

PENN MANOR SCHOOL DISTRICT

ACT 72 OPT-OUT RESOLUTION

DECLINING TO LEVY THE ACT 72 ADDITIONAL INCOME TAX: AND DETERMINING THAT ACT 72 IS NOT IN THE BEST INTEREST OF SCHOOL DISTRICT RESIDENTS

BACKGROUND, Act 72 of 2004 is the Pennsylvania school slot money, tax, and referendum law. Act 72 establishes many complex rules and provides a one-time school district option to accept or decline slot money – and opt in or out of Act 72. For schools that opt in, Act 72 among other things imposes: (1) A requirement to increase the current income tax rate, or adopt a new income tax. (2) A requirement to follow an entirely new budget process. (3) A requirement to apply proceeds from increased income taxes to reduce home and farm owner real estate taxes. (4) An extensive regulatory scheme for future real estate tax increases. (5) Limitations on future school building projects, and on school director rights and responsibility to operate schools as deemed in the best interest of students and residents.

The School Board has carefully studied Act 72 over the last year, including attendance at programs explaining the details of Act 72; analysis and reports from the School District’s Administrative Assistant for Business, Administrative Assistant for Operations and Planning, and legal counsel; study of positive and negative impacts on the District, district residents, employees, and discussion at Public Meetings on March 14th and 15th, presentations to community groups, related groups such as the Penn Manor Education Foundation, Alumni Association, and District Staff Meetings at all school buildings from November 18th through January 20th.

After extensive consideration of all available relevant information, including resident input, the School Board has determined that the known detriments and unknown facts outweigh the benefits of Act 72, and that it is in the best interest of School District residents to opt out of Act 72. Therefore, the School Board has decided to opt out for the following reasons:

- Act 72 involves many significant unknowns, including slot money timing and amount; the cost to administer Act 72; the potential adverse impact on teachers and staff morale; and the potential adverse impact on desirability of the School District and on property values.
- The primary cause of high real estate taxes is a consistent annual reduction by the Pennsylvania legislature of the share of education costs paid by the state, combined with an increasing number of unfunded mandates imposed on school districts by the federal government and the Pennsylvania legislature.
- Act 72 will have an adverse impact on students through diminished quality of education.
- Act 72 fails to provide meaningful tax relief.
- Act 72 will require a budget process requiring preparation of the budget before adequate information is available – contrary to prudent financial management.
- The School District recognizes that a significant portion of the Penn Manor Community does not wish to encourage gambling or receive gambling proceeds. Available information indicates

gambling causes serious social problems, including insufficient family income, increased family debt and bankruptcies, family breakups, suicides, and crime.

- Resident input indicates residents wish the District to opt out.
- Act 72 will create significant extra District costs and resident taxes resulting from the cost to administer Act 72.
- Requirement that the School District commit all of its fund balances to any future school building construction project in order to qualify for a referendum exception under Act 72.
- In order to provide meaningful property tax relief, the Board of School Directors requests the Governor and the Pennsylvania legislature to take the following actions:
 - (a) Cease imposing unfunded mandates on Pennsylvania schools;
 - (b) Provide adequate funding for education by restoring the state share of the cost of education to historic levels; and
 - (c) Adopt simple and straightforward tax reform legislation that provides for a fair and equitable tax and funding system for public education by authorizing school districts and municipalities to allocate local taxes between a real estate tax and an earned income tax as deemed appropriate in the judgment of the board of school directors based on consideration of local demographic and economic factors, fairness, and wishes of residents.

RESOLVED, that the School Board declines to levy The Act 72 additional income tax, and determines that Act 72 is not in the best interest of School District residents.

We hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the Board of School Directors at a meeting thereof duly and legally held on May 23, 2005.

Date: May 23, 2005

By: _____

President
Penn Manor School District

Attest: _____

Board Secretary

(School District Seal)