

*Financial Advisory Presentation to the
Tax Study Commission*

Revised 10/17/06

Spring Ford Area School District

Montgomery & Chester Counties

Act 1- Pennsylvania Taxpayer Relief Act



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BOENNING & SCATTERGOOD, INC.



Referendum Question Option 1

EIT question: “Do you favor imposing an additional __% earned income tax? The revenue generated from the increased tax rate will be used to reduce taxes on qualified residential properties by \$_____. The current earned income tax rate is __%.”

Comments

- In last sentence – modify last sentence to address combined municipal / SD rate
- Use first year tax reduction amount?
Or second year reduction amount ?
- Legal advice on alternatives
- Non-legal interpretative statement
prepare in consultation with county election officials

Note: Only one ballot question is allowed.



Minimum Permissible Tax Rate

Minimum rate is the lower of:

- **50% minimum** = EIT rate that will fund at least 50% of maximum exclusion (25% of median district assessment) (if median = \$157,000; 25% of median = \$39,250)
- **1% EIT minimum** = EIT rate that will raise the total SD EIT rate to 1%
- **1% PIT minimum** = PIT rate that will produce the equivalent revenue as a 1% EIT



Referendum Question Option 3

PIT conversion question: “Do you favor converting the school district’s current earned income tax to a personal income tax at ___%? The revenue generated from the personal income tax will be used to reduce taxes on qualified residential property by \$_____ and to replace the revenue from the school district’s current earned income tax. The current earned income tax rate is ___%.”



Referendum Process

- **Public funds to influence referendum -** §333(M) back-end, real estate tax increase referendum provision, states:
 - - “No public funds may be used to urge any elector to vote for or against a referendum....”
 - But may disseminate factual information
 - In any event – no prohibition on school board “position”



PIT CONSIDERATIONS

- Broader tax base – by taxing investment income
- Tax shifting from earned to investment income; no new revenue for SD
- PA Department of Revenue regulations
- Municipal EIT problem
- Should calculate impact on tax rate
- Rate impact generally small - but varies among SDs based on resident wealth and other factors – numbers analysis important
- Consider impact on different taxpayer groups



Year 1 Collection Factor Important

Care must be taken in calculating the projected collection factor. **If SD overstates the collection factor, SD will have Year 1 cash shortfall.** Tax shift will in any event have a negative cash flow impact on SD – RE tax received early in year; EIT spread over entire year.

Collection factor might be more or less than 70%.
Factors impacting Year 1 collection factor include:

- Employer remittance timing (July 31 payment)
- Self-employed (Jan–June not due until April 15)
- Employer compliance: multi-year process



Additional Slot Money Tax Reduction

In addition to tax shifting, additional homestead tax reduction will flow from slot money and Philadelphia tax credits.



**Spring Ford Area School District
ACT 1 WORKSHEET:
Minimum and Maximum Exclusion Calculator and
Variable EIT Rate Calculator**

SFASD	Input Table		Value
Line	Data Item		
1	Current EIT Rate (district share of Act 511 levy)		0.50%
2	Median Assessed Value (per County notice)	\$	157,000.00
3	Total Homestead Eligible Properties		13,000
4	Total Farmstead Eligible Properties		-
5	Estimated State Gaming Money (See PDE Table by SD): \$400M	\$	-
6	Estimated Sterling Act Credit Dollars	\$	-
7	Current Real Estate Millage Rate (mills)		20.400
8	Taxable Compensation + Net Profit (EIT base)	\$	1,267,936,903
9	Taxable Personal Income	\$	1,322,458,190
10	Input Desired EIT Rate		1.00%

Table 1 Homesteads Eligible for Exclusion		
1	Total Homestead Eligible Properties	13,000
2	Total Farmstead Eligible Properties	-
3	Total Estimated Properties	13,000

Table 2 Median Assessed Value - Maximum and Minimum Exclusion		
1	Median Assessed Value	\$ 157,000
2	Maximum Exclusion	50%
3	Maximum Allowable Assessed Value Exclusion	\$ 78,500
4	Median Assessed Value	\$ 157,000
5	Minimum Exclusion	25%
6	Minimum Allowable Assessed Value Exclusion	\$ 39,250

