

## **Pennsylvania Association of Realtors®**

### **Testimony on Senate Bill 76**

**Presented by: Kimberly Skumanick, 2014 President**

Good Morning. I want to thank Chairman Boscola, Chairman Erikson and members of the Senate Democratic and Republican Policy Committees for the opportunity to present today. My name is Kimberly Skumanick, 2014 President of the Pennsylvania Association of Realtors®. I am an associate broker and have been actively selling real estate throughout Northeastern Pennsylvania for nearly 20 years.

The Pennsylvania Association of Realtors® and its 28,000 members urge you to support Senate Bill 76. Our association is committed to real property tax reform in the Commonwealth. Based on surveys conducted for us by Keystone Analytics, a majority of Pennsylvania voters also support Senate Bill 76 because it offers them real reform.

The Pennsylvania Association of Realtors® believes Senate Bill 76 will protect seniors on fixed incomes and fairly tax consumers in a responsible way. Throughout the Commonwealth, rising school property taxes have made it difficult for homeowners to pay their taxes. By eliminating property taxes and replacing the funding with personal income and sales taxes, the burden of unreasonably high property taxes would be lifted from only homeowners and fairly spread among those who consume and earn the most.

We've heard countless stories from members throughout the state about homeowners unable to sell their homes because of high property taxes. Young families trying to purchase their first homes are pushed out of the market with property taxes that exceed their monthly mortgage payments.

Homeowners throughout the Commonwealth are hurting because of these excessive taxes. For example:

- A fellow Realtor® from Carbon County told us he listed a home priced at \$55,000. The monthly mortgage payment would be \$224 and the monthly escrowed property taxes exceed the mortgage at \$260, making this property unaffordable to many young families.
- Monroe County homeowners struggle to find buyers for their homes as well. For example, a home priced at \$177,000 in East Stroudsburg would have a monthly mortgage of \$762, with monthly escrowed property taxes of \$919, bringing the monthly payment to more than \$1,600!
- A Montgomery County home listed at \$185,000 would have a monthly mortgage payment of \$728 and monthly escrowed property taxes of \$530.

- In Dauphin County, a home priced at \$225,000 would have a monthly mortgage payment of \$1,000 but escrowed property taxes add another \$490 to the monthly payment – pricing this home beyond many potential home buyers' reach.

Quite frankly, homeowners throughout the Commonwealth are simply tired of losing their homes due to school property taxes. In less than two months, PAR's website, RealReform76.com, has had nearly 14,000 visitors and has seen nearly 2,700 homeowners send emails to their senators asking them to support Senate Bill 76. Three hundred Pennsylvanians have shared their heart-wrenching stories about how these rising school property taxes have caused them to lose their homes or have shut them out of the home-buying process.

According to a study by the Anderson Economic Group and corroborated by the Independent Fiscal Office, Senate Bill 76 works. The bill would provide schools with increasing revenue but less than they would have received if they were allowed to continue collecting and raising property taxes.

Our economic impact study shows Senate Bill 76 offers a fiscally responsible plan for property tax reform. As a strong proponent of private property rights, the Pennsylvania Association of Realtors® believes it is important to maintain an environment that is conducive to encouraging home ownership. Senate Bill 76 would make Pennsylvania a more attractive state for economic development and homeownership. I work with many companies and clients who are relocating to Pennsylvania. School property taxes in the Commonwealth are a deterrent for many homebuyers. Other proposed property tax reform legislation offers a patchwork approach to reform and there are no guarantees that property taxes will be eliminated at the local level.

There is bi-partisan support among voters for statewide property tax reform. Keystone Analytics has conducted two surveys of voters for the association. Both have revealed that Pennsylvania voters want school property tax reform and that they believe it is the state's responsibility to control the exceedingly high property taxes. Surveys show a two-to-one public support of Senate Bill 76 with strong support coming from Democrats, Republicans and Independent voters alike.

The association, as always, looks forward to working with the Senate to garner support for this bill.