

Jim Rodkey
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Since my time here is limited, I'm going to cut to the chase. There should be few things more sacred in our protected rights than the right to our property, to our homes. It was deemed so important to our state's founders that in 1776, when our first Constitution was written, it was the first section of the first article in that Constitution. And after 245 years, the inherent right to acquire, possess and protect our property is still there in Article 1, Section 1 of our State Constitution. While its position in our Constitution hasn't changed, how we have chosen to respect that right over the past 50 years has certainly changed especially when it comes to property taxation.

Property tax is a tax levied on a property that is an arbitrarily determined value that will almost never actually reflect the actual worth of the property. The assessed value of a property rarely reflects the actual value of the property. This means that some people are paying more taxes than their home is valued on the open market and others are paying less. In our studies we find that those paying more than their property is actually worth are often those in the lower half of the income bracket.

While it's based on an assumption home value, when you transfer this to percentage of income, we again find that lower middle and lower income families are paying a much higher percentage of their income towards property taxation. They may be paying less in total taxes since they are living in a smaller home, but when compared to their income, they pay a higher percentage of that income to property taxation. My home is situated in a 3rd class city. If it was moved five miles in any direction, I would see a drastic reduction in my property taxes. In that county, which is this county, Lebanon. The lowest income school district in the county pays the highest millage rate.

While we hear that property taxes are stable, that's only true for the tax collector. Nobody out there knows what their taxes will be next year or five years down the road. What we do know is that, for the majority, it will be more. Nor can we depend on Act 1 limitations to protect our homes since the requests to exceed this limit is almost universally rubber-stamped meaning that folks in those districts will see higher increases than the economy, or their income increases can match.

The stability argument is an insult to those who have lost their homes or are facing losing their homes. It's an insult to those who are on fixed incomes and see a spouse pass away and can now no longer afford to stay in their homes. But the instability issue goes further.

Increases in property taxation results in increases in rent. As someone who lives in a third class city, I see first hand what this is doing to the living condition of these families in rental servitude. I've seen what this has done to my neighborhood. As rents increase these families double up leading to overcrowding in their house. It increases the chance of transient populations creating financial instability in these homes and an instability to the children in those homes, both because of the overcrowding as well as because of the constant moving.

I believe that one of the greatest gifts we can give to our children is an education but a system that creates financial instability in a home or adds to the burden of a more transient life-style is an educational system that is failing these children. And we are failing those good teachers by hindering them with classrooms that shift in student population throughout the school year.

This is nothing new. I've been testifying about this for over 10 years now. I participated with Ron Boltz in more towns across this state than I can remember. I've been interviewed in public media and, in the past, I provided extensive documentation and I keep hearing the same excuses while the unjust and inequitable property tax just keeps getting worse and worse.

Property tax reform, as the historical record clearly demonstrates, does not work, the few crumbs that fall off the relief table are quickly eaten away by property tax increases.

The expensive county-wide reassessments don't work. They are designed to supposedly make the tax base more equitable but in every case we find that, after appeals, everything is quickly skewed again. And if they worked or were reliable, why are so many of the appeals successful. That arbitrarily determined value will never actually reflect the actual property value of the virtual majority of those homes and we have the audacity to call that fair, to think it is just or to imply that this is somehow moral.

The common-level ratios applied after the reassessments don't work because they are based on county averages where again we see that those on the lower half of that average will see higher increases while those on the other side see lower increases and when that is translated to income, not some assumed property value, the increase becomes a much greater burden to those least able to pay it.

I don't know about anyone else in this room but I do know that every person I've talked to tells me the same thing. They don't pay their property taxes each year from income they've derived from their home, they pay it from their income. And if we taxed income the way we tax our homes or applied sales tax the way we tax our homes there would be an outcry across the state. Why we tolerate it when it comes to property taxation escapes me.

I understand the need to fund education. But I also understand that there is a constitutional as well as a moral and ethical principle and when it comes to all three, property taxation fails the test.

I believe we can do better. I believe we can find the replacement revenue to do this in a way that is fair. But I don't believe, I know, there is no tax that is more unfair, more inequitable and more unjust than the property tax. None!