

Morning ladies and Gentlemen,

I am sorry I cannot participate in this very important discussion on taxes as, it coincides with my daughter's return from an Italy study abroad program. I have a date with the JFK airport today.

This issue has been one of the most important issues I have dealt with within our school district. My goal is, and always will be, to relatively equalize the residential taxes across all three counties within our school district. This has been a true challenge as, the district utilizes a new market rate for a county once that county has been reassessed. This reassessment, and when it is applied translates into the problems we face today. I have been in constant contact with Anthony Ryba, Hazleton area's business manager concerning this issue. I did some computations based on a \$100,000 home and discussed my findings with Mr. Ryba. He concurred with these results and a letter confirming these findings appeared in the Hazleton Standard Speaker. This resulted in Schuylkill being taxed at a rate 63% higher rate than Luzerne. An actual example of two bills received by a resident living on the Luzerne/Schuylkill County border – he received a bill from both counties - was included in this article that resulted in a 28% increase in taxes for the Schuylkill county resident verses the Luzerne County resident. Suffice to say that Schuylkill residential homeowners are paying a lot more in taxes than their Luzerne counterparts.

There are a few board members who seem to think that this is not the case. To them I say, "study the formulas." I know this can be a difficult subject to comprehend but, board member(s) should not contribute what he/she "believes" to be true without studying the facts. A case in point is the recent increase in taxes voted in, this past year. I was told by one board member that Luzerne was actually paying more based on their millage going up 6%. Nothing could be further from the truth. In comparing last years tax increase, in aggregate, Carbon County had an increase of 1.68%; Luzerne had an increase of 4.65% and, Schuylkill had an increase of 6.38%. I would be happy to share these computations with anyone.

The problems with our taxes stem from two areas: (1) The KOZ zones. At present Schuylkill County, has approximately 79% more KOZ market value than Luzerne; and, Schuylkill has 95% less market value to spread these extra costs over (using Luzerne County's current assessed market value). It should be noted that only the "base value" of these market values is included for taxable purposes. And (2) Luzerne county is not presently using their new assessed market rates. This is a direct result of our school district using two different sources for their market value figures: STEB and Dept. of Education. Our school district put Schuylkill County's market value in play the year after reassessment; whereas, they did not do the same for the Luzerne reassessment. Luzerne is getting an extra year to put their new assessment in play because our district is using a state department of education site to report Luzerne County's new assessed values. This delay, coupled with the continuous delays in Luzerne County applying the new assessed values, has led to years of disparity between Luzerne and Schuylkill County taxes. The KOZ zones, while adding extra taxes to each and every Schuylkill County resident, has less of an impact on Schuylkill County taxes than the addition of Luzerne County's new assessed rates. That is, Schuylkill County residents would get more equalization from the school district's use of the new assessed rates.

Just a quick look at the millage should be an indication that something is askew. While Luzerne is assessed at 100% of market, Schuylkill and Carbon are assessed at 50%. If this ratio holds true, Luzerne's millage should be approximately ½ Schuylkill and Carbon's. At present, Carbon County has a rate of 30.143 mills; Luzerne has a rate of 8.698 mills and, Schuylkill has a millage rate of 38.004. As can be seen, Luzerne County's millage is way out of whack. It does not represent half of either Carbon or Schuylkill's rate. In using the computations, one can see that the formula uses the old market rate to figure what percentage of revenue Luzerne County is responsible for, but uses the new, reassessed rate to spread the tax liability over each homeowner. This results in the skewed millage rate of 8.698. Thus, one cannot, like certain school board members insist on doing, compare the percentage of millage rate increase in Luzerne, and compare it to the other counties increase in millage rates.

Suffice to say that Schuylkill County residents have been paying a lot more than their Luzerne counterparts. And, this has been going on for a number of years. Even when the District starts using Luzerne County's new assessed values, Luzerne residents will still not pay as much as the individual Schuylkill residents as they have 95% more assessed value over which to spread the increased revenue for which they will be responsible.

As long as we use property values as a basis to distribute revenue liability, we will experience these problems. However, when Luzerne County begins using their new assessed rates, this disparity will be minimized. At least, all three counties will have been reassessed within approximately 10 years of each other.

There may be other laws that can be written into the tax code to at least minimize any future differences: (1) Isolating the KOZ's so they do not affect individual property taxes, (2) Making sure that, if all counties within a school district have not been reassessed within a relatively close period – this can be subjective – then a district cannot just arbitrarily increase another county's taxes based on their new assessment.

This can be very difficult problem to solve but, the alternative is to just leave the problem fester until it becomes chronic. I believe we are presently at this situation. First, we must all recognize that the problem exists and work together to come to an amicable relative solution. Second, I am willing to work with anybody to, as I stated in my opening statement, make these taxes as fair to every residential homeowner in all three counties within our school district.

Thanks for your attention to my statement, regards,

John J. Petchel

Kline Township

