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Fiscal Impact of Preferential Assessment of Farm and Forest Land (Clean and Green Program)

Conducted Pursuant to
House Resolution 2009-334

September 2010

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Summary and Recommendations

House Resolution 2009-334 directed the Legislative Budget and Finance Committee to conduct a study to determine the statewide fiscal impact of Pennsylvania's program for preferential assessment of certain farm and forest lands. In addition, the resolution directed the LB&FC to study Pennsylvania and other state systems for property valuation and assessment.¹

Pennsylvania, like almost all other states, encourages qualifying property owners of farm and forest land to continue land in such use by providing for property assessment of such land based on use value rather than fair market value. As a result of such preferential assessments, any fair market value a property may have as a developable property (i.e., its highest and best use) is ignored, and the land is assessed based solely on its value for agricultural use, agricultural reserve, or forest reserve. In Pennsylvania, county assessment offices administer the preferential assessment program, better known as the "Clean and Green" program, under state law² and Pennsylvania Department of Agriculture (PDA) regulations.³

We found:

- ***As of 2008, all but 13 counties had properties enrolled in the Clean and Green program.*** The thirteen included Philadelphia, and 12 counties (Bedford, Blair, Clarion, Crawford, Forest, Franklin, Indiana, Jefferson, Lackawanna, Lebanon, Mercer, and Northumberland) that had not conducted a countywide reassessment since the mid-1980s. In these 12 counties, the preferential assessed values would be greater than the county's actual assessed values.
- ***Although fewer than 3 percent of all parcels in the Commonwealth are enrolled in "Clean and Green," several counties have much higher enrollment.*** The relatively small proportion of parcels enrolled in the program is due primarily to many of the state's most populous counties having relatively few properties enrolled in the Clean and Green program. Many of the state's least populous counties, however, have a relatively high proportion of their property inventory enrolled. Bradford, Columbia, Fulton, Huntingdon, McKean, Perry, Potter, Sullivan, Susquehanna, Tioga, and Wyoming, for example, each have more than 10 percent of their total parcels enrolled.

¹ Legislative Budget and Finance Committee, *Pennsylvania's System for Property Valuation and Reassessment*, July 2010.

² Act 1974-319, as amended; 72 P.S. §5490.1 *et seq.* The General Assembly enacted legislation providing for preferential assessment after the Pennsylvania electorate voted in 1973 to amend Pennsylvania's Constitution to authorize the Pennsylvania General Assembly to make special provision for taxation of farm and forest land.

³ 7 Pa. Code Chapter 137b.

- ***In 2008, Clean and Green participants paid over \$7 million in Roll-back Taxes and \$1 million in Roll-back interest as result of change in use of the land.*** Less than one-half of one percent of the 8.8 million acres enrolled in the Clean and Green program were terminated from it in 2008. As a result of termination, however, landowners must repay property taxes on the difference between a property’s actual assessment and preferential assessment for the seven most recent years. Six counties (Berks, Bucks, Chester, Lancaster, Montgomery, and York), which together account for 22 percent of all Clean and Green parcels, 15 percent of all enrolled acreage, and 27 percent of terminated acreage,⁴ accounted for over two-thirds of the statewide roll-back tax payments and interest in 2008.
- ***Statewide, the assessed value of property in Clean and Green counties would have increased 2.8 percent in 2008 if property in such counties had not been preferentially assessed. In some taxing districts, however, their assessed values would have increased by 10 percent or more.*** Taxing districts where assessed values would have increased by 10 percent or more if property was not preferentially assessed include 422 municipalities, including 13 that do not levy a municipal property tax; 41 school districts; and 5 counties. The five counties (Bradford, Fulton, Huntingdon, Sullivan, and Susquehanna) all have more than 10 percent of their total parcels and more than 100,000 acres enrolled in the program.

We also noted that one county would actually see the assessed values of its properties decrease without preferential assessment of farm and forest land. This county adopted current Pennsylvania Department of Agriculture use values for its Clean and Green program, but has not completed a countywide reassessment in many years. As a result, its actual county assessed values are lower than PDA’s current use values, and Clean and Green participants in the county pay taxes on higher assessments than they would have without the Clean and Green program.

