

Testimony of ***Ron Boltz, President - Pennsylvania Liberty Alliance***  
for the **House Majority Policy Committee** public hearing  
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The property tax continues to be the most universally despised tax, for several good reasons. Increasing tax bills that have historically more than doubled the rate of inflation are, of course, one reason, but perhaps a bigger reason are the gross inequities, unfairness, and regressive nature of the tax.

If expressed as a percentage of income, no two homeowners pay the same rate, except by chance. Generally speaking, the wealthy tend to pay a lower rate, while the middle lower classes tend to pay a higher rate.

Enshrined in our State Constitution is the “Uniformity Clause”, which lays out the basic principle that no taxpayer should pay any more, or any less, than his or her fair share of government. Clearly the property tax system is anything but “uniform”.

The property tax has always resulted in homeowners paying more or less than their share of government, because it's not based on income or consumption. It's become even less uniform over the years as we've added programs like “Clean and Green”, KOZ's, and LERTA's. Clean and Green was necessary to prevent our farmers from losing their farms due to the runaway property tax, but has also resulted in shifting more burden to other homeowners.

KOZ's and LERTA's are property tax abatement programs offered mostly to big businesses, with future promises of increased tax revenue that often doesn't happen. Businesses get huge breaks, while some schools continue to engage in “spot reassessments” on homeowners, often resulting in the doubling, tripling, and even quadrupling of a home's property tax.

Stated another way, wealthy corporations who make money from their properties get tax breaks, while homeowners who don't profit from their properties, get increases.

The property tax can never be equitable, as data clearly shows that expensive and time consuming countywide reassessments don't even achieve accurate or equitable assessed home values, much less fix a completely broken tax system.

The answer remains the same - a total elimination of the school property tax, replaced with a broad-based tax structure. Plans to eliminate the school property tax have been shown to work, and have also been shown to be a tax cut for the majority of homeowners. This is achieved by broadening the tax base to include more people, and also shifting to an increased and expanded sales tax, which brings in more out-of-state revenue to help fund our schools.

An Independent Fiscal Office report released just a few days ago shows that taxpayers in 64 of our 67 counties pay a higher average rate of their income toward property taxes than they would have paid under several elimination proposals. Two counties would pay virtually the same rate on average, and only one would pay a tiny 0.06 percentage point less.

This same report also confirms that the areas of the state with the highest property tax burden also have the lowest income, while the inverse is also true. Areas of the state with the highest income per capita often pay the lowest property taxes, as they rely less on local school property tax, and more on state funding.

I don't like to engage in "class warfare" types of arguments, but when the stakes of a tax structure are so high that it results in 10,000+ people losing their homes each year, it's appropriate to mention that the largest opposition to elimination comes from the wealthy, large corporations, and the lobby groups that represent them. In general, the wealthy and the corporations benefit financially from the property tax, at the expense of middle and lower class taxpayers, and small businesses. The property tax system is a system of "winners and losers". Elimination is the only way to correct the problem.

Despite overwhelming support to address the hated property tax, our legislature has failed to pass even a single meaningful piece of legislation. There have been arguments from some against elimination, citing concerns of the large aging demographics in Pennsylvania receiving "too much" of a tax break, and shifting that burden to working families. Rep. Ryan crafted a bill to address those concerns, only to have little support from the very legislators and lobby organizations who voiced those concerns in the first place.

Over the years I've also heard numerous legislators opine that if there were a way to eliminate school property taxes for homesteads and farmsteads, but not for commercial property, they would support that effort. Pennsylvania has since passed a Constitutional Amendment, approved by the voters, that would allow for a 100% exemption of homesteads and farmsteads, but there has yet to be a vote on any enabling legislation to achieve it.

I personally have a friend who pays roughly 1% of his income toward his property taxes on a 48 acre homestead worth close to \$1,000,000, and I've also met a still-working senior citizen who pays 25% of her income toward her property taxes, on a single family home in Lancaster after the countywide reassessment took place there. A home she's paid off and lived in for decades. She cannot afford to fully retire in her current home due to the property tax.

There is no way to make the property tax system fair and just. Reduction schemes solve nothing, and ever-increasing property taxes swallow up any small reductions in a short time anyway. Countywide reassessments just shift the winners and losers around, while the unfairness, regressivity, and inequities persist. People never own their homes, and are never able to be secure in their own properties.

Complete elimination is achievable, and remains the only solution to fix the many inherent problems with the current property tax structure. Any of the elimination plans that have been offered so far would be a vast improvement over our current system.