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Act 1 referendums tough to digest, districts say

By Kevin Amerman and Daniel Patrick Sheehan Of The Morning Call

Recipe for confusion: Mix two parts jargon, two parts math and a generous dollop of legalese. Strain through a layer of committees. Add lawyers. Serve on Election Day.

That's the down side of the Act 1 referendum about shifting the burden of taxation in Pennsylvania's school districts. Even the people who wrote the ballot questions have a tough time explaining them. And with the May 15 primary drawing closer, the time for clarification is dwindling.

"I think inherent in Act 1 is the very likely chance of confusion," said John Vignone, the Parkland School District business manager, who helped shepherd the district's referendum question from boardroom to ballot box.

In theory, it shouldn't be so confusing. Act 1, the Taxpayer Relief Act, mandated that school districts ask voters if they want to ease property taxes by raising or imposing an earned income tax or by creating a personal income tax.

The state Department of Education tried to help by compiling model referendum questions that districts could tweak to their satisfaction.

The trouble, it seems, was in the tweaking. The questions and their accompanying "interpretive statements" -- plain English explanations -- not only vary widely from district to district, but are sometimes confusing and lack vital information, some school business managers and election officials said.

For instance, school districts are allowed to keep up to 2 percent of any tax increase and apply it to the cost of collecting the income taxes. The interpretive statement leaves a blank for the amount.

Two districts in Carbon County, Palmerton Area and Hazleton Area, indicated that would yield them a windfall of up to \$2 million -- the full amount of the tax increase. Three other Carbon districts -- Jim Thorpe, Lehighon Area and Panther Valley -- filled the blank with figures representing just 2 percent of the total. Those figures range from \$16,200 for Panther Valley to \$36,703 for Jim Thorpe.

The Carbon County Election Board accepted either method, elections director Kenneth Leffler said, because it determined both were valid. He blamed confusing language provided by the state, which gave districts templates with the numbers blank.

Districts also used different figures on the ballot question to show their earned income tax rates.

Parkland, Lehighon Area, Palmerton Area, Allentown and others used the total earned income tax rate, half of which goes to the school district and half to the municipality where the taxpayer lives. But other districts listed only the district portion.

Though the interpretive statements will provide voters with many numbers, the most important question -- "Should you vote for this?" -- will not be answered, Weatherly Area business manager Martha Kew-Goodale said.

"I think the whole act is confusing," Kew-Goodale said. "I think it should have been spelled out who will make out. On April 15, people are going to say, 'Oww, can we take this back?'"

Weatherly Area's referendum will say that by converting the current earned income tax to a personal income tax of 1.35 percent, property owners can save \$176. But Kew-Goodale said it doesn't tell them that any household with total income of more than \$20,000 "is going to lose money."

"People are going to say, 'I get \$176 back,'" she said.

Retired people on fixed incomes who own property will benefit from Act 1, but renters and better-off households will not. In the Jim Thorpe Area School District, people earning \$43,000 or more will lose money and the ballots should reflect that, district business manager William McElmoyle said.

McElmoyle said Jim Thorpe Area is considering a newspaper advertisement to educate the public more fully about the law.

But Kenneth Marx Jr., Panther Valley's business manager, said the state should have sent out representatives to inform the public.

"They're putting everything on the school districts," he said. "We're supposed to back this, and I don't understand the whole thing. I don't think anybody does."

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