Table 3 Minimum & Maximum Homestead Exclusion (Dollar Value)		
1	Maximum Allowable Assessed Value Exclusion	\$ 78,500
2	District Millage (e.g.; 10 mills = .010)	0.02040
3	Maximum Dollar Value of Exclusion per Homestead	\$ 1,601.40
4	Minimum Allowable Assessed Value Exclusion	\$ 39,250
5	District Millage (e.g.; 10 mills = .010)	0.02040
6	Minimum Dollar Value of Exclusion per Homestead	\$ 800.70
7	Total Dollar Value Maximum Exclusion	\$ 20,818,200
8	Total Dollar Value Minimum Exclusion	\$ 10,409,100

**Spring Ford Area School District
ACT 1 WORKSHEET:
Minimum and Maximum Exclusion Calculator and
Variable EIT Rate Calculator**

Table 4 EIT Rate for Maximum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$	-
2	Total Estimated Value for Maximum Exclusion	\$	20,818,200
3	Amount Needed to Fund Maximum Exclusion	\$	20,818,200
4	EIT Rate Increase Necessary to Fund Max. Excl.		1.64%
5	Total SD EIT Rate		2.14%

Table 5 EIT Rate for Minimum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$	-
2	Total Value Minimum Exclusion	\$	10,409,100
3	Amount Needed fund Minimum Exclusion	\$	10,409,100
4	EIT Rate Increase Necessary to Fund Min. Excl.		0.82%
5	Total SD EIT Rate		1.32%

Table 6 Estimates of Conversion to PIT			
1	Taxable Personal Income	\$	1,322,458,189.83
2	Taxable Compensation + Net Profit (EIT base)	\$	1,267,936,903.00
3	EIT Base as % of PIT Base		95.88%
4	Total SD PIT Rate Necessary to Fund Max. Exclusion		2.05%
5	Total SD PIT Rate Necessary to Fund Min. Exclusion		1.27%

Table 7 Exclusion Calculator at EIT Rate Increase from Input Table			
1	Desired EIT Rate Increase		1.00%
2	Taxable Compensation + Net Profit (EIT base)	\$	1,267,936,903
3	Additional Revenue Due to EIT Increase	\$	12,679,369
4	Total Projected Gaming and Sterling Act Credit Dollars	\$	-
5	Total Additional Revenue	\$	12,679,369
6	Eligible Properties for Exemption	\$	13,000
7	Dollar Tax Bill Reduction Per Eligible Property		975
8	District Millage (e.g.;10 mills = .0010)		0.02040
9	Homestead/Farmstead Exclusion (Assessment Deduction)	\$	47,811

Notes:
Municipal share of EIT .5% not included in the total rates shown
Please note that figures are not adjusted for collection rate

Act 1 Financing Analysis
Spring Ford Area School District

Calculation of Minimum Homestead Exclusion and Income Tax Rate

Calculation of Minimum Homestead Property Tax Reduction Exclusion:	
as defined 25% of District Median Assessed Value x Millage Rate	
157,000 (median assessed value) x 0.25 = 39,250	
39,250 x 20.40 (millage rate)/1000 = 800.70	Amount per Homestead \$ 800.70
Total Requirement of all Qualified Eligible Properties	
(Amount per Homestead x Number of Eligible Properties)	
\$800.70 x 13,000 = \$10,409,100	Total \$'s Rrequired \$10,409,100.00
Additional Income Tax Rate Increase Needed To Collect \$10,409,100	
\$10,409,100/ \$1,267,936,903 = .82	Total New EIT Required 0.82%
Rate of Increase Not Required to Exceed 1.00%	
Collections to be Withheld for School District Operations 2.00%	Total \$'s Rrequired \$10,200,918.00
Actual Minimum Homestead Property Tax Reduction	
(Collections after 2% Withholding x Number of Eligible Properties)	
\$10,200,918/13,000 = 784.69	Amount per Homestead \$ 784.69

