



P. MICHAEL STURLA
CHAIRMAN
MAJORITY POLICY COMMITTEE

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE MAJORITY POLICY COMMITTEE HEARING
Topic: Property Tax Payment Options for Scranton
University of Scranton – Scranton, PA
February 4, 2010

AGENDA

- 1:00 p.m. Welcome and Opening Remarks
- 1:05 p.m. Janet Evans
President, Scranton City Council
- 1:25 p.m. Andrew Sbaraglia
Lackawanna County Taxpayers Association
- 1:45 p.m. Ron Koldjeski
Deputy Director for Tax Claims
Lackawanna County Tax Office
- 2:05 p.m. Greg Sunday
Business Administrator, Scranton School District
- 2:25 p.m. Panel from Scranton Single Tax Office:
- Bill Courtright, Scranton City Tax Collector
 - Kevin Gallagher, Account Administrator
 - John Opsasnick, Director of Business Privilege Department
 - Maria Costanzo, Lead Auditor
 - Dawn Lloyd, Lead Auditor
- 2:55 p.m. Closing Remarks

FEBRUARY 4, 2010

GOOD AFTERNOON. I WISH TO THANK REPRESENTATIVE MURPHY AND THE MEMBERS OF THE DEMOCRATIC POLICY COMMITTEE FOR CONDUCTING TODAY'S HEARING. I AM PARTICULARLY GRATEFUL TO REPRESENTATIVE MURPHY AND MEMBERS OF HIS STAFF, WHO SHORTLY AFTER TAKING OFFICE IN 2008, VISITED MY HOME, LISTENED TO MY PROPOSAL TO SEPARATE CITY AND SCHOOL DISTRICT TAX BILLS, AND THEREAFTER AUTHORED HOUSE BILL 1942.

THIS BILL WILL SERVE AS THE SOLE MEANS OF MUCH NEEDED TAX RELIEF FOR THE CITIZENS OF SCRANTON, A DISTRESSED CITY OF THE SECOND CLASS A. AS EVIDENCE OF SUCH, IT IS BOTH VITAL AND VALID TO CONSIDER THE FOLLOWING FACTS:

- ON JUNE 7, 2007 UNDER THE DIRECTION OF MAYOR DOHERTY, A THREE MEMBER MAJORITY OF SCRANTON CITY COUNCIL PASSED FILE OF COUNCIL NO. 82 OF 2007, AN ORDINANCE WHICH APPROVED TWENTY-THREE COSTS, CHARGES, EXPENSES AND FEES, INCLUDING ATTORNEYS' FEES AND THIRD-PARTY COLLECTOR FEES, IN ADDITION TO THE PREVIOUSLY ADOPTED INTEREST AT THE RATE OF TEN PERCENT (10%) PER ANNUM. THIS DRACONIAN ORDINANCE CULMINATES IN A SHERIFF SALE OF TAXPAYERS' HOMES. I DID NOT SUPPORT THIS ORDINANCE AND HAVE WORKED TIRELESSLY TO AMEND IT SINCE 2007 WITHOUT SUCCESS .**
- THE CITY OF SCRANTON RECEIVES NO REVENUE REALIZED FROM THE COLLECTION OF THESE TWENTY-THREE ADDITIONAL COSTS, CHARGES, EXPENSES, AND FEES. RATHER, IT IS THE THIRD PARTY COLLECTOR, ONE OF WHOSE OWNERS ALSO SERVES AS AN ATTORNEY OF RECORD IN THESE COLLECTIONS, THAT RECEIVES ALL MONIES COLLECTED ABOVE THE FACE VALUE AND ORIGINAL 10% INTEREST.**
- THE CITY OF SCRANTON AND SCRANTON REDEVELOPMENT AUTHORITY APPEAR TO HAVE RECEIVED LESS THAN THE ESTIMATED DELINQUENT TAX REVENUE NECESSARY TO MEET FINANCIAL OBLIGATIONS INCURRED BY**

SALES OF DELINQUENT TAXES. BECAUSE THE DOLLAR AMOUNTS OWED BY DELINQUENT TAXPAYERS ESCALATE FAR BEYOND THEIR FINANCIAL ABILITY TO PAY, LARGE NUMBERS OF DELINQUENCIES REMAIN UNPAID.

