

## SOUTH ALLEGHENY SCHOOL DISTRICT

**Notice of: 1) Public Hearing: 2) Intent to Adopt Resolution Authorizing the May 15, 2007 Ballot Question: and 3) Resolution Levying and Assessing the Act 1 Income Tax if approved by voters.**

**May 15, 2007 Ballot Question – As mandated by Act 1**, notice is hereby given that the board of school directors of South Allegheny School District intends to adopt a Resolution authorizing the placement of a question on the May 15, 2007 primary election ballot. The referendum question will seek voter consent for the levying of an additional 1% Earned Income and Net Profits tax for the purpose of generating revenue to be used to finance homestead/farmstead property tax exclusions for qualified homestead/farmstead properties. This notice is given pursuant to the Taxpayer Relief Act, Act 1 of Special Session 2006 (“Act 1”) and the Local Tax Enabling Act of December 31, 1965, P.L. 1257, as amended (the “Enabling Act”)

The school district currently levies and collects from school district residents an earned income and net profits tax at the net rate of .5%. An additional .5% is collected by the municipality in which the taxpayer resides, meaning that school district residents currently pay a total Earned Income and Net Profits Tax rate of 1%.

**Act 1 requires** school districts to place a question on the May 15, 2007 primary election ballot asking voters whether the district should increase its Earned Income and Net Profits Tax rate for the purpose of generating revenue to be used to finance homestead/farmstead property tax exclusions for eligible homestead/farmstead properties. The school district will increase the tax rate **only if voters direct this action to be taken**. Adding the additional tax collected by the school district to the net .5% collected by the municipality in which the taxpayer resides would increase the total earned income and net profits tax rate paid by school districts residents from the current 1% to a new total tax rate of 2%.

The proposed Resolution authorizing the placement of a question on the May 15, 2007 primary election ballot provides that the referendum question shall be in substantially the following form, with any additions or changes as determined by the school board or election officials prior to the election:

**Do you favor your school district imposing an additional 1% earned income tax? The revenue generated from the tax increase will be used to reduce taxes on qualified owner occupied residential properties and on qualified farm buildings by approximately \$163.00. The current school district net earned income and net profits tax rate is .5%, and the current combined municipal/school district rate is 1%.**

A copy of the proposed Resolution authorizing the May 15, 2007 ballot question is available for public inspection by any resident at the school district administrative offices located at 2743 Washington Boulevard, McKeesport, PA on any weekday between the hours of 8:00 a.m. and 4:00 p.m. This proposed resolution may be amended before final adoption.

The school board will hold a public hearing regarding the Resolution authorizing the May 15, 2007 ballot question. The public hearing will be held on February 15, 2007 at 7:00 p.m. in the Band Room of the South Allegheny Middle/High School located at 2743 Washington Boulevard, McKeesport, PA.

The purpose of the public hearing is for the school board to share information and hear public comments on the proposed resolution authorizing the May 15, 2007 ballot question. School district residents are urged to attend in order to learn about the referendum question to be placed on the May 15, 2007 ballot and to share their views.

The Resolution authorizing the May 15, 2007 ballot question will be acted upon at a school board meeting to be held on February 21, 2007 at 7:00 p.m. in the Band Room of the South Allegheny Middle/High School, located at 2743 Washington Boulevard, McKeesport, PA.

**Earned Income Tax Increase** – If a majority of the voters voting on the referendum question on May 15, 2007 vote “yes,” the School Board thereafter in May or June 2007, will adopt a new Earned Income Tax Resolution increasing the net earned income and net profits tax rate collected by the school district from .5% to 1.5% effective July 1, 2007. The new revenue for the increased earned income tax will be used to finance homestead/farmstead property tax exclusions for eligible homestead/farmstead property. The estimated revenue to be derived by the school district from the earned income tax for the 2007-2008 fiscal year with the increased tax rate is \$831,360.00 net of 2% for collections.

Concerning the proposed earned income and net profits tax, the nature of the tax will be substantially the same as the earned income and net profits tax that is currently levied by the school district, except that the tax rate will be increased and credits available against the tax are different for the increased tax rate percent payable pursuant to the referendum. The tax is levied on earned income received and net profits earned by residents of the School District. “Earned income” is defined in the Enabling Act as “compensation” subject to the Pennsylvania personal income tax, but not including certain types of compensation as specified in the Enabling Act. “Net profits” is defined in the Enabling Act as net income from the operation of a business, profession or other activity subject to the Pennsylvania personal income tax, but not including certain types of net income as specified in the Enabling Act. The tax does not apply to investment income.

Sharon L. Miller  
Board Secretary