

**Budget Testimony of
Representative Mark Painter**

House Appropriations Budget Hearing: February 27, 2014

Thank you, Mr. Chairman, and good afternoon to the members of the Committee. I want to thank all of you for giving me this opportunity to offer testimony. I realize that the Commonwealth has many fiscal challenges, and I don't envy your position. Difficult choices are going to have to be made.

That being said, I come before you today to raise the vexing issue of property tax relief. I raise the issue because I represent some of the highest property tax school districts in Pennsylvania. Whenever I meet with constituents, property taxes is one of the issues they are most interested in, and the most frequent question I hear is, "When are they going to do something about our property taxes?"

I don't need to remind you that this session the House has already had several votes, some contentious, on legislation aimed at property tax relief. Some proposals came from the Republican side, some from the Democratic side. None have passed the General Assembly, and frustration is building.

In the past fifteen years, the General Assembly has made four attempts to address local property taxes. The only real success was Act 1, which created the Property Tax Relief Fund as a mechanism to direct revenues from casino gaming to property tax relief for homeowners.

What's great about the Property Tax Relief Fund is that every dollar allocated to the Fund is a dollar in property tax savings to some Pennsylvania homeowner. The fund does not benefit commercial properties, rental properties, or properties owned by out-of-state megacorporations.

The benefits go entirely to our own homeowners. What's not so great about the Fund is the amount of relief is still small, averaging about \$200, or less than 10% of the typical property tax on a home, in my district.

It's not much. But it's a good start, and it's more progress than we've made otherwise. Let me say it again: the Property Tax Relief Fund represents relief targeted at the people who most need it, our homeowners, and reduces property taxes on a dollar-for-dollar basis.

One of our best options for providing additional property tax relief is adding revenue to the Fund. Conversely, the worst thing we could do to our homeowners is to take away even this modest source of relief.

Unfortunately, that's exactly what the General Assembly did last year. In the fiscal code amendments enacted in 2013 was a provision diverting some \$80 million dollars from property tax relief to help balance the general fund.

Just as every dollar into the Property Tax Relief Fund represents a dollar of tax savings in some homeowner's pocket, every dollar diverted from the Fund is a dollar in extra property tax paid by our already overburdened homeowners. It's bad enough that I have to explain to my constituents that there has been no progress on property tax relief in this session. It's even worse when I have to tell them that the General Assembly has backtracked, and increased their property tax burden.

2013 was, to my knowledge, the first time revenue was diverted from the Fund. A bad precedent was set, and once set, becomes all too easy to repeat. I am here today to ask you, to implore you, not to allow further diversion from the Property Tax Relief Fund in 2014. Not in

2014, not in 2015, not in any year following. Let us resolve to make 2013 a one-time aberration, and not an omen of things to come. Let's break the habit while we still can.

If I am granted one request in the 2014 budget, it would be to preserve the Property Tax Relief Fund. If I am granted a second, it would be to increase revenue to the fund. Let's set a new precedent: that we will work, year upon year, to increase this targeted relief to our homeowners, and reduce reliance on property taxes to fund our schools.

As I said at the outset, I realize that revenues remain disappointing, and difficult fiscal challenges confront you. But an increase in revenue to the Property Tax Relief Fund, even a token or symbolic increase, would set us on a new path forward, one that promises even more relief to come, and would give us all a small, but concrete, bit of good news to bring back to our constituents. I want to be able to return to my district and say something more than, "Well, we're still working on it."

Ladies and gentlemen, ancient Chinese wisdom holds that the journey of ten thousand miles begins with the first step. The complete path to real property tax reform remains unclear, but we can at least take that first step.

Thank you.