

Cost of Act 46 Merger Incentives

(millions of dollars)

	FY2017	FY2018	FY2019 <i>Estimate</i>
1 Homestead tax rate incentives	1.249	10.1	13.5
2 Grants	1	2.25	2.63
<i>\$5,000 for consulting fees for merger exploration</i>			
<i>\$20,000 for legal and consulting services for study committee</i>			
<i>\$150,000 for transition costs after successful merger vote (reduced by the amount expended of the \$20,000 study grant)</i>			
3 State Administration			
<i>The costs of administering Act 46 are part of Agency of Education's budget and covered with General Fund dollars</i>			

The statewide cost of Act 46 merger incentives will decline beginning in FY2020 - there will be fewer new mergers and the homestead tax rate incentives are phased out over a 5- or 4-year period depending on the type of merger.

The cost of the homestead tax rate incentive is spread out over all property taxpayers whether homestead or nonresidential and whether they live in an eligible or an ineligible district.	
To put the cost of Act 46 merger incentives into perspective, they represent less than 1% of total EF expenditures.	