

BLAIRSVILLE-SALTSBURG SCHOOL DISTRICT
102 School Lane
Blairsville, Pennsylvania 15717

March 12, 2007

The Board of Directors of the Blairsville-Saltsburg School District met for a Special Voting Meeting on Monday, March 12, 2007, in the Cafeteria at the Saltsburg Middle/High School with the following members present:

Lance Alexander
Linda Brown
George Rowley
Mary Whitfield

Paul Bell
Michael LaMantia
Edward Smith

Karen Shusko was absent.

Mr. Nadonley, Theresa Hanley, Ron Saffron, Eric Kocsis, Leigh Free, Tim Haselhoff, Joyce Henderson, Shirley Johnson, Eric Kostic, Don Davis and a group of citizens also attended the meeting.

Mr. Paul Bell, Board President, called the meeting to order at 6:50 pm.

Citizens Remarks

John Fetchko, 512 Old Indiana Road, Josephine, PA 15750, signed in to address the Board regarding Act 1. He had numerous concerns about addition taxation.

Remarks to Citizens

Mr. Saffron explained Act 1.

FINANCE

Motion by Mr. Alexander and seconded by Mr. Smith that based upon the recommendation of the Business Manager, the Board of School Directors hereby adopts the *Resolution Authorizing the May 15, 2007 Primary Ballot Question*, hereinafter set forth and the full text of which is incorporated herein, which Resolution directs that a referendum question shall be placed on the primary ballot of the May 15, 2007 election and the referendum question shall be substantially in the form set forth in the Resolution hereinafter set forth with additions or changes (other than the tax rate) as determined by the school board President and election officials prior to the election.

Resolution Authorizing the May 15, 2007 Primary Ballot Question

Background: Act 1 mandates the board of school directors to submit at the primary election of 2007 a referendum question to the electors of the school district seeking voter approval allowing the school district to levy, assess and collect an earned income and net profits tax authorized by Act 1 or a personal income tax authorized by Act 1 for the purpose of generating revenues to be used to fund homestead/farmstead property tax exclusions for qualified homestead/farmstead property. The purpose of this resolution is to approve the referendum question and related steps.

RESOLVED, by the Board of School Directors of the Blairsville-Saltsburg School District, as follows:

1. The school district shall place a referendum question on the May 15, 2007 primary election ballot. The referendum question shall be in substantially the following form, with additions or changes (other than the tax rate) as determined by the school board President and election officials prior to the election:

Do you favor converting the Blairsville-Saltsburg School District's current Earned Income and Net Profits Tax to a Personal Income Tax at 1.5%? The revenue generated from the Personal Income Tax will be used to reduce taxes on qualified owner occupied residential properties and on qualified farm buildings by approximately \$322.00 and to replace the revenue from the school district's current Earned Income and Net Profits Tax. The current rate of that tax is 0.75%.

2. The school district administration, in consultation with the school board, shall prepare and present to election officials a non-legal interpretative statement that shall accompany the referendum question in accordance with the Pennsylvania Election Code.
3. School district officials shall take any and all action necessary or appropriate to carry out the intent of this resolution.
4. Should a majority of electors voting on the May 15, 2007 referendum question vote in the affirmative, the school district shall take action to assess and levy the tax beginning on July 1, 2007. This tax shall be self-executing and shall continue in force on a fiscal year basis without annual reenactment except in a year in which the rate of the tax is changed or the tax is repealed.

Rowley, Alexander, LaMantia, Smith, Brown, Whitfield, Bell voting yes. Motion carried.

Motion by Mr. Alexander and seconded by Mr. Smith that based upon the recommendation of the Business Manager, the Board of School Directors hereby adopts and approves the Nonlegal Interpretative Statements under Section 331.2(e)(2) of Act 1 of Special Session 2006, the Taxpayer Relief Act, as hereinafter set forth in its entirety and the full text of which is incorporated herein. The Board of School Directors further authorizes the modification of the nonlegal interpretive statement as determined necessary by the school district administration, the Board President, and the election officials prior to the election.

BLAIRSVILLE-SALTSBURG SCHOOL DISTRICT

Special Session Act 1 of 2006 Nonlegal Interpretive Statements Under Section 331.2(e)(2)

Under the Taxpayer Relief Act (also known as Special Session Act 1 of 2006), each local school board may-with voter approval-impose a tax on personal income in order to pay for reductions in property taxes on approved homestead and farmstead property. The Act provides that voters within each school district are to decide directly whether their school district will impose a new personal income tax to replace the school district's earned income tax and to fund property tax relief. This referendum question is being presented to voters to allow them to decide that question.

A personal income tax ("PIT") is a tax on earned income (compensation and net profits), interest, dividends, capital gains, income derived from rents, royalties, patents, copyrights, estates, trusts, gambling or lottery winnings, and other income-but not Social Security and qualified pension income. A local PIT is imposed only on those forms of income subject to the state income tax.

School districts that impose a tax on personal income will convert their existing earned income tax ("EIT") rate to a personal income tax rate. Because a PIT taxes more forms of income than an EIT, a PIT rate lower than the current school district EIT rate generates the same revenue for the school district. A school district's conversion to a PIT generates additional funds for property tax relief as described below.

- If the majority of voters vote "yes" on this referendum question, effective July 1, 2007, residents in the Blairsville-Saltsburg School District will pay to the school district a PIT in the amount of 1.5% instead of the current 0.75% in EIT. This includes paying 1.5% in tax on the other forms of income that were not previously taxed, because they were not earned income.
- The current school district EIT rate is (0.75%); in order to generate the same revenue, a PIT of only (0.65%) would be necessary.
- Thus, the additional 0.85% of the increase in income tax rate will generate additional revenues for the district that will be used to lower property taxes starting with the 2007-08 fiscal year.

- Residents who own and live in their homes (and who have applied and thus far have been approved to receive a homestead or farmstead exclusion) will receive a reduction in their property taxes by an estimated \$322.00 for homesteads and an estimated \$322.00 for farmsteads. This reduction may be lower in the first year of implementation due to time lags in the collection of income taxes. In addition, the proposed increase would generate an estimated \$23,831.00 in revenue-representing 2% of the estimated additional revenue generated by the additional tax-which may be used for school district operations in 2007-2008 as permitted by the Taxpayer Relief Act.
- The change in school district tax rate will not affect any income tax currently levied by the local municipality or by the state.
- If the majority of voters vote “no” on this referendum question, no changes would occur to the school district’s portion of the earned income tax rate. Therefore, no local revenue would be available for property tax relief.
- Voters’ decision on this referendum question will not affect the school district’s ability to receive state funds that will be used for property tax relief.

Rowley, Alexander, LaMantia, Smith, Brown, Whitfield, Bell voting yes. Motion carried.

Being no further business, the meeting was adjourned at 7:04 pm.

Paul A. Bell, Board President

Leigh A. Free, Board Secretary