

PLEASANT VALLEY SCHOOL DISTRICT

Brodheads ville, PA 18322

Minutes of the February 2, 2017 Special Board Of Education Meeting

Board Approved 2-23-17

CALL TO ORDER:

The special board meeting of the Pleasant Valley School District Board of Education was held on February 2, 2017, and called to order by Russell Gould, President at 7:37 PM.

School Board members in attendance: Russell Gould, President, Linda Micklos, Susan Kresge, Doug Wisser, Dan Wunder, Delbert Zacharias.

Administrative staff in attendance: Carole Geary, Superintendent, Susan Famularo, Business Manager.

Legislators in attendance: State Representative Rosemary Brown, State Representative Jack Rader.

Discussion: Property Tax Elimination

Mr. Gould thanked Representatives Brown and Rader for taking the time out of their busy schedules to attend this meeting to discuss property tax elimination. The legislators were provided the attached list of Pleasant Valley School Board concerns. The Board and Legislators discussed the various concerns and talking points and information was exchanged.

Public Comment:

June O'Neill, Chestnuthill Township, wished all present good luck as there many items to be considered.

Adjournment:

The meeting was adjourned at 8:38 PM.

Respectfully submitted,

Susan Famularo, Board Secretary

Pleasant Valley School District

Property Tax Elimination

February 2, 2017

The Pennsylvania Senate is expected to release a bill eliminating school property taxes for all school districts. Although there is no formal bill in place to be introduced, it is expected to mirror SB76 of 2013. School districts will continue to issue real estate tax bills to cover debt service (as of December 31, 2016) until it is paid off. The shortfall created by the elimination of property taxes will be made up by increasing the personal income tax (PIT) from 3.07% to 4.95% and by increasing the Sales and Use Tax (SUT) from 6% to 7% and expanding the taxable base to include: certain foods, clothing, footwear, other goods, and healthcare, recreational, professional, and personal services.

The shift in taxes is estimated to be about \$14 billion. Schools will not be permitted to issue debt unless there is a voter-approved referendum approving the debt and increasing either earned income tax (EIT) or PIT.

Below is a list of concerns specific to the Pleasant Valley School District

- 1. This plan is proposed independent of any budget considerations.** Will the \$14 billion shift in taxes cover the costs for the first year and beyond? The Independent Fiscal Office assessment in 2013 of SB76 showed that the shift covered the costs of the first year, but within three years a large shortfall appeared.
- 2. Funds are shifted out of the local economy.** This proposal will shift funds from the lower spending districts throughout the state to six (6) counties: Allegheny, Bucks, Chester, Delaware, Montgomery and Philadelphia counties.
- 3. Pleasant Valley facilities will deteriorate.** The school district will be largely debt-free by 2020. The last construction bond issue was in 2006. Because we are debt free, we have ageing buildings in need of repairs and renovations. We have been reviewing capital needs and planning to use the funds freed up from debt service to pay for renovations. In the fall of 2016, we identified approximately \$4.4 million in projects to replace roofs and repair athletic facilities that will require funding. We are in the process of evaluating our heating ventilation and air conditioning (HVAC) and electrical systems. Those costs have not yet been estimated. Some of our school boilers are 30 years old. The success of referendums in Pennsylvania is dismal. Only two (2) have succeeded since the inception of Act 1. Is it possible to limit future debt service payments to a grandfathered amount or a % of the budget to enable some borrowing without referendum to keep facilities in good condition?
- 4. The school district is not relieved of any mandates:** charter school, special education, pension costs which rise faster than inflation rates.