- **THE CITY OF SCRANTON SUFFERS WITH A 9.7% UNEMPLOYMENT RATE, AN OVER 24% POPULATION STRUGGLING AT OR BELOW THE POVERTY LEVEL, AN UNUSUALLY HIGH PERCENTAGE OF SENIOR CITIZENS SURVIVING ON FIXED INCOMES, AND A SHRIVELING TAX BASE CAUSED BY THE INSATIABLE APPETITES OF LARGE, LOCAL NON-PROFIT INSTITUTIONS WHICH STRIPPED OVER 25% OF TAXABLE PROPERTIES FROM THE CITY AND SCHOOL DISTRICT TAX ROLLS AND YET PROVIDE NO PAYMENTS IN LIEU OF TAXES. IN ADDITION, SCRANTON HAS REMAINED A DISTRESSED CITY FOR MORE THAN SEVENTEEN YEARS. MUCH LIKE OUR NEIGHBORS THROUGHOUT THIS GREAT COMMONWEALTH, WE ENDURE THE REGULAR INCREASES INFLICTED BY UTILITIES, HEALTHCARE, AND UNFUNDED GOVERNMENT MANDATES THAT OVERBURDEN OUR WORKING FAMILIES, OUR SENIOR CITIZENS, OUR POOR AND DISABLED. THE MAJORITY OF SCRANTONIANS CANNOT AFFORD TWENTY-THREE COSTS, CHARGES, AND FEES THAT ARE ATTACHED TO TAX DELINQUENCIES. THEY CAN SECURE NEITHER LOANS NOR SECOND JOBS IN ORDER TO SAVE THEIR HOMES.**
- **THE ANNUAL TAX BILL DISPERSED BY THE SCRANTON TAX OFFICE TO CITY RESIDENTS INCLUDES THE ANNUAL TAXES DUE FOR THE CITY, THE SCRANTON SCHOOL DISTRICT, THE COUNTY OF LACKAWANNA, AND THE COUNTY LIBRARY SYSTEM. THE COUNTY AND COUNTY LIBRARY TAXES FORM A SEPARATE, SINGLE BILL; HOWEVER, THE CITY AND SCHOOL DISTRICT TAXES ARE COMBINED INTO ONE BILL. THE SCHOOL DISTRICT TAX IS SIGNIFICANTLY HIGHER THAN THAT OF THE CITY ANNUALLY AND WITHOUT EXCEPTION. THE COMBINATION OF THE CITY AND SCHOOL DISTRICT TAX BILLS CREATES A FORMIDABLE FINANCIAL BURDEN ON ALL SCRANTONIANS, BUT UNLIKE THE SCHOOL DISTRICT, ONLY THE CITY OF SCRANTON OWNS THE LEGAL RIGHT TO CONFISCATE HOMES BY SHERIFF**

SALE. IF THE TAX BILLS ARE SEPARATED, SUCH SEPARATION WILL ENABLE A TAXPAYER TO MEET HIS SIGNIFICANTLY SMALLER CITY TAX OBLIGATION AND AVOID THE DRACONIAN PENALTIES OF FILE OF COUNCIL NO. 82 OF 2007. FURTHER, FOR ALL DELINQUENT TAXPAYERS WHO FACE THE PENALTIES OF THIS ORDINANCE DUE TO UNEMPLOYMENT, ILLNESS, OR OTHER SERIOUS CIRCUMSTANCES, THE ESTABLISHMENT OF A PAYMENT SCHEDULE AS INCLUDED IN HOUSE BILL 1942 WILL ENABLE THEM TO SAVE THEIR HOMES AND PROPERTIES. SCRANTON IS ALREADY HOST TO COUNTLESS CONDEMNED, ABANDONED PROPERTIES; IT CAN ILL AFFORD TO INCREASE ITS NUMBERS.