Calculation of Maximum Homestead Exclusion and Income Tax Rate

Calculation of Maximum Homestead Property Tax Reduction Exclusion:

as defined 50% of District Median Assessed Value x Millage Rate	
157,000 (median assessed value) x 0.50 = 78,500	
157,000 x 20.40 (millage rate)/1000 = 1,601.40	Amount per Homestead \$ 1,601.40
Total Requirement of all Qualified Eligible Properties	
(Amount per Homestead x Number of Eligible Properties)	
\$1,601.40 x 13,000 = \$20,818,200	Total \$'s Required \$20,818,200.00
Additional Income Tax Rate Increase Needed To Collect \$20,818,200	
\$20,818,200/ \$1,267,936,903 = 1.64%	Total New EIT Required 1.64%
Rate of Increase Not Required to Exceed 1.00%	
Collections to be Withheld for School District Operations 2.00%	Total \$'s Rrequired \$20,401,836.00
Actual Minimum Homestead Property Tax Reduction	
(Collections after 2% Withholding x Number of Eligible Properties)	
\$20,401,836/13,000 = 1,569.37	Amount per Homestead \$ 1,569.37

Act 1 Financing Analysis
Spring Ford Area School District

Calculation of Homestead Exclusion at 1.00% Income Tax Rate

Calculation of Homestead Property Tax Reduction @ 1.00%:	
Minimum Required Additional Tax Levy Per Act 1	Total New EIT Required 1.00%
Estimated Collections of Additional Earned Income Tax (1.00%/\$1,267,936,903)	Total \$'s Required \$12,679,369.03
Collections to be Withheld for School District Operations 2.00%	Total \$'s Required \$12,425,781.65
Total Requirement of all Qualified Eligible Properties (Actual Collections / Number of Eligible Properties) \$12,425,781/13,000 = \$955.83	Est. Homestead Exclusion \$ 955.83
Rate of Increase Equals 1.00%	

Calculation of Minimum Homestead Exclusion and *Personal Income Tax* Rate

Calculation of Minimum Homestead Property Tax Reduction Exclusion:

as defined 25% of District Median Assessed Value x Millage Rate	
157,000 (median assessed value) x 0.25 = 39,250	
39,250 x 20.40 (millage rate)/1000 = 800.70	Amount per Homestead \$ 800.70
Total Requirement of all Qualified Eligible Properties	
(Amount per Homestead x Number of Eligible Properties)	
\$800.70 x 13,000 = \$10,409,100	Total \$'s Rrequired \$10,409,100.00
Additional Income Tax Rate Increase Needed To Collect \$10,409,100	
\$10,409,100/ \$1,322,458,190 = .79%	Total New PIT Required 0.79%

Rate of Increase Not Required to Exceed 1.00%

Collections to be Withheld for School District Operations 2.00%	Total \$'s Rrequired \$10,200,918.00
Actual Minimum Homestead Property Tax Reduction	
(Collections after 2% Withholding x Number of Eligible Properties)	
\$10,200,918/13,000 = 784.69	Amount per Homestead \$ 784.69

Act 1 Financing Analysis
Spring Ford Area School District

Calculation of Maximum Homestead Exclusion and **Personal Income Tax** Rate

Calculation of Maximum Homestead Property Tax Reduction Exclusion:

as defined 50% of District Median Assessed Value x Millage Rate

157,000 (median assessed value) x 0.50 = 78,500

78,500 x 20.40 (millage rate)/1000 = 1,601.40

Amount per Homestead	\$ 1,601.40
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Total Requirement of all Qualified Eligible Properties

(Amount per Homestead x Number of Eligible Properties)

\$1,601.40 x 13,000 = \$20,818,200

Total \$'s Required	\$20,818,200.00
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Additional Income Tax Rate Increase Needed To Collect \$20,818,200

\$20,818,200/ \$1,322,458,190 = 1.66%

Total New PIT Required	1.57%
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Rate of Increase Not Required to Exceed 1.00%

Collections to be Withheld for School District Operations 2.00%

Total \$'s Rrequired	\$20,401,836.00
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Actual Minimum Homestead Property Tax Reduction

