



The Property Tax Elimination Scam

[PA House Bill, 1649](#) and its companion [PA Senate Bill 962](#), also known as the “Property Tax Elimination Act,” propose to replace local school district property taxes (for homeowners, landlords and businesses) with revenues from:

- A sales tax increase from 6% to 8% on the current base, plus a 2% tax on currently exempt clothing, candy, and gum;
- A personal income tax increase from 3.07% to 4.95%; and
- Taxation of certain retirement income (excluding Social Security, military pensions, and previously taxed retirement income).

Please find below claims that supporters of the “Property Tax Elimination Act” supporters make and facts that present the reality of this tax shift proposal.

☐ **Claim: “HB 1649 eliminates property taxes.”**

☒ **FACT CHECK: False**

The bill only removes the school portion. Homeowners would still owe county and municipal property taxes — on top of new, higher sales and income taxes that they will pay to the state.

☐ **Claim: “HB 1649 is fair and provides relief for seniors.”**

☒ **FACT CHECK: False**

The bill gives huge tax breaks to the wealthy and large corporations — like warehouses and data centers — while shifting the burden onto seniors, working families, and small businesses, who will pay increased individual sales and property taxes to make up for the revenue corporations will no longer pay in property taxes.

The “Property Tax Elimination Act” even taxes retirement income that’s currently exempt, hitting those on fixed incomes hardest.

☐ **Claim: “The money stays local.”**

☒ **FACT CHECK: False**

HB 1649 would replace local property taxes with higher sales and income taxes that would be collected by the state. Harrisburg would take all of the money it has collected to provide property tax relief to home and business owners across the state.

Wealthy communities that have expensive houses and spend a lot of local dollars funding their schools will receive far more money from property tax replacement fund in Harrisburg than communities where home values and school funding are modest.



☐ **Claim: “HB 1649 is real reform that will help seniors.”**

☒ **FACT CHECK: It’s not reform or relief — it’s a tax shift.**

The new and increased sales and income taxes that will be levied by the state on individual taxpayers are regressive, unpredictable, and unfair — hitting seniors, working people, and small businesses the hardest while wealthy individuals and corporations get tax cuts.

That’s not fairness or relief — it’s a gimmick and a scam.

Who are the big winners?

1. **Profitable businesses and corporations, including warehouses and data centers, that currently pay millions of dollars in property taxes supporting our local school districts.** Their school property tax bills will go to \$0, and individual taxpayers will make up the difference by paying higher individual income and sales taxes.
2. **Wealthy people who have expensive homes and very high property tax bills.** Individuals who live in modest homes and pay a few thousand dollars per year in property taxes will be paying higher sales and income taxes to eliminate the property taxes of people who live in multi-million-dollar mansions and pay tens of thousands of dollars each year on their property taxes.
3. **High-spending school districts in wealthy communities that fund their local schools primarily with local property taxes.** A proposal that provides a dollar-for-dollar replacement of local property taxes will be a boon for high-spending school districts in wealthy communities. The more local tax dollars a district spends, the more dollars they will receive from Harrisburg under this plan. Districts that have been frugal and are deeply underfunded will remain deeply underfunded.

Don’t be fooled by the “Property Tax Elimination” scam.

Instead of pushing for a tax shift that will benefit corporations and the wealthy, state lawmakers should be supporting targeted property tax proposals that will reduce the tax burden on seniors and working families who actually need relief.