

Tax Study Commission Minutes

Meeting Date: Monday October 16, 2006

Time: 6:30 PM

Location: Main Conference Room Curwen Building

Member present were:

Jeff Lockett, Mike Hostovich, John Zavinski, Ed Duliba,

Also present were:

J. Petter Turnquist, Denny Bonace, Cindy Nyquist, Vicky Barone from the WTO.

1. Opening Activities

1.1. Call to Order

The meeting was called to order by Denny Bonace, commission facilitator, at 6:30 PM.

1.2. Public Comment

No public in attendance.

1.3. Approval of October 2, 2006 Meeting Minutes

Denny reviewed with the members the minutes of the October 2, 2006 Tax Study Commission meeting. Mike Hostovich made a motion to accept the minutes and John Zavinski seconded the motion. Minutes were approved and passed unanimously by the commission.

2. New Business

2.1. Documents & Tools (attachments)

Mr. Bonace reviewed with the commission members a letter from the Department of Education. This letter addressed concerns of Section 331.2 of Act 1 that has caused a number of inquiries by school districts. Denny reviewed the Homestead/Farmstead applications in progress and shared with the commission some Act 1 clarifications. It was noted that property owners still have time to submit applications. There was also some discussion on Act 1 Section 335 and how this section will affect the school district. The commission then turned to a series of questions and answers supplied by the State Department of Education. Petter Turnquist stated he felt the commission could rely on counsel to explain any legal questions in understanding Act 1. The commission team took turns reading the questions and answers to Act 1 and tried to get an understanding on how to perform their duties.

Old Business

2.2. Discussion & Planning

Jeff Lockett felt that the commission needs to present the scenarios not only to the board but also to the public. He stated that these will be put on BoardDocs along with the media publication as information only. Mike reiterated with the team that this is

not a recommendation it is considered a “command by law”. It is important for the team to be prepared to answer any questions by the public and the board.

2.3. Final Report Forms

Denny discussed with the commission a final report format that he has worked on. He reviewed each tab with the commission members and had discussion with the group on many aspects of this report. He stated it is only a suggested format. This report will be passed on to the board so they have sufficient information to make their decision. Mr. Turnquist shared with the commission a spreadsheet showing the history of revenue sources since 2000 to the present. This document will be used in the final report. Denny reviewed with the team details of school taxes by municipalities and by regions. John Zavinski questioned if this report reflected the Warren Commons and WalMart. Denny stated it did not and that would be included at a later date. Denny asked the commission members to write down their pros and cons and reasons for an increased Earned Income Tax and also Personal Income Tax for the next commission meeting. Ed Duliba shared with the team his calculation in connection with conversion to a Personal Income Tax. The equivalent PIT rate is 86% of the Earned Income Tax rate. This calculation was based on 2004 tax bases. Jeff voiced concern that “if we go to a PIT are we going to hit people such as retirees who get the bulk of their income from investments?” The team commended Denny on a nice job with this report and thanked him his time.

3. Closing Activities

3.1. Public Comment

No public in attendance.

3.2. Next Meeting Dates

October 23, 2006 - 11:00AM – Curwen Building

Wednesday November 1, 2006 11:00AM – Curwen Building

(Dr. Kelsey Presentation)

Adjournment:

Meeting adjourned at 8:30PM