(Collections after 2% Withholding x Number of Eligible Properties)

\$20,401,836/13,000 = 1,569.37

Amount per Homestead	\$ 1,569.37
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Calculation of Homestead Property Tax Reduction @ *PIT Equivalent of 1.0% EIT*

Calculation of Homestead Property Tax Reduction @ PIT Equivalent of 1.00% EIT	
Estimated Collections of Additional Earned income Tax of 1.00%	
(1.00%/\$1,322,458,190)	Total \$'s Required \$12,679,369.03
Collections to be Withheld for School District Operations 2.00%	
	Total \$'s Rrequired \$12,425,781.65
Total Requirement of all Qualified Eligible Properties	
(Actual Collections / Number of Eligible Properties)	
\$12,425,781/13,000 = \$975.34	Est. Homestead Exclusion \$ 955.83
Personal Income Tax Rate Needed to Collect \$12,679,369	
\$12,679,369/ \$1,322,458,190 = .96%	Total New PIT Required 0.96%
Rate of Increase Equals 1.00% EIT Equivalent	

Act 1 Analysis
Spring Ford Area School District
Montgomery & Chester Counties, Pennsylvania

Estimated Impact of Act 1 on Individual *Homeowners (Using EIT Base)*

Property Tax Reduction Only If Approved By Taxpayers						
First Year Collections @ 1.00% EIT Collections @ 70.00%	Household Income <u>\$150,000</u>	Household Income <u>\$125,000</u>	Household Income <u>\$100,000</u>	Household Income <u>\$75,000</u>	Household Income <u>\$50,000</u>	Household Income <u>\$25,000</u>
Homestead Exclusion	\$669.08	\$669.08	\$669.08	\$669.08	\$669.08	\$669.08
Additional Income Tax of 1.00%	(<u>\$1,500.00</u>)	(<u>\$1,250.00</u>)	(<u>\$1,000.00</u>)	(<u>\$750.00</u>)	(<u>\$500.00</u>)	(<u>\$250.00</u>)
Difference: Savings/(Cost)	(<u>\$830.92</u>)	(<u>\$580.92</u>)	(<u>\$330.92</u>)	(<u>\$80.92</u>)	<u>\$169.08</u>	<u>\$419.08</u>

Second Year and Thereafter @ 1.00% EIT Collections @ 100%	Household Income <u>\$150,000</u>	Household Income <u>\$125,000</u>	Household Income <u>\$100,000</u>	Household Income <u>\$75,000</u>	Household Income <u>\$50,000</u>	Household Income <u>\$25,000</u>
Homestead Exclusion	\$955.83	\$955.83	\$955.83	\$955.83	\$955.83	\$955.83
Additional Income Tax of 1.00%	(<u>\$1,500.00</u>)	(<u>\$1,250.00</u>)	(<u>\$1,000.00</u>)	(<u>\$750.00</u>)	(<u>\$500.00</u>)	(<u>\$250.00</u>)
Difference: Savings/(Cost)	(<u>\$544.17</u>)	(<u>\$294.17</u>)	(<u>\$44.17</u>)	<u>\$205.83</u>	<u>\$455.83</u>	<u>\$705.83</u>

Act 1 Analysis
Spring Ford Area School District
Montgomery & Chester Counties, Pennsylvania

Estimated Impact of Act 1 on *Homeowners Working In Philadelphia*

Property Tax Reduction Only If Approved By Taxpayers						
First Year Collections @ 1.00% EIT Collections @ 70.00%	Household Income \$150,000	Household Income \$125,000	Household Income \$100,000	Household Income \$75,000	Household Income \$50,000	Household Income \$25,000
Homestead Exclusion	\$669.08	\$669.08	\$669.08	\$669.08	\$669.08	\$669.08
Additional Income Tax of 1.00%	(\$1,500.00)	(\$1,250.00)	(\$1,000.00)	(\$750.00)	(\$500.00)	(\$250.00)
Sterling Tax Credit	\$1,500.00	\$1,250.00	\$1,000.00	\$750.00	\$500.00	\$250.00
Difference: Savings/(Cost)	<u>\$669.08</u>	<u>\$669.08</u>	<u>\$669.08</u>	<u>\$669.08</u>	<u>\$669.08</u>	<u>\$669.08</u>

