

**ACT 1 TAX IMPACT TABLE
FOR EAST PENN SCHOOL DISTRICT RESIDENTS**

Act 1 of 2006, enacted by the Commonwealth of Pennsylvania, requires school districts throughout the state to give residents an opportunity to decide if the District should reduce some of the current real estate tax with a tax exclusion that would be offset by an increase in the earned income tax rate. The formula mandated by Act 1 has indicated that the amount of the real estate tax exclusion for residents of the East Penn School District would be \$669 and the offsetting increase in the earned income tax rate would be .8%. Resident voters will have an opportunity to vote on this referendum question in the May 15 primary election. The following tables are designed to give East Penn residents a basis for determining the overall tax increase or savings that would occur for them if the May ballot question is passed:

EAST PENN RESIDENT HOMEOWNERS

Line 1	Annual household earned income	\$ _____
Line 2	Earned Income Tax Rate Increase	_____ .008
Line 3	Earned Income Tax increase (Line 1 x Line 2)	\$ _____
Line 4	Real Estate Tax exclusion	\$ _____ 669.00
Line 5	Household tax change (Line 3 less Line 4)	\$ _____

EAST PENN RESIDENT RENTERS

Line 1	Annual household earned income	\$ _____
Line 2	Earned Income Tax Rate Increase	_____ .008
Line 3	Earned Income Tax Increase (Line 1 x Line 2)	\$ _____
Line 4	Not eligible for Real Estate Tax exclusion	\$ _____ -0-
Line 5	Household tax change (Line 3 less Line 4)	\$ _____

Notes:

Line 1 – Household earned income includes the total earned income of all household members from employment and/or self-employment net profits.

Line 5 – Represents a household tax increase (if a positive number), or a household tax decrease (if a negative number).

Important Note:

In the initial year of this tax change the total amount of real estate tax exclusion would be \$469 due to the tax collection timing for the additional earned income tax. Thereafter, in all subsequent years the real estate tax exclusion would be \$669, as indicated in the above calculation.