



**Testimony on HB 1788 – Clean and Green Program
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Good morning, Chairmen Hanna and Maher and committee members. I would like to thank you for giving me the opportunity to testify today on HB 1788, which addresses the financial losses incurred by school districts and other political subdivisions due to Act 319, commonly referred to as the Clean and Green Program.

As you know, the Clean and Green Program was established to help the Commonwealth preserve farmland and other open spaces. To enroll in the Program, property owners must agree to devote at least 10 acres of their land solely to agricultural, agricultural reserve or forest reserve use. In return, that property receives a preferential assessment and is taxed on the basis of its “use value” rather than its “market value,” resulting in lower property taxes for the owner, often by thousands of dollars.

While the Pennsylvania School Boards Association (PSBA) supports the intent of the Clean and Green Program to preserve open space, our members also urge the state to reimburse school districts realizing a loss in school property tax revenue as a result of preferential assessment on enrolled properties. To that end, we applaud Representative Cutler for recognizing the significant impact Clean and Green properties have on school district property tax collections and for introducing House Bill 1788 to provide for such state reimbursement to districts.

Landowners interested in enrolling in Clean and Green voluntarily submit applications to their county, which are then reviewed by the county to determine whether the property meets Clean and Green qualifications. School districts are not involved in the decisions to enroll a property in Clean and Green, yet are often the entity that gets hit the hardest by the loss of tax revenue – local revenues account for about twice as much as state aid in school district budgets, with real estate taxes making up about 80 percent of those local revenues.¹

When taxes from one source, such as Clean and Green property, are reduced, the burden of making up that difference then falls on the other property taxpayers in the school district. Act 1 of 2006 places additional pressures on these districts as well, by restricting school districts from raising property taxes above a certain index (unless a higher rate is approved through voter referendum). This makes it even

¹ Costing Out the Resources Needed to Meet Pennsylvania’s Public Education Goals, presented to the State Board of Education in December 2007.

more difficult for districts impacted by the Clean and Green Program to maintain adequate revenues to provide appropriate educational instruction for their students without cutting beneficial programs.

I would be remiss if I did not mention that the financial drawbacks to school districts are further compounded by the fact that language in current law has been used by some property owners to get tax breaks on property that was never intended to meet the purpose of Clean and Green. For instance, media in Allegheny County reported in 2007 that golf courses were enrolled in Clean and Green under the “forest reserve category” because the property had a number of trees. Other property owners had enrolled their land in the “agricultural reserve” category for noncommercial open space used for outdoor recreation or the enjoyment of scenic and natural beauty, and open to the public for that use – without opening their land to the public as required. Condominium complexes, country clubs and developers were also among those taking advantage of Clean and Green discounts.

House Bill 1788 offers state assistance payments to local taxing authorities that would otherwise lose 10 percent or more of their assessed value under Clean and Green. These payments would equal 90 percent of the lost revenue, helping to mitigate the impact of lost revenues on school district budgets and relieving the burden on other local taxpayers who do not benefit from the Clean and Green Program. This legislation is a common-sense approach to provide support to districts forced to work with fewer dollars, through no fault of their own, and PSBA strongly urges this committee to support House Bill 1788.

Thank you for allowing me to make these brief comments and I will be happy to answer any questions you may have.