

# Keeping LANCASTER Current

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Lancaster County Growth Management Issues October 11, 2005

FYI

## REPLACING SCHOOL PROPERTY TAX WITH A BROADENED SALES TAX:

**THE IMPLICATIONS FOR BUSINESS** – [IssuesPA](#) of the [Pennsylvania Economy League](#) (PEL) examines the impact on Pennsylvania businesses of this proposed change.

When the impact of the decrease in property taxes and the increase in sales taxes is measured on a competitive basis, **Pennsylvania's manufacturing businesses lose their competitive standing** compared to their regional and economic peers. For example, **Pennsylvania's manufacturers currently pay an effective tax rate of about 8%. Under the new proposal, their effective tax rate would grow to about 11%,** bypassing North Carolina and New Jersey and following closely behind New York. [To read the full report.](#)

## HOW DOES THE INDIVIDUAL TAXPAYER FARE? *Homeowners win.*

Taxpayer relief from school property taxes is a major feature of the proposal, and **homeowners would do well.** Increases in state sales taxes paid are more than offset by decreases in property taxes. On their federal income taxes, **taxpayers can deduct either property taxes or sales taxes paid – but not both.** The shift away from property taxes to sales tax means a weakened deduction on the federal income tax, most likely offset by the property tax decrease.

**Renters lose.** Renters, who comprise more than a quarter of all households in Pennsylvania, would lose under this proposal, regardless of their income. This assumes **decreases in property taxes for rental property owners won't be passed along to renters.** Efforts to get rental property owners to pass along any tax decrease in the form of rent decreases would be difficult to enforce or monitor. Eliminating school income taxes would have a small impact on the increase in sales taxes paid, but **overall, renters lose in this equation.**

**SEWAGE FACILITIES AND LAND DEVELOPMENT** - Infrastructure funding and policy priorities have a critical impact on how we grow. Decisions as to where we put water and sewer lines, roads, and schools, and how we pay for these needs **play a big role in shaping our communities** and the use of our natural resources. [10,000 Friends of Pennsylvania](#) is pleased to announce the release of [Sewage Facilities and Land Development – An Analysis of Sewage Facilities Planning and Permitting in Relation to Land Use Planning and Development in Southeastern Pennsylvania](#). New research in this report indicates that conflicts between Pennsylvania's land use and sewage facilities laws, regulations, and implementation practices inhibit meaningful consistency between sewage facilities and land use planning. As a result, **sewage facilities can be permitted almost anywhere**, and this conflict has **helped foster sprawling development patterns** in southeastern Pennsylvania in the 1990s. The report brings out many key findings and conclusions about how the availability of sewage facilities impacts development patterns and smart growth.

## Upcoming Events

**Water Resources Planning and Management in Pennsylvania – Friday, October 21, 2005** – Pennsylvania Section American Water Resources Association Annual Fall Conference held at Lehigh University, Bethlehem, PA. [For more information](#)

**Sewage Facilities and Land Use: Collaborating for a Sustainable Future – Monday, October 24, 2005** - [10,000 Friends of Pennsylvania](#), the [Environmental Law Institute](#), and the Environment and Natural Resources Institute at Penn State University are hosting a conference and inviting all sectors to discuss Pennsylvania sewer and land use policies with expert panelists, and help identify strategies to support sound land use, development, and economic practices in Pennsylvania. [For more information.](#)

**The State of the County Monday – November 7, 2005** [The Lancaster Chamber of Commerce & Industry](#) invites you to join fellow business leaders and colleagues for the first local event to examine all of the issues shaping Lancaster County's business climate and quality of life. [For more information.](#)

## Interesting Articles/Websites

[The End of McMansions?](#)

[Eminent Domain: Is It Only Hope For Inner Cities?](#)

[The Nexus Between Schools And Planning](#)

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decision-making for Lancaster County*  
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