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Pennsylvania Lags Other States in Voter Control of School Taxes

Nothing is more important in controlling ever-increasing school property taxes than to limit the rate of spending growth. To accomplish that, voters and taxpayers need to have direct input into the spending and taxing decisions of their school districts. It is obvious to all that in Pennsylvania school boards cannot be relied to fight the battle for them. Boards are hamstrung by the threat of teacher strikes and irate parents who do not want to be inconvenienced by strikes. Thus, voters and taxpayers should be provided direct input through referenda regarding allowable yearly spending and taxation increases.

To be sure, the Property Tax Relief Act of 2006 does have a requirement for referendum for tax hikes. But the fact is that provision is so riddled with loopholes and exemptions that it is a virtual certainty no referenda on school tax rate increases will be held. As will be demonstrated by the following summary of what other states are doing to limit tax and spending increases, Pennsylvania is woefully out of step--as it is with its patently one sided teacher strike stance. This summary is taken from a full report that will be issued in the near future.

Our research finds that twenty five states place a cap on property taxes at a specific millage rate and require voter approval for tax rate increases beyond this. The rate varies among states and types of assessed property. In Ohio, for example, caps on property taxes are set at a very low amount, which leads to referendum on property tax millage caps becoming an annual event. If a new project requires an increase in millage rates, it will become a ballot issue stating the project and corresponding millage rate necessary to fund it. This procedure allows taxpayers to determine if a project is a worthwhile investment or an unwarranted use of funds. If a referendum fails to pass, a second referendum is held in the late summer. Sometimes a lower millage rate is put on the ballot, but in some circumstances, the same millage rate is voted upon again. Michigan uses a similar system where the state provides a base amount of per-student funding and school districts hold referenda to establish millage rates to provide the remainder of funds for education.

Another method allowing citizen control is to have voters directly approve school budgets. School boards prepare the budget and its corresponding millage rate and it is voted upon in an annual election. For example, in New Jersey, a budget is presented for referendum and should the budget fail to pass, the school board can appeal the budget to the county commissioner, who has the power to define what is "essential for a thorough and efficient education." This provides taxpayers protection from excessive school budgets without gutting school budgets. Five states use this method, all in the Northeast. It is usually the case that city schools in these states do not allow a referendum on the school budget, but rather have constitutional limitations on their amount of spending.

Yet another method of safeguarding taxpayer interests is to require voter approval for the sale of school bonds. School bonds are generally used for funding large non-recurring projects such as a new building, additions or renovations. The process of passing a bond referendum involves stating the purpose of the school bond, the amount of debt it creates, and the taxes required to pay off the debt. Eighteen states have laws that require voter approval for school districts to issue bonds. It is fairly common for a state to have a cap on property taxes and also allow school bond referenda.

The policy goal of instituting meaningful referenda requirement for school tax increases in Pennsylvania is not to prevent schools from ever raising spending. It must be recognized however that it is unreasonable to have large, expensive projects, resulting in substantial millage rate increases, undertaken by school districts without approval of the voters.

Pennsylvania is the only state that requires school districts to provide the majority of funding (except for very poor districts) for education while not giving taxpayers any real control over school spending and taxes. After years of numerous failed legislative attempts to address effectively the problem of ever escalating school tax burdens, it's time to give Pennsylvania property taxpayers a chance to control the amount of taxes they will pay. It is time for loophole-free referenda for all tax rate hikes.

And it bears repeating, the referendum requirement in the Property Tax Relief Act of 2006 is full of exemptions and offers voters no realistic opportunity to weigh in on tax rate increases.

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