Second Year and Thereafter @ 1.00% EIT Collections @ 100%	Household Income \$150,000	Household Income \$125,000	Household Income \$100,000	Household Income \$75,000	Household Income \$50,000	Household Income \$25,000
Homestead Exclusion	\$955.83	\$955.83	\$955.83	\$955.83	\$955.83	\$955.83
Additional Income Tax of 1.00%	(\$1,500.00)	(\$1,250.00)	(\$1,000.00)	(\$750.00)	(\$500.00)	(\$250.00)
Sterling Tax Credit	\$1,500.00	\$1,250.00	\$1,000.00	\$750.00	\$500.00	\$250.00
Difference: Savings/(Cost)	<u>\$955.83</u>	<u>\$955.83</u>	<u>\$955.83</u>	<u>\$955.83</u>	<u>\$955.83</u>	<u>\$955.83</u>

Act 1 Analysis
Spring Ford Area School District
Montgomery & Chester Counties, Pennsylvania

Estimated Impact of Act 1 on **Renters (Using EIT Base)**

Property Tax Reduction Only If Approved By Taxpayers						
First Year Collections @ 1.00% EIT Collections @ 70.00%	Household Income <u>\$150,000</u>	Household Income <u>\$125,000</u>	Household Income <u>\$100,000</u>	Household Income <u>\$75,000</u>	Household Income <u>\$50,000</u>	Household Income <u>\$25,000</u>
Homestead Exclusion	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Additional Income Tax of 1.00%	(<u>\$1,500.00</u>)	(<u>\$1,250.00</u>)	(<u>\$1,000.00</u>)	(<u>\$750.00</u>)	(<u>\$500.00</u>)	(<u>\$250.00</u>)
Difference: Savings/(Cost)	<u>(<u>\$1,500.00</u>)</u>	<u>(<u>\$1,250.00</u>)</u>	<u>(<u>\$1,000.00</u>)</u>	<u>(<u>\$750.00</u>)</u>	<u>(<u>\$500.00</u>)</u>	<u>(<u>\$250.00</u>)</u>

Second Year and Thereafter @ 1.00% EIT Collections @ 100%	Household Income <u>\$150,000</u>	Household Income <u>\$125,000</u>	Household Income <u>\$100,000</u>	Household Income <u>\$75,000</u>	Household Income <u>\$50,000</u>	Household Income <u>\$25,000</u>
Homestead Exclusion	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Additional Income Tax of 1.00%	(<u>\$1,500.00</u>)	(<u>\$1,250.00</u>)	(<u>\$1,000.00</u>)	(<u>\$750.00</u>)	(<u>\$500.00</u>)	(<u>\$250.00</u>)
Difference: Savings/(Cost)	<u>(<u>\$1,500.00</u>)</u>	<u>(<u>\$1,250.00</u>)</u>	<u>(<u>\$1,000.00</u>)</u>	<u>(<u>\$750.00</u>)</u>	<u>(<u>\$500.00</u>)</u>	<u>(<u>\$250.00</u>)</u>

Act 1 Analysis
Spring Ford Area School District
Montgomery & Chester Counties, Pennsylvania

Estimated Impact of Act 1 on ***Renters Working In Philadelphia***

Property Tax Reduction Only If Approved By Taxpayers						
First Year Collections @ 1.00% EIT Collections @ 70.00%	Household Income <u>\$150,000</u>	Household Income <u>\$125,000</u>	Household Income <u>\$100,000</u>	Household Income <u>\$75,000</u>	Household Income <u>\$50,000</u>	Household Income <u>\$25,000</u>
Homestead Exclusion	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Additional Income Tax of 1.00%	(\$1,500.00)	(\$1,250.00)	(\$1,000.00)	(\$750.00)	(\$500.00)	(\$250.00)
Sterling Tax Credit	<u>\$1,500.00</u>	<u>\$1,250.00</u>	<u>\$1,000.00</u>	<u>\$750.00</u>	<u>\$500.00</u>	<u>\$250.00</u>
Difference: Savings/(Cost)	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