UNDOUBTEDLY THERE WILL BE THOSE WHO TESTIFY AGAINST THIS CRUCIAL HOUSE BILL TODAY. SOME MAY SAY IT IS TOO EXPENSIVE OR LABORIOUS TO SEPARATE TAX BILLS. OTHERS MAY STATE THAT THE SEPARATION OF CITY AND SCHOOL DISTRICT BILLS MAY POTENTIALLY INFLECT FINANCIAL HARM UPON THE SCHOOL DISTRICT. AS A FELLOW ELECTED OFFICIAL, I CALL UPON YOU TO REMEMBER THE DUTIES AND RESPONSIBILITIES WE ARE SWORN TO UPHOLD. GOVERNMENT IS COMPETENT ONLY WHEN THOSE WHO COMPOSE IT WORK AS TRUSTEES AND SERVANTS OF THE PEOPLE. THE ROLE OF GOVERNMENT IS TO HELP THE GREATEST NUMBER AND HARM THE LEAST. LOCAL GOVERNMENT HAS HARMED ITS PEOPLE BY ADOPTING A FAILING AND DAMAGING DELINQUENT TAX ORDINANCE, AND I AM ASKING OUR STATE GOVERNMENT TO HELP THEM TODAY.

I HAVE ENJOYED THE PRIVILEGE AND HONOR OF SERVING ON THE COUNCIL OF THE CITY OF SCRANTON SINCE 2004 AND WAS RECENTLY ELECTED COUNCIL PRESIDENT. THROUGHOUT THESE YEARS I HAVE BEEN BLESSED TO MEET TENS OF THOUSANDS OF HARD WORKING, PROUD, AND RESILIENT SCRANTONIANS WHO DO NOT SEEK A HANDOUT, WHO DO NOT EASILY COMPLAIN OR RAGE AGAINST AUTHORITY, BUT WHO DO DEMAND FAIRNESS AND ACCOUNTABILITY FROM ELECTED OFFICIALS. SCRANTONIANS ARE ASKING YOU TO LISTEN TO THEIR NEEDS AND TO ACT WITH IMMEDIACY TO SEPARATE TAX BILLS AND CREATE A DELINQUENT TAX PAYMENT SCHEDULE.

**I, TOO, RESPECTFULLY REQUEST YOUR SUPPORT OF HOUSE BILL 1942 WHICH
WILL AFFECT NO MUNICIPALITY THROUGHOUT PENNSYLVANIA OTHER THAN
SCRANTON. PLEASE, HELP TO RESTORE THE PUBLIC'S FAITH IN STATE
GOVERNMENT AND THEIR ELECTED REPRESENTATIVES.**

THANK YOU,

**JANET EVANS
PRESIDENT, SCRANTON CITY COUNCIL
CITY HALL
340 N. WASHINGTON AVENUE
SCRANTON, PA 18503
PHONE: (570) 348-4113
FAX: 570-348-4207**

Feb. 4, 2010

Good afternoon Legislators:

My name is Andrew Sbaraglia as a member of the Lackawanna and Scranton Tax Payer Association, I come before you seeking help on an issue that is without a doubt a gross injustice to the Taxpayers of Scranton.

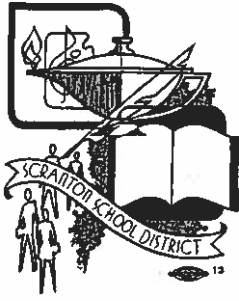
When a Penalty far outpaces the crime, namely a series of Fines for Late payment of City Taxes.

The Fines imposed for Late Payment of Taxes are 10% per cent to City, 25 % per cent to a collection Agency, and an additional list from (A) to (W) add on penalties which could amount to \$2470.00 Plus variable rates that are not spelled out.

If the City taxes and School taxes could be separated, there is a good chance people would be able to pay their City Taxes on time and avoid these penalties and paying their School Taxes when their Finances are better.



