



INDEPENDENT FISCAL OFFICE

September 6, 2019

The Honorable Mario Scavello
Senate of Pennsylvania
20 East Wing, Main Capitol Building
Harrisburg, PA 17120

Dear Senator Scavello:

This letter responds to a request made by your office to provide an additional estimate related to an analysis transmitted by the Independent Fiscal Office (IFO) on August 16, 2019.¹ The new request provides a proposed rebate for school district property taxes paid up to \$5,000 for homeowners age 65 or older with household incomes of \$60,000 or less. Using the same methodology used from the August 16 letter, the IFO projects that the higher rebate would affect 616,000 homeowners and new rebates would total \$1.03 billion for 2017 and grow to \$1.09 billion by 2019.

As before, senior homeowner rebates used for the current Property Tax Rent Rebate Program could be deducted from that gross amount to derive a net cost (roughly \$970 million). Based on the latest IFO projections, an increase in the sales and use tax rate of slightly more than 0.5 percentage points would provide sufficient revenues to fund the proposed rebates.

If you have any further questions regarding this analysis, please do not hesitate to contact me (717-230-8293). Per the policy of the IFO, this letter will be posted to the office website three business days after transmittal to your office.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Knittel".

Matthew J. Knittel
Director, Independent Fiscal Office

¹ See <http://www.ifo.state.pa.us/getfile.cfm?file=/Resources/Documents/Response-Letter-08-16-2019.pdf>