

iGaming Drives Property Tax Relief to New High

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The Commonwealth provides property tax relief to owners of homestead and farmstead properties through Act 1 property tax reduction allocations. These allocations come from taxes imposed on slots play (in-person and interactive) and are distributed to school districts in the fall. For fiscal year (FY) 2024-25, \$800 million in property tax reduction allocations will be available to school districts, an increase of \$132 million (20%) from the prior year and the largest allocation since enactment of Act 1 of 2007.¹ The first substantial increase in allocations occurred in FY 2022-23 (+25%, see table). Prior to that year, allocations ranged from \$525 to \$535 million per annum. The recent increase in allocations coincided with strong growth in new tax revenues from interactive gaming (authorized by Act 42 of 2017), while tax collections from in-person slots play were largely flat.

	18-19	19-20	20-21	21-22	22-23	23-24	24-25
Act 1 Allocations	\$533	\$534	\$535	\$535	\$669	\$668	\$800
Growth Rate	0%	0%	0%	0%	25%	0%	20%
Slot Machines Tax	\$1,237	\$875	\$973	\$1,231	\$1,246	\$1,233	--
Interactive Slots Tax	--	<u>\$83</u>	<u>\$326</u>	<u>\$458</u>	<u>\$579</u>	<u>\$753</u>	--
Total Tax	\$1,237	\$958	\$1,299	\$1,689	\$1,825	\$1,986	--
Growth Rate	4%	-23%	36%	30%	8%	9%	--

Note: Millions of dollars. Growth rates are year-over-year. FY 19-20 and FY 20-21 impacted by partial year casino closures or restrictions.

Sources: Pennsylvania Department of Education, Pennsylvania Gaming Control Board.

For FY 2024-25, the Pennsylvania Department of Education (PDE) data show that there were 2.64 million homesteads and farmsteads approved for property tax allocations (excludes Philadelphia), with an average reduction of \$303 per recipient. The table on the next page displays county detail for allocations in FY 2024-25, the number of eligible recipients and the estimated average reduction per recipient. The homestead/farmstead counts are based on FY 2023-24 final General Fund budgets submitted to PDE by school districts in October 2023. For FY 2024-25, the data show that the top three counties in total allocations were Allegheny (\$95 million), Montgomery (\$73 million) and Bucks (\$51 million). The top three counties in average reduction were Monroe (\$700), Cameron (\$491) and Susquehanna (\$452). The bottom three counties in average reduction were Juniata (\$133), Franklin (\$142) and Cumberland (\$167). Average property tax reductions can vary between counties due to various factors. For example, each school district is assigned a property tax reduction index by PDE that is based on its residents’ personal income, the equalized millage rate and the market value/personal income aid ratio.² In general, school districts that rank high in equalized millage relative to personal income metrics will receive larger average reductions.

¹ Excludes funds for Philadelphia School District wage tax reduction (\$131 million) and expanded support for the Property Tax Rent Rebate (PTRR) program (\$204 million).

² Equalized millage is calculated as a school district’s total property tax remitted divided by its total market value. The market value/personal income aid ratio represents the relative wealth, compared to the state average, for each pupil in a district.

Property Tax Reduction Allocations by County (FY 2024-25)

County	Amount	Number	Avg.	County	Amount	Number	Avg.
Monroe	\$26.2	37.4	\$700	Lawrence	\$6.0	21.2	\$285
Cameron	0.6	1.3	491	Mifflin	2.9	10.5	277
Susquehanna	5.2	11.4	452	Mercer	7.7	27.9	275
Armstrong	8.5	19.3	441	Adams	7.3	28.1	259
Pike	6.6	15.0	438	York	28.7	112.9	255
Warren	4.1	9.8	424	Dauphin	15.5	62.3	248
Delaware	47.9	113.2	423	Forest	0.4	1.4	246
Montgomery	72.7	183.7	396	Perry	3.2	13.1	246
Greene	3.4	8.8	383	Snyder	2.2	9.3	238
McKean	4.0	10.8	374	Cambria	8.2	34.6	237
Wyoming	2.5	6.9	370	Columbia	4.3	18.4	236
Lehigh	26.7	72.3	369	Luzerne	17.8	75.8	235
Clinton	3.3	9.1	361	Tioga	2.3	9.7	234
Carbon	5.7	16.2	353	Fayette	7.5	32.7	231
Bucks	51.0	147.1	347	Lancaster	26.6	116.2	229
Lackawanna	14.3	41.9	341	Schuylkill	8.3	36.2	229
Beaver	14.0	41.0	340	Bedford	3.5	15.4	228
Wayne	3.1	9.1	339	Westmoreland	22.4	99.2	226
Bradford	4.9	14.5	338	Clarion	2.4	11.1	221
Lycoming	9.4	27.8	337	Centre	5.9	27.1	218
Venango	5.1	15.1	335	Somerset	4.3	20.1	213
Crawford	5.6	16.8	331	Lebanon	7.2	34.0	210
Indiana	6.3	19.2	327	Blair	6.3	30.1	210
Berks	29.5	92.0	321	Butler	9.0	45.3	199
Union	1.6	5.2	319	Huntingdon	2.1	10.7	197
Allegheny	95.3	301.4	316	Sullivan	0.3	1.6	194
Northampton	23.4	75.0	312	Northumberland	4.3	22.2	194
Potter	1.4	4.5	311	Elk	1.5	8.0	186
Chester	38.9	125.8	309	Montour	0.8	4.8	176
Clearfield	7.3	24.1	303	Cumberland	9.2	55.2	167
Washington	14.6	48.2	302	Franklin	5.2	36.7	142
Fulton	1.3	4.3	292	Juniata	0.8	5.9	133
Erie	18.6	64.4	289	Philadelphia	--	--	--
Jefferson	3.2	11.3	286	Statewide	\$800.4	2,641.9	\$303

Notes: Amount in millions of dollars. Number represents thousands of homesteads and farmsteads.
 Source: Pennsylvania Department of Education.

Staff Contact

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