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TESTIMONY

PENNSYLVANIA HOUSE OF REPRESENTATIVES

FINANCE SELECT COMMITTEE ON MODERIZATION AND REFORM

By: Indiana County Commissioner Rodney D. Ruddock

June 18, 2018

Good Morning. My name is Rod Ruddock, and I serve as a Commissioner of Indiana County.

I appreciate the opportunity to offer testimony to the Pennsylvania House of Representatives Finance Select Subcommittee on Tax Modernization and Reform. Specifically, I want to thank Representative Evankovich for the opportunity to offer comment on this very complex issue and important part of both state and county government.

Having spent four terms as a County Commissioner, I am uniquely aware of the critical importance that events such as today's hearing bring to the state legislative process. I can tell you first hand from my experiences as a County Commissioner the emphasis on property tax as the means by which we fund schools and local government is vastly looked upon as unfair and unjust.

Property tax is not just a "school district issue." Property tax currently provides for nearly all generated revenue at ALL levels of local government (county, borough, township) placing an unfair burden on our property owners...and specifically our senior citizens.

For Counties, our only source of locally generated revenues is the property tax. Counties also have a significant role in the entire property tax system, as we are responsible for, or affected by,

all of its administration from assessment to delinquent property tax collection. Thus, we are able to offer a number of perspectives and recommendations about the local tax system.

As you know, Pennsylvania counties have long advocated on this priority seeking alternative taxing options such as a capped/ limited county option personal income tax, earned income tax, or sales tax so that counties would at least have the option on a revenue neutral, dollar for dollar basis, to reduce property taxes. Our effort should focus on permitting counties the option of addressing and reducing the property tax effort by spreading the burden to broader based, alternative revenue options.

For the sake of discussion, most school districts consume about 60-75% of the tax base while the other local taxing bodies seem to split the remaining 25-40%. The tax payer relief act provides for property tax reduction allocations to be distributed by the Commonwealth to each school district. These reductions are provided through a homestead or farmstead exclusion but only school districts, by statue, are affected. However, the property tax shows no boundaries affecting both the taxpayer who pays it, as well as the local governments that relies on that revenue to fund critical services. So it is absolutely important that the county property tax be taken into account just as much as the school district property tax.

In the fall of 2017, the citizens of Pennsylvania acted upon a proposal to amend the Pennsylvania Constitution to permit the General Assembly to enact legislation authorizing local tax authorities exclude from taxation up to 100% of the assessed value of each homestead property within our local jurisdiction, rather than limit the exclusion to one half of the median assessed value. While this appears to be a step in the right direction, few counties had the ability to authorize a homestead exclusion under any approved threshold since the constitution does not allow local government to raise the millage rate to pay for it...let alone expand it. The General Assembly needs to first update the laws that implement the constitutional provisions to reflect the new threshold, and then offer local governments the flexibility to use this tool.

Counties would like to see the Clean and Green statute updated to better reflect and ensure that the original intent of the Act provides preferential assessment to those properties that truly are agricultural use, agricultural reserve or forest reserve. Such preferential treatment and exemptions for public charities take their toll on the local tax base forcing remaining taxpayers to take on a greater share of the tax burden.

While not necessarily the focus of today's hearing, the second concern on Assessment Tax Reform needs to continue to focus on the assessment process itself. I would like to share with your some personal frustrations endured during the course of our 2016 reassessment.

I have served 37 years in the United States Military rising to rank of Major General and serving a command of nearly 22,000 soldiers. I have been part of an unpleasant task of sending soldiers to war and meeting the grieving families of those who returned deceased. I also served as a high school principal for 25 of my 37 years in education dealing with the heightened anxiety for our country during 9-1-1. This was a very difficult time for public education given the unknown in global security and the potential impact would have on families and students.

Given the magnitude of challenges which I personally faced in these two specific assignments, I have to tell you the tax reassessment process equaled, if not surpassed, all of such challenges which I have I had prepared myself for public service. It was an incredible, terrible journey.

I thought my background in leadership would allow me to complete a reassessment for our county which had not occurred since 1968 with efficiency, accuracy, and rallied support of the populace. I need to tell you that I failed to live up to my own personal expectations.

This all occurred as I was seeking election for my fourth and current term. Frankly, I was dead a politician walking. But here I remain, committed to my constituents that I would to continue to serve them to try and resolve and fix the problems which we face today.

I was pleased to be part of a subcommittee of the Local Government Commission to modernize, develop efficiency, promote transparency and create fairness through the assessment process. The citizens of Pennsylvania will benefit from many of the recommendations by this committee. Thanks to such engagement, numerous pieces of legislation are now before the General Assembly to begin to address many of the concerns elevated as part of the reassessment process. Such issues include training and qualification of outside consultants and appeal members, developing contract standards for countywide reassessments, preparing an operations manual and self-evaluation tool for uniform sales validation with improved data and the creation of a model RFP and contracting guidelines for assessment services.

I would be remiss if I failed to make mention the underlying issues which drive county taxing decisions. More than 80% of our county budgets are driven by mandated services, increased caseloads, management of courts and correctional facilities...which demand increased county engagement requiring more state, federal and local dollars. However, counties have realized stagnant or decreased funding for these expanded services and are annually faced to make difficult decisions in raising property taxes.... for we have nowhere else to turn. We need your support and are anxious to maintain the close relationships to cooperatively meet the state's challenges and yet be the standard bearers of the communities we serve.

Due to my limited time, I have not offered verbal testimony on Assessment Reform specific to Property Tax Collection although my thoughts are offered in written testimony which you have already received.

I trust that this testimony has been purposeful in terms of your mission. We all want to work with the common investment and goal to assure that assessment and taxation policies are up to date, relevant and serve as a fairness platform for the betterment of our citizens and their communities. We look forward to working with you on all matters affecting county government. I thank you for your service and commitment. I would be happy to answer any questions you may have at your convenience.