

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
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**2006 Tax Study Commission
Minutes
October 10, 2006**

The scheduled meeting of the Unionville-Chadds Ford School District Tax Study Commission was held on October 10, 2006 in the District Office Conference room. Chairman Bruce Yelton called the meeting to order at 7:05 p.m.

The following Commission Members were present: Zack Bowen, James Romine, Charles Rudershausen, Barbara Siegel, Ed Wandersee, William Wilson, and Bruce Yelton. In addition, Robert Cochran, Director of Business & Operations and Sharon Baillie, recording secretary were in attendance.

Mark Berry and Robert Kane were unable to attend.

Mr. Wandersee motioned to approve the minutes from the September 21, 2006 meeting; Mr. Romine seconded. Minutes were approved 7 - 0.

Mr. Cochran reminded the Commission that their purpose was to decide which was best for the Unionville-Chadds Ford School District - Earned Income Tax (EIT) or Personal Income Tax (PIT). Mr. Wandersee stated that the Commission can recommend no action, but the School Board must implement EIT or PIT. Mr. Cochran agreed that the full burden of the final decision rests with the School Board.

Mr. Cochran explained the data sent to the Commission Members and that there is no additional information available from the Department of Labor for 2004 or later.

Mr. Cochran presented a spreadsheet, which explained different scenarios. He demonstrated the effects on the various taxpayers' categories of both EIT and PIT. Tax increases/savings under

CALL TO ORDER

MEMBERS
PRESENT

APPROVAL OF
MINUTES

ROUNDTABLE
DISCUSSION

EIT and PIT were illustrated using variables for a renter/owner, property assessment, earnings, unearned income and whether the taxpayer worked in Philadelphia or Delaware.

Commission Members posed various questions for discussion:

Mr. Rudershausen - Will Collection Agencies charge more for one tax than the other?

Mr. Cochran answered that we don't know yet - there will be a meeting with the agency on a countywide basis. He would prefer a 'per return' fee.

Mrs. Siegel - Will this tax affect those who work here or only those who live here?

Mr. Cochran: We don't know that yet.

Mrs. Siegel - EIT vs. PIT is still the question; EIT is more reliable, predictable and consistent.

Mr. Wandersee - we could get more revenue from the EIT. A lower rate EIT will yield more than a higher rate PIT.

Mr. Bowen: Is there any way to weigh the retirement community vs. Chadds Ford Township, for example?

Mr. Cochran: That data is not available.

Mr. Wandersee: What is the impact of the intricacies such as collectability, stability and predictability?

Mr. Yelton: What percentage do other School Districts expect to collect?

Mr. Cochran showed a chart showing the "Calculation of Minimum & Maximum Homestead Tax Reduction and Tax Rates" for surrounding school districts. Copies were distributed to Commission Members.

Mr. Wilson - What is the most equitable to those who live in the

ROUNDTABLE
DISCUSSION -
Contd.

Unionville-Chadds Ford School District?

Mr. Wandersee - Are tax-free bonds taxable?

Mr. Cochran -Municipal bonds are not taxable.

Mr. Wilson - People are attracted by the School District. Would PIT vs. EIT affect open space and the type of person who is attracted to this area by open space?

Mr. Cochran - Open space attracts the higher income resident.

Mrs. Siegel - Really high income people are not affected by \$8,000 or \$9,000 in taxes.

Mr. Romine - the law brings very large negatives no matter what the Commission decides. Has there ever been a time when a taxing authority has removed a tax?

Mr. Yelton - Is a School District limited to the 2% range?

Mr. Romine - Could East Marlborough enact another ½%?

Mr. Wilson - Is this just getting the foot in the door?

Mr. Romine stated that the Commission has spent a lot of time thinking about the taxpayer. The impact on the School District needs to be considered.

Mr. Cochran stated that it is revenue neutral to the School District. No matter what the School Board does, the taxpayer can vote it down. We typically see about a \$1.5 million increase in real estate value each year, in addition to the millage adjustment.

Mr. Wandersee asked if this was a tax-shifting move on the part of the government.

Mr. Romine stated that it is a state-mandated cap on education spending.

The Commission then discussed the pros and cons of EIT vs. PIT.

likely to end up with potential budget shortfalls.

Mr. Romine - Which tax is more aesthetically appealing to the taxpayer?

Mr. Yelton asked what points should be covered at the next meeting. Mr. Cochran suggested that the Commission should decide what type of information should be presented at the Public Hearing. He advised the Commission that they should state the purpose and scope of the Commission and emphasize that no decision has been reached at this point.

Mr. Yelton will notify the Kennett Paper of the Public Hearing to be held in the High School LGI on 10/26/06 at 7:30 p.m.

Mr. Bowen proposed that the next meeting be devoted to collections.

Mr. Yelton adjourned the meeting at 8:35 p.m.

Respectfully submitted

James Romine
Secretary

ADJOURNMENT

ROUNDTABLE DISCUSSION -
Contd.