

Unionville-Chadds Ford School District
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Tax Study Commission Minutes
October 19, 2006

The scheduled meeting of the Unionville-Chadds Ford School District Tax Study Commission was held on October 19, 2006 in the District Office Conference Room. The following members were present: Mark Berry, Zack Bowen, Robert Kane, Barbara Siegel, William Wilson and Bruce Yelton. In addition, Sharon Parker, District Superintendent, Robert Cochran, Directors of Business and Operations, and Sharon Baillie, recording secretary were in attendance.

Commission members James Romine, Charles Rudershausen and Ed Wandersee were unable to attend.

Chairperson Bruce Yelton called the meeting to order at 7:10 p.m.

Mrs. Siegel motioned to approve the minutes from the October 10, 2006. Mr. Bowen seconded. Minutes were approved 6-0.

Mr. Cochran stated that the minutes of the Commission meetings are being posted on the District website.

Mr. Bowen presented documents that he had received from Charles Quinn, a resident of Pennsbury Township. Copies of those materials were distributed to all members for their review.

Mr. Berry asked for clarification of how the property tax reduction affects renters. Mr. Cochran responded that they do not receive it. Mrs. Siegel stated that renters will be hit hard. Owners are not getting the Homestead/Farmstead reduction. Mr. Cochran also added that those individuals with lower property taxes cannot get back less than they pay.

In response to Mr. Bowen's question regarding the mechanics and time line of collections, Mr. Cochran presented the following timeline:

MEMBERS
PRESENT

CALL TO
ORDER
APPROVAL
OF MINUTES

ROUNDTABL
E
DISCUSSION

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7/1/07 tax bills mailed; by 10/31/07, 87% - 90% of total Real Estate Revenue is collected. After 10/31/07 payments received are subject to an 8% penalty. As of 12/31/07 all unpaid tax bills are sent to lien. Interest and fees are assessed by the County at 1/2%/month.

Approximately 2% of total goes to collection. We turn our collections over to Chester County and pay 5% of what is collected. We do not sell them to a collection agency. Unionville-Chadds Ford does not have the collection problem many districts have.

Assuming a 1% tax becomes effective 1/1/08, an agency such as Berkheimer Associates would send out quarterly payment stubs notifying constituents of their liability for the tax. It is the same as estimated taxes currently paid by self-employed individuals. One of the questions remaining is the requirement of withholding by employers. There is no language in the bill; however, if it is required, it will be withheld.

Mr. Bowen stated that this will put the District in a financial bind until the money comes in.

Mr. Cochran responded that the timing would hurt, and the interest loss will be significant.

Mrs. Parker stated that the school code precludes us from reducing teachers; we would have to reduce programs.

Mr. Cochran added that more than 70% of our costs are personnel - salary and benefits.

Mr. Wilson asked that if Berkheimer collects quarterly, is there a penalty for under payment of estimated tax? Mr. Cochran responded that there is no penalty allowed in the law for quarterly underpayment, only nonpayment.

Mr. Cochran stated that the Business Managers in Chester County will meet with Berkheimer Associates next month (November).

Mr. Wilson stated that the Real Estate Tax is 100% collectible. Income tax is not 100% collectible - people are transient and there are collection issues.

ROUNDTABL
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DISCUSSION -
Contd.

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Mr. Cochran responded that the enforcement problem is an issue.

Information coming from the State is delayed and difficult to pursue.

Mr. Kane asked for clarification of exemptions - would there be a tax for those whose total income is less than \$10,000 or would there be an exemption for everyone?

Mr. Cochran answered that there would not be an exemption of \$10,000 for everyone. \$12,000 is the maximum figure for exemption by law.

Mr. Yelton asked if there is any difference in the cash flow between Earned Income Tax (EIT) and Personal Income Tax (PIT).

Mr. Cochran stated that there is not a significant difference.

Mr. Bowen asked if collections in year two are flatter (more evenly spaced)?

Mr. Yelton asked if the PIT would cost more to collect than the EIT.

Mr. Cochran responded that Berkheimer has indicated that there would be no difference in the cost. They have not provided a rate to collect.

He explained the Act 1 Revenue Analysis, prepared by the Assistant Business Manager of Downingtown (copies distributed to all Commission members). The reassessment of housing is done as the political climate allows. It is not popular; therefore, it is not done very often. The last reassessment for Unionville-Chadds Ford School District was implemented in 1998.

Mr. Yelton requested the group begin to discuss the agenda for the public meeting. In response to Mr. Yelton's question about setting a time limit on the meeting and reconvening another evening, Mr. Cochran stated that there has been no public response on e-mail or verbally to date.

Mrs. Parker stated that there may be some parent interest groups attending if there is a sense that some programs may be cut.

Mr. Bowen suggested that the Committee set a reasonable limit, such as

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three minutes/person if there is a large crowd and 10 minutes/person if there are fewer people.

Mr. Cochran suggested that he present the background of the Act and that Mr. Bowen and/or Mr. Yelton present the progress of the Commission to date. Mr. Yelton added that the public be made aware that the purpose of that meeting is to get public input, not to make a decision.

Mr. Wilson suggested that they stress the Commission's agenda, process and limitations. Mr. Berry stated that the public should be made aware that this is tax-shifting and is revenue neutral.

Mrs. Siegel stated that early in the meeting the restraints of the Commission should be made clear - the Commission has very little latitude. The public needs to understand the Tax Study Commission responsibilities vs. those of the School Board.

The Commission then discussed which slides to include in the presentation and who would explain each slide.

The following agenda was agreed upon by the Commission:

- Meeting Call to Order - Mr. Yelton
- Pledge of Allegiance
- Introductions of Commission Members
- Approval of Minutes
- Overview of Act - Mr. Cochran
- Tax Study Commission responsibilities - Mr. Bowen
- Public Comment - Mr. Yelton
- Closing Comments/Wrap-Up - Mr. Yelton

Mr. Yelton adjourned the meeting at 8:45 p.m.

Respectfully submitted,

James Romine
Secretary

ROUNDTABLE
DISCUSSION -
Contd.

ADJOURNMENT