districts approve referenda authorizing income tax rates sufficient to provide mandatory minimum 50% of maximum homestead exemption.



***Assumes distribution of \$400 million in gaming funds to school districts.

Senate Education Committee

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Department Promotes Computer Program Without Legislative Approval

Although the General Assembly has yet to approve the FY 2006-2007 state budget, the Department of Education is promoting Governor Edward Rendell's proposed \$20 million Classrooms for the Future program to the Commonwealth's school districts.

According to the Department's

website, school districts are being encouraged to attend seminars providing instructions on how to apply for the program. An application is also available online.

The Classrooms for the Future program would allow school districts to apply for funds to purchase laptop

computers for their classrooms.

Statutory authorization for the program will not exist until the General Assembly approves the FY 2006-2007 General Appropriations Act and until enabling legislation is enacted.

It is unclear whether the General Assembly supports this program.

New Law Allows Special Ed Students to Participate in Commencement Exercises

Governor Edward Rendell has signed legislation that the Senate Education Committee approved in March requiring school districts to allow special education students to participate in high school commencement exercises even if they have not completed their special education programs.

House Bill 1618, which was signed as Act 31 of 2006, would ensure that special education students are not denied participation in high school commencement exercises because their individualized education programs require them to receive services beyond the fourth year of high

school. The new law also requires school districts to provide these students with a certificate of attendance.

Prior to the passage of Act 31, school districts were not required to allow these students to participate in commencement exercises. However, the Department of Education recommended that school districts do so.

House Bill 1618 was approved unanimously by the Senate on April 17 and was approved unanimously by the House of Representatives on April 24. It was signed into law by the Governor on May 1.

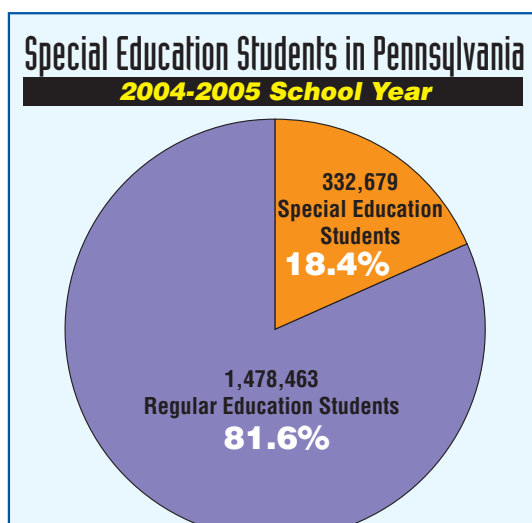
According to data from the Department of Education, 18.4% of Pennsylvania's public school students are classified as special education students.

Property Tax Compromise

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The House Bill 39 conference committee report would require all school districts except Philadelphia, Pittsburgh and Scranton to hold a referendum in Spring, 2007 to seek voter approval for an increase in local income taxes to provide property tax relief to residential property owners. In addition, it would require all school districts to participate in the backend referendum process and provide state gaming funds to all school districts for property tax relief.

If all school districts approve the income tax referendum in 2007, property taxes for the average homeowner could decrease by \$378, or 26.6%. When combined with \$400 million in state gaming funds, property taxes for the average homeowner could decrease by \$482, or 36%. More detailed information on the proposal is available at <http://www.pasenategop.com/news>



Data Source: Department of Education

For more information or detailed analyses of these topics, contact the Senate Education Committee staff at 787-2637.