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TESTIMONY ON HB 1788  
HOUSE AGRICULTURE AND RURAL AFFAIRS COMMITTEE

Harrisburg, Pennsylvania

Presented by  
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Government Relations Manager

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Good morning. My name is Kristen Goshorn, and I am the Government Relations Manager for the County Commissioners Association of Pennsylvania (CCAP). CCAP is a non-profit, non-partisan association providing legislative, education, research, insurance, technology and other services on behalf of all the Commonwealth's 67 counties.

Thank you for the opportunity to appear before you to present our thoughts on House Bill 1788, sponsored by Representative Cutler. We support this bill, which is intended to restore some equity to the property tax burden of landowners not enrolled in Clean and Green where the local tax base is significantly impacted by Clean and Green properties.

The property tax is the only source of revenue available to counties to fund our obligations. We are unique in this respect from the school districts, townships, boroughs and cities who have all been granted alternate tax bases besides the property tax. Counties administer the assessment system, with responsibility for assigning values to properties. As such, the county assessment office is the place where the Clean and Green program is administered. So while the tax base of all local jurisdictions is impacted by preferential assessment, counties have a special interest in this program. The county is responsible for determining eligibility, assigning a use value to eligible properties and overall administration of the program.

Historically, CCAP has opposed granting special tax status to certain classes of property, but we believe that when special status is granted by the state, the state should fund the loss of revenue to local municipalities. For this reason, CCAP supports the intent of HB 1788, which is to protect the taxpayers of local jurisdictions who do not receive a preferential assessment.

It is important to recognize that special tax status for some property owners inevitably shifts the tax burden to other property owners, and equity among taxpayers is a concern of county officials. However, CCAP has been involved in negotiating various changes to Clean and Green, and many commissioners believe that Clean and Green is an important support to the agricultural industry in Pennsylvania. We support preservation of agricultural land, and support the concepts behind Clean and Green as one element in achieving this objective. HB 1788 aids the objectives of Clean and Green while also helping to address inequities in communities where a larger shift in the tax burden occurs due to high percentages of taxable real property that have been enrolled in Clean and Green.

Earlier this year, an amendment was offered to House Resolution 334, which ordered the Legislative Budget and Finance Committee to conduct a study of the assessment system in Pennsylvania. That amendment directed LBFC to also study the impacts of Clean and Green on the tax bases in counties, municipalities and school districts. That assessment study is currently underway, although the Clean and Green data has not yet been collected. While preparing for our testimony today, CCAP contacted county assessors and asked them to provide data that would demonstrate the extent of the impact of this legislation.

We were able to get responses from 23 counties that have Clean and Green properties. Four of these counties have only a handful of properties enrolled in Clean and Green, or found that neither the county nor any municipalities would pass the 10% threshold. Twelve of these counties found that the county would not exceed the threshold, but some of the other local taxing jurisdictions would. Seven counties found that the county as well as many of the other local taxing jurisdictions would qualify.

While we support the intent of Representative Cutler’s legislation, we suggest the bill be amended to provide additional clarity to the calculations necessary to determine whether a local taxing jurisdiction qualifies for state funding to offset reductions in its assessed value. First, in section 4.3(a) the bill says that those local taxing jurisdictions that lose 10% or more of their assessed value are eligible. Counties do maintain assessed values on non-taxable properties as well, and we suggest that the language be amended to provide that a jurisdiction shall be eligible if it loses 10% or more of the assessed value of **taxable** real property in the jurisdiction. We believe the bill should also specify whether the total is calculated based on the assessed value of land only, or the assessed value of land with improvements. We suggest it be amended to specify that the total assessed value of taxable real property includes the value of the land and improvements.

Likewise, in calculating eligibility under section 4.3(c) the bill needs to be clarified as to whether it includes just taxable real property in the jurisdiction, or both taxable and exempt, and similarly to include the value of the land and improvements.

Finally, we note the special circumstances that will exist for school districts that cross county boundaries. Counties are only able to calculate the assessments for the portion of the school districts that lie within the boundaries of the county. Therefore, as we interpret the bill, school districts in two different counties would have two different calculations for eligibility, which would be verified by two different counties.

In conclusions, CCAP supports Representative Cutler’s House Bill 1788 with these changes. If the state commits General Fund dollars, local taxing jurisdictions would be reimbursed for reductions in the local tax base caused by Clean and Green, and this would improve equity for local taxpayers by reducing their tax burden. This addresses a long-standing CCAP policy, which states that tax revenues forgone or lost by any grant of special status should be reimbursed by the state.

Again, CCAP thanks you for the opportunity to offer our comments on Clean and Green. I would be happy to answer your questions at this time.