

PennCOST
Pennsylvania Coalition Opposed to an expanded Sales Tax

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Dear Representative Adolph:

The issue of school real property tax reform and the possibility of substituting an expanded sales tax for the property tax will again be placed before you for consideration in the near future. The groups that have joined together to send this letter represent a broad and diverse range of interests and constituents within our Commonwealth. While we fully understand the importance of addressing this contentious and difficult issue, we nevertheless urge you not to expand the use of the sales tax as a means of addressing school real property tax reform.

School real property tax reform is an issue that has long been debated, with many different proposals put forth to resolve it. Notwithstanding the interest by many in the use of the sales tax as an alternative, we strongly believe that an expanded base for the sales tax is the wrong alternative.

The sales tax is a very regressive tax. It is generally understood to be more regressive than the property tax it is suggested to replace. This regressivity and its impact would be more pronounced if the sales tax were to be expanded. Shifting to an expanded base for the sales tax will shift a greater burden to those in our communities who are least able to afford it. It will make newly taxed goods and services less affordable, and it will disproportionately reduce available income for the many goods and services upon which we all rely.

The sales tax is simply bad for business. An expanded sales tax would encourage customers and clients to purchase goods and services outside the state, especially those who now come into our state for these goods and services. This is particularly true of border communities and sophisticated consumers. An expanded sales tax would also be a disincentive for businesses and professionals to locate here and would drive business out of state, resulting in lost jobs, wages and taxes. In sum, an expanded sales tax would diminish the competitiveness of Pennsylvania's goods and services and place Pennsylvania businesses at a competitive disadvantage, which will negatively impact our business climate.

This coalition most certainly does not want anyone to lose his or her home to taxation. Ultimately, we recognize that it is not a home that is being taxed, but a family's or business's income. In our view, an expanded sales tax is a financial burden that none of us – neither business nor most individuals - can afford. Despite our often distinct differences, in this, we share a common concern. We therefore urge you to oppose the expansion of the sales tax base as a replacement mechanism for the residential school property tax.

Sincerely yours,

AIA Pennsylvania, A Society of The American
Institute of Architects
American Council of Engineering Companies of PA
Association of Pennsylvania State College and
University Faculties
Insurance Federation of Pennsylvania
National Association of Theater Owners of PA
PA Academy of Audiology
PA Society of Professional Engineers
Pennsylvania and Delaware Cleaners Association
Pennsylvania Association of Community Bankers
Pennsylvania Association of Milk Dealers
Pennsylvania Association of Nonprofit
Organizations (PANO)

Pennsylvania Automatic Merchandising Council
Pennsylvania Bankers Association
Pennsylvania Bar Association
Pennsylvania Bottled Water Association
Pennsylvania Defense Institute
Pennsylvania Hearing Healthcare Association
Pennsylvania Institute of CPAs
Pennsylvania Newspaper Association
Pennsylvania Retailers' Association
Pennsylvania Society of Land Surveyors
Pennsylvania State Alliance of YMCAs
Pennsylvania Trial Lawyers Association
Philadelphia Bar Association