

Senator David G. Argall (R-29) Testimony - Prime Sponsor
Senate Finance Committee Public Hearing
Senate Bill 1400 – Property Tax Independence Act
July 26, 2012 | 10AM | North Office Building Hearing Room #1

Thank you, Mr. Chairman and members of the Senate Finance Committee for allowing me to testify regarding Senate Bill 1400-- legislation to eliminate the school district property tax.

As most of you know, this has been a key issue for many of us for quite some time. This issue is easily the number one topic discussed at my numerous town hall meetings.

It is my strong belief that the property tax is unfair, archaic and, as Senator Folmer will share, unconstitutional.

Since 1834, this Commonwealth has funded school districts through property taxes.

For the past 178 years, property taxes keep getting worse despite our efforts to "reform" the overall system.

Many different solutions have been attempted in the past 60 years in Pennsylvania:

- 1.) In 1953, the State Legislature and Governor Fine enacted its first one cent sales tax “for education,” tripled state aid for education, but failed to kill off the school district property tax.
- 2.) In 1971, after a long battle, the General Assembly and Governor Shapp created the state's first 2.3 percent income tax, known as the “Emergency Income Tax,” but it failed to kill off the school district property tax.

- 3.) Also in the 1970s, the General Assembly and Governor Shapp legalized a state lottery, which helps some senior citizens with their property taxes — but far from all.
- 4.) In 2006, the Legislature and Governor Rendell, for the very first time, changed the law so that school districts can't increase taxes by more than the rate of inflation, but that has proven to be far from satisfactory.
- 5.) The Legislature and Governor Rendell also legalized casino gaming in 2006—and that has only helped most people with only a small fraction of their property taxes.
- 6.) In 2011, the legislature and Governor Corbett passed Senate Bill 330, which requires school districts to place spending increases above the rate of inflation on the ballot for voters to decide. And yet, unfortunately, the problem of unfair, archaic school district property taxes remains.
- 7.) In 2011, Representative Doyle Heffley, Senator Yudichak and I introduced a bill (Senate Bill 990) that would put the four most popular property tax reform proposals on the ballot for the voters to vote upon . That bill has yet to be brought up for a vote.

For as long as I've been alive, the school district property tax has been among the most universally hated taxes in Pennsylvania.

While today's students benefit from state-of-the-art technology in the classroom, it is absurd that taxpayers are stuck with the same school financing model that was used in the days of the one-room schoolhouse and the abacus.

In 1868, when my great-great-great grandfather Thomas Argall, a shoemaker from Cornwall, stood in the Schuylkill County Courthouse to become an American citizen and to renounce his allegiance, as the document states, "To Queen Victoria, Queen of Great Britain and Ireland," we were stuck with this system.

When my grandfather Arthur Argall taught in a one room school house in West Penn Township in the 1920's—he was paid partly by the local farmers with vegetables.

We no longer pay school employees in vegetables, but we're still stuck with a very archaic, outmoded, and unfair property tax system. It is my fervent hope that we will finally eliminate this archaic system once and for all. That is why I am here before you this morning: Senate Bill 1400 represents a much fairer way to fund our public schools.

Senators Folmer, Piccola and I, along with all of our other cosponsors have introduced this bill at the direct request of tens of thousands of grassroots taxpayer advocates. Over 2,300 local concerned residents have signed my online petition in support of this proposal.

This proposal is the result of a lot of hard work, time and effort by many but I'd like to recognize Representative Jim Cox for his leadership and expertise on this issue and the David Baldinger of Pennsylvania Taxpayers Cyber Coalition for their truly impressive grassroots network that reaches every corner of this Commonwealth. They are the reason that we have this bill before you today.

School district property taxes account for roughly \$12.9 billion in revenue for our local school districts. Our bill would wipe out the current funding source by driving a stake through the heart of the property tax beast and move towards an expanded and increased sales tax from 6

percent to 7 percent, coupled with an increase in the state personal income tax from 3.07 percent to 4 percent.

Senator Schwank and I met with the newly formed bipartisan Independent Fiscal Office to request a thorough analysis of Senate Bill 1400 to ensure our revenue estimates under our proposal are accurate. We expect to have a report in September.

There are too many variables with regards to school district property taxes that currently exist. Some familiar questions on assessing your property taxes are:

- 1.) When was your house built?
- 2.) When was your house remodeled?
- 3.) How large is your lot?
- 4.) When was your last county reassessment?
- 5.) Does your school district take advantage of the court case on spot re-assessment?
- 6.) What kind of windows and roof are on your house?

That's just crazy! That is not, as Article III, Section 14 of our State Constitution requires, a "thorough and efficient system of public education to serve the needs of the Commonwealth." That's not the appropriate way to fund our public schools—maybe it made sense when school property taxes began in the 1800s—but I doubt it.

I am asking for this committee to send this legislation to the Senate Floor so that the entire Senate can participate in the debate and hopefully, to eliminate, for all time, the school district property tax.

Again, thank you Mr. Chairman and members of the Senate Finance Committee for your interest with this important proposal that represents a way to end this unfair and much-hated tax, once and for all.