Andrew Sbaraglia
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Scranton, Penna.
18508



Scranton School District

Office of Chief Financial Officer
425 North Washington Avenue
Scranton, Pennsylvania 18503

Phone: (570) 348-3496
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February 4, 2009

Testimony of Gregg L. Sunday, Deputy Superintendent/Finance of the Scranton School District to Pennsylvania House Representative Kevin Murphy- 113-Legislative District

I have been requested by Representative Murphy's office to offer testimony and comment to the proposed House Bill HB1942 which would require second class cities, particularly Scranton, to offer installment payment options for real estate taxes and installment payments for fees and taxes on delinquent property taxes should the property become delinquent.

HB1942 that is being discussed today is an attempt to amend Act 39 of 1935 which governs the assessment, levy, and collections of property taxes in the cities of second class A, in which Scranton is. The proposed HB1942 would require separate tax bills by the county, city, and school district and also provide for residents to pay delinquent tax fees in installment payments. The rationale for this is to eliminate tax payer confusion and reduce cost to the taxpayer. In preparing to offer comment and testimony on this proposal I had reviewed my personal tax documents and spoken to various people who have been residents and property owners for over seventy years regarding the tax bills that are currently being used and have been used in the past.

In regards to HB1942's attempt to be "taxpayer friendly" I would like to address what is currently in place regarding taxpayer billing and payments. With the passage by the Commonwealth of Pennsylvania of Act 1 Special Session of 2006, more commonly referred as Taxpayer Relief Act, it mandates that all School Districts in the Commonwealth provide for installment payment options for property taxes. In the 2009 tax year the schools districts real estate taxes were offered the option of installment payments. Also the City of Scranton real estate taxes were included in the installment payment plan that was clearly defined on the tax bills. This allows for the city residents to pay both city and school district taxes in installment payments for the same tax bill.

For the current tax year of 2010 the estimated cost of printing and distributing tax bills is estimated by the Single Tax Office to have cost approximately \$92,000.00. If all three taxing bodies share at equally this cost, the share for each government entity would be \$30,600.00. If this bill would become law and require separate tax bills, a conservative estimate would potentially double the cost that each branch of government would incur to comply with this bill. Thus the increase in cost would have to be borne by someone along with the confusion of three separate tax bills arriving at various times.

The second requirement of the Proposed HB1942 would require installment payments for large fines and fees for delinquent real estate taxes. The collection of delinquent taxes for the Scranton School District is collected by the Lackawanna County Tax Claim Bureau. Under the direction of Mr. Ronald Kolodjeski the County Tax Claim Bureau collects delinquent real estate taxes on behalf of the Scranton School District and collects delinquent taxes for all other municipalities and school districts in Lackawanna County with the exception of the city of Scranton. The County Tax Claim Bureau is not a private collection agency. The interest and penalties that are calculated on the delinquent property is set by statute and not at the discretion of the County Tax Claim Bureau. The interest and penalty is applied by the Tax Claim Bureau consistently. There are no additional fees other than those defined by

statute. Also, the County Tax Claim Bureau does offer installment payments for delinquent real estate taxes for all property that is the homeowner's primary residential property.

The proposed HB1942 that is under consideration at this time, the Scranton School District currently complies with its requirements for installment payments for both current taxes and delinquent real estate taxes. This is accomplished in a manner that has been in place for well over the last 30 years at the least possible cost to the individual taxpayer. To include the Scranton School District in this Bill would be counterproductive to the policies and practices that have been in place and working properly for the past 26 years that I have been working in the Scranton School District.

In closing, if the intent of this proposed bill is to save the taxpayer money, then this legislation should be redesigned to include all taxing bodies participate in an open discussion and dialogue for the development of a proposal that is fair and equitable to the taxpayer as well as the taxing body.

On behalf of the Scranton School District I would be willing to work with your office on this matter. I would like to thank you for the opportunity to provide to you testimony and comment on HB1942.