Second Year and Thereafter @ 1.00% EIT Collections @ 100%	Household Income <u>\$150,000</u>	Household Income <u>\$125,000</u>	Household Income <u>\$100,000</u>	Household Income <u>\$75,000</u>	Household Income <u>\$50,000</u>	Household Income <u>\$25,000</u>
Homestead Exclusion	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Additional Income Tax of 1.00%	(\$1,500.00)	(\$1,250.00)	(\$1,000.00)	(\$750.00)	(\$500.00)	(\$250.00)
Sterling Tax Credit	<u>\$1,500.00</u>	<u>\$1,250.00</u>	<u>\$1,000.00</u>	<u>\$750.00</u>	<u>\$500.00</u>	<u>\$250.00</u>
Difference: Savings/(Cost)	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

Act 1 Analysis
Spring Ford Area School District

Impact of Tax Reform on Homeowners (Using EIT Base)
Change in Taxes Due To Tax Reform

Assumes EIT Rate is Approved by Taxpayers

1.00% Additional EIT		0.82% Additional EIT Minimum Homestead Exclusion		1.57% Additional EIT Maximum Homestead Exclusion	
Additional Income Tax	1.00%	Additional Income Tax	0.82%	Additional Income Tax	1.57%
Homestead Exclusion	\$ 955.83	Homestead Exclusion	\$ 800.70	Homestead Exclusion	\$ 1,601.40
<u>Household Income</u>	<u>Difference</u>	<u>Household Income</u>	<u>Difference</u>	<u>Household Income</u>	<u>Difference</u>
270,000	(\$1,744.17)	270,000	(\$1,415.86)	270,000	(\$2,648.95)
250,000	(\$1,544.17)	250,000	(\$1,251.67)	250,000	(\$2,334.11)
235,000	(\$1,394.17)	235,000	(\$1,128.53)	235,000	(\$2,097.98)
210,000	(\$1,144.17)	210,000	(\$923.29)	210,000	(\$1,704.43)
185,000	(\$894.17)	185,000	(\$718.05)	185,000	(\$1,310.88)
170,000	(\$744.17)	170,000	(\$594.91)	170,000	(\$1,074.75)
160,000	(\$644.17)	160,000	(\$512.82)	160,000	(\$917.33)
150,000	(\$544.17)	150,000	(\$430.72)	150,000	(\$759.91)
140,000	(\$444.17)	140,000	(\$348.63)	140,000	(\$602.49)
130,000	(\$344.17)	130,000	(\$266.53)	130,000	(\$445.07)
120,000	(\$244.17)	120,000	(\$184.44)	120,000	(\$287.65)
110,000	(\$144.17)	110,000	(\$102.34)	110,000	(\$130.23)
100,000	(\$44.17)	100,000	(\$20.25)	100,000	\$27.20
90,000	\$55.83	90,000	\$61.85	90,000	\$184.62
80,000	\$155.83	80,000	\$143.94	80,000	\$342.04
70,000	\$255.83	70,000	\$226.04	70,000	\$499.46
60,000	\$355.83	60,000	\$308.13	60,000	\$656.88
50,000	\$455.83	50,000	\$390.23	50,000	\$814.30
40,000	\$555.83	40,000	\$472.32	40,000	\$971.72
30,000	\$655.83	30,000	\$554.42	30,000	\$1,129.14
20,000	\$755.83	20,000	\$636.51	20,000	\$1,286.56
10,000	\$855.83	10,000	\$718.61	10,000	\$1,443.98
0	\$955.83	0	\$800.70	0	\$1,601.40

**Spring Ford Area School District
EIT and PIT Calculation**

2003

Calculated based upon Pa. Department of Revenue Income Schedules - Web Site Access

