

A Report and Recommendation of the Act 72 Advisory Committee to the

Warren County School District Board of Education

Meeting the Request of the Board of Education

At its regular meeting on February 11, 2005, the Board of Education requested volunteers from the public who would be interested in participating on an advisory committee relative to the Homeowner Tax Relief Act 72 of 2004. The Board members had participated in several workshops that provided an overview of the impact Act 72 might have on the operation of public schools. Recognizing the complexities contained in Act 72, the Board felt it would be helpful to hear from the public before it made its determination of participating or not participating in Act 72.

Fifteen members of the community submitted applications for consideration to participate as members of the Act 72 Advisory Committee. Although the Board agreed to accept all of the applicants, two of the original applicants found it necessary to withdraw for personal reasons. The remaining thirteen members met initially in an informal gathering at the Warren County Career Center on Thursday, March 17, 2005. Members got acquainted with one another and were addressed by Superintendent John Grant on some general overviews of public school governance and administration.

It was evident from the very beginning that Act 72 was not a simple piece of legislation and would require some very thorough research and analysis to arrive at a meaningful recommendation to the Board of Education. There is no question that the thirteen members met the challenge from the start and were absorbed in their work through their final meeting held on Thursday, April 28, 2005.

Researching and Analyzing the Data

Several members of the committee had indicated that they had already begun researching the elements of Act 72 prior to the first formal meeting held on March 24, 2005. Representatives of Public Financial Management, the consulting firm contracted with by the Board of Education conducted the first two meetings. The intent of these first two meetings was to develop a solid foundation of the specifics of Act 72. PFM would remain at the call of the Advisory Committee for further clarification and development of financial models for use in the study.

A number of members of the Act 72 Advisory Committee also took the initiative to prepare financial models and to personally research several important areas related to revenue generation to support the tax relief proposed. These elements, as well as the open participation by each of the members, made for a very dynamic process in dealing with the charge of understanding Act 72 and the eventual recommendation to the Board of Education.

Points of Discussion Analyzed by the Committee

- New money generated by gaming activities will, no doubt, reach projected levels.
- New money generated by gaming has its main purpose that of providing real estate tax relief to homeowners.
- The additional revenue generated through increases in the earned income tax rate will offer additional real estate tax relief.
- Although the moral issue of gambling will be questioned on a personal basis, the Committee believes that this issue can best be resolved by the individual taxpayer simply exercising his/her option to file or not file for a homestead/farmstead exemption.
- Further study of a personal income tax (PIT) to replace the earned income tax (EIT) should be pursued.
- Increased local revenue resulting from the allowable index may not prove sufficient in meeting budgetary needs without going to public referendum.
- Tax increases are permitted related to the allowable exceptions noted in the Act.
- A greater number of residents will receive tax relief benefits than those who do not.
- Major increases to the District budget in the future will probably require voter referendum for tax increases beyond the index.

Conclusions and Recommendations

Following five intense meetings, the group reached these near unanimous recommendations at its final meeting held on April 28, 2005:

#1: It is recommended that the Board of Education “opt in” to Act 72 under Option B, which directs that the present .5% Earned Income Tax be increased by .1% to .6% with no requirement for voter referendum required in November, 2005.

#2: It is further suggested that the Board of Education continue to study the pros and cons of replacing the earned income tax (EIT) with a personal income tax (PIT).

Presented on May 9, 2005

Act 72 Advisory Committee Members:

Dennis Bonace	Richard Campbell	Bonnie Corcoran
Mark Donick	Robert Duffy	Bernie Hessley
James Holding	Mike Hostovich	Alan Kiser
Jeff Lockett	Donald Probst	Joan Stitzinger
John Zavinski		

Board Finance Committee:

Dale Gerbec
Kevin Freestone
John Schwanke

Board:

Jacki Nuttall, Board President
Richard Pascuzzi, Board VP

Randy Peterson, Board Member
John Shea, Board Member
Richard Lyle, Board Member
David Come, Board Member

Superintendent: John H. Grant

Resources: **Public Financial Management (Consultant)**
 Raymond Miller, Acting Business Administrator
 Diane Brunecz, Fiscal Accountant
 Jerry Jespersen, Chief Assessor
 Bill Galagher, Tech Support to Assessment Office

Facilitator: Larry D. Conrad