Income Summary				
Income Type	Returns	Amounts	Total Amounts	Percent of Income
Gross Compensation	15,237	950,073	950,073,000	91.93%
Net Profits	1,862	49,366	49,366,000	4.78%
Business Expenses	3,637	(8,756)	(8,756,000)	-0.85%
Sub-Total Taxable Compensation	20,736	990,683	990,683,000	95.86% Earned Income Tax
Dividends	6,208	8,137	8,137,000	0.79%
Interest	10,481	8,268	8,268,000	0.80%
Sale of Property	1,431	17,555	17,555,000	1.70%
Patents, Copyrights	497	5,615	5,615,000	0.54%
Estates and Trusts	155	3,056	3,056,000	0.30%
Gambling, Lottery	63	193	193,000	0.02%
Total Taxable Income	17,325	608,351	1,033,507,000	100.00% Personal Income Tax

PDE Data per PDE web-site approximates total Personal Income at	1,068,168,209
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Percent of Philadelphia Wages	
Philadelphia wages - 2003	63,581,398
Total taxable compensation - 2003	990,683,000
Percent	6.418%

Spring Ford Area School District
Montgomery & Chester Counties, Pennsylvania
2003 Income Range Distribution

Taxable Range	Number of Returns	Taxable Compenstn	Net Profit	Total Earned Income	Interest	Dividends	Other Income	Total Unearned Income	Total Taxable Income
(Thousands)									
0.....	86	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 - 999.....	999	120	5	125	164	72	11	247	372
1000 - 2999....	967	1,063	41	1,104	471	222	75	768	1,872
3000 - 4999....	698	1,974	108	2,082	351	253	85	689	2,770
5000 - 6999....	503	2,180	116	2,296	333	258	114	705	3,001
7000 - 8999....	446	2,805	117	2,922	286	264	76	626	3,549
9000 - 10999...	363	2,814	173	2,987	304	251	77	632	3,618
11000 - 12999..	293	2,732	248	2,980	208	191	128	527	3,507
13000 - 14999..	301	3,329	324	3,653	188	165	183	536	4,189
15000 - 16999..	286	3,885	190	4,075	223	124	162	509	4,584
17000 - 18999..	263	3,959	282	4,241	199	120	151	470	4,712
19000 - 21999..	403	6,981	500	7,481	223	291	242	756	8,238
22000 - 24999..	415	8,619	531	9,150	205	136	268	609	9,759
25000 - 29999..	720	18,154	930	19,084	274	220	256	750	19,835
30000 - 34999..	720	21,637	1,159	22,796	172	199	190	561	23,357
35000 - 39999..	704	24,420	1,098	25,518	232	245	395	872	26,390
40000 - 49999..	1,337	56,413	2,280	58,693	325	398	728	1,451	60,144
50000 - 74999..	2,637	154,365	5,912	160,277	753	807	1,542	3,102	163,379
75000 - 99999..	1,996	164,307	4,998	169,305	746	855	2,139	3,740	173,045
100000 - 149999	2,129	242,637	9,283	251,920	958	1,216	2,896	5,070	256,990
150000 or MORE	1,145	218,922	21,070	239,992	1,652	1,851	16,701	20,204	260,195
	<u>17,411</u>	<u>\$ 941,316</u>	<u>\$ 49,365</u>	<u>\$ 990,681</u>	<u>\$ 8,267</u>	<u>\$ 8,138</u>	<u>\$ 26,419</u>	<u>\$ 42,824</u>	<u>\$ 1,033,506</u>
0.....	0.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1 - 999.....	5.74%	0.01%	0.01%	0.01%	1.98%	0.88%	0.04%	0.58%	0.04%
1000 - 2999....	5.55%	0.11%	0.08%	0.11%	5.70%	2.73%	0.28%	1.79%	0.18%
3000 - 4999....	4.01%	0.21%	0.22%	0.21%	4.25%	3.11%	0.32%	1.61%	0.27%
5000 - 6999....	2.89%	0.23%	0.23%	0.23%	4.03%	3.17%	0.43%	1.65%	0.29%
7000 - 8999....	2.56%	0.30%	0.24%	0.29%	3.46%	3.24%	0.29%	1.46%	0.34%
9000 - 10999...	2.08%	0.30%	0.35%	0.30%	3.68%	3.08%	0.29%	1.48%	0.35%
11000 - 12999..	1.68%	0.29%	0.50%	0.30%	2.52%	2.35%	0.48%	1.23%	0.34%
13000 - 14999..	1.73%	0.35%	0.66%	0.37%	2.27%	2.03%	0.69%	1.25%	0.41%
15000 - 16999..	1.64%	0.41%	0.38%	0.41%	2.70%	1.52%	0.61%	1.19%	0.44%
17000 - 18999..	1.51%	0.42%	0.57%	0.43%	2.41%	1.47%	0.57%	1.10%	0.46%
19000 - 21999..	2.31%	0.74%	1.01%	0.76%	2.70%	3.58%	0.92%	1.77%	0.80%
22000 - 24999..	2.38%	0.92%	1.08%	0.92%	2.48%	1.67%	1.01%	1.42%	0.94%
25000 - 29999..	4.14%	1.93%	1.88%	1.93%	3.31%	2.70%	0.97%	1.75%	1.92%
30000 - 34999..	4.14%	2.30%	2.35%	2.30%	2.08%	2.45%	0.72%	1.31%	2.26%
35000 - 39999..	4.04%	2.59%	2.22%	2.58%	2.81%	3.01%	1.50%	2.04%	2.55%
40000 - 49999..	7.68%	5.99%	4.62%	5.92%	3.93%	4.89%	2.76%	3.39%	5.82%
50000 - 74999..	15.15%	16.40%	11.98%	16.18%	9.11%	9.92%	5.84%	7.24%	15.81%
75000 - 99999..	11.46%	17.46%	10.12%	17.09%	9.02%	10.51%	8.10%	8.73%	16.74%
100000 - 149999	12.23%	25.78%	18.80%	25.43%	11.59%	14.94%	10.96%	11.84%	24.87%
150000 or MORE	6.58%	23.26%	42.68%	24.22%	19.98%	22.75%	63.22%	47.18%	25.18%

Act 1 Analysis
Spring-Ford Area School District
Montgomery County, Pennsylvania

Estimated Allocation of Gaming Revenue to Spring-Ford

\$400 Million

1a. State Gaming Distribution	\$ 939,141
1b. Sterling Tax Credit (\$63,581,398 Est. Wages, actual # estimated by the District)	\$ 317,907
1c. Total Available for Homestead/Farmstead Exclusion	<u>\$ 1,257,048</u>
1d. Homestead/Farmstead Properties (# Estimated by the District and Mont. Cou. Ass.)	13,000
1e. Amount per Approved Homestead/Farmstead at 50% participation rate.	\$ 193.39
1e.1 Amount per Approved Homestead/Farmstead at 100% participation rate.	\$ 96.70

\$750 Million

2a. State Gaming Distribution	\$ 1,760,890
2b. Sterling Tax Credit (\$63,581,398 Est. Wages, actual # estimated by the District)	\$ 317,907
2c. Total Available for Homestead/Farmstead Exclusion	<u>\$ 2,078,797</u>
2d. Homestead/Farmstead Properties (# Estimated by the District and Mont. Cou. Ass.)	13,000
2e. Amount per Approved Homestead/Farmstead at 50% participation rate.	\$ 319.81
2e.1 Amount per Approved Homestead/Farmstead at 100% participation rate.	\$ 159.91

\$1 Billion

3a. State Gaming Distribution	\$ 2,351,476
3b. Sterling Tax Credit (\$63,581,398 Est. Wages, actual # estimated by the District)	\$ 317,907
3c. Total Available for Homestead/Farmstead Exclusion	<u>\$ 2,669,383</u>
3d. Homestead/Farmstead Properties (# Estimated by the District and Mont. Cou. Ass.)	13,000
3e. Amount per Approved Homestead/Farmstead at 50% participation rate.	\$ 410.67
3e.1 Amount per Approved Homestead/Farmstead at 100% participation rate.	\$ 205.34