- ***The effect of preferential assessment on individual tax bills varies across the state.*** Taxing districts (counties, municipalities, and school districts) do not lose property tax revenues due to preferential assessments as property tax rates are determined based on the revenue needs of the taxing district and the overall value of property within the taxing district. Preferential assessments do, however, result in certain tax shifting, though the effect of such shifting is not uniform. We analyzed the effect of preferential assessments on county property taxes (i.e., not including school district or municipal property taxes) using actual county millage rates and revenue requirements in 2008. If there had been no preferential assessments in 2008, the

⁴ Roll-back taxes are paid to taxing districts. Roll-back interest is paid to counties for use in their county agricultural conservation easement programs. From 2006 through 2008, county conservation easement programs received more than \$4 million from roll-back interest.

relative county tax reduction would have ranged from less than one-hundredth of a percent in Butler County to 19 percent in Fulton County. The actual dollar reduction for a \$100,000 property would have ranged from five cents in Butler County to \$241 in Huntingdon County.

Property owners in the three counties (Chester, Lancaster, and York) that would have seen their property base increase by \$1 billion or more without preferential assessment would have seen relatively modest decreases in their county tax bill, in part due to the overall scale of their property bases. Such property base increases would have ranged from 2.8 percent (Chester) to 7.45 percent (Lancaster), and tax bill reductions from \$10.69 for a property valued at \$100,000 in Chester to \$25.45 for the same property in Lancaster.

The ten counties (Armstrong, Bradford, Clinton, Fulton, Huntingdon, Mifflin, Monroe, Potter, Susquehanna, and Wyoming) where property owners would have seen more than \$100 reductions in their county property tax bills on \$100,000 properties include five of the seven Clean and Green counties with the lowest property tax bases in the state (i.e., below \$500 million) after factoring in the additional value of county property if there had been no preferential assessment.

These counties also illustrate that the effect on property taxes resulting from preferentially assessed properties varies greatly from county to county. In Chester County, for example, an average preferentially assessed property's value is reduced by more than 90 percent under Clean and Green, but Chester's overall property base increases by less than 3 percent without any preferential assessments. In Lancaster County, where county property tax bills would decrease by approximately 7 percent without preferential assessments, the owner of a \$100,000 property would see a \$25.45 reduction in the county tax bill. Armstrong, Monroe, and Wyoming Counties also see an approximate 7 percent decrease in county property tax bills without preferential assessments; however, the owner of a \$100,000 property in those counties would see county tax bill reductions ranging from \$108.52 to \$130.78. Similar variations occurred for other taxing districts when we examined four counties in which all taxing district boundaries are coterminous with those of the county.

- ***The effect of preferential assessment also varies when property taxes of all taxing districts are combined.*** In order to consider the combined effect of preferential assessment, we analyzed the total effect (i.e., for all property taxes) of the Clean and Green program in four selected counties: Adams,

Fulton, Greene, and Sullivan.⁵ Each of these counties had substantially more parcels enrolled in the Clean and Green program than the state as a whole, substantially more enrolled acreage, and would have seen their total assessed value increase more than the state as a whole without preferential assessment in 2008. Thus, these four counties are not “typical,” and the impact of the Clean and Green program in these counties will be much greater than the impact in counties where Clean and Green properties represent a relatively lower proportion of a county’s assessed value.

Fulton County is one of the state’s least populous counties, has the highest relative increase in its total county assessed value of any county in the state without preferential assessment, has the second largest percentage of total county parcels enrolled in the Clean and Green program of any county in the state, and has one of the lowest property bases of any county in the state, even after factoring in the additional assessed value associated with preferential assessments. The greatest effect of tax shifting due to preferential assessment, therefore, is likely to occur in a county such as Fulton.

For example, a property owner in Taylor Township (Fulton County) in the Forbes Road School District would have seen a combined average decrease in property taxes of 22.3 percent (a \$978.03 reduction on a \$100,000 property), if there were no preferential assessments in 2008. Reduced school district taxes account for 77 percent of this dollar reduction, county taxes for 20 percent, and municipal taxes for 3 percent.

If there had been no preferential assessment in 2008, the smallest reduction in combined property taxes in the four counties we examined would have occurred in Richhill Township in the West Green School District in Greene County. A property owner there would have seen a 3.5 percent reduction in total property taxes (a \$94.62 reduction on a \$100,000 property). Reduced school district taxes account for 74 percent of this dollar reduction, county taxes for 24 percent, and municipal taxes for 2 percent.

When considering such dollar reductions in taxes, it is important to keep in mind that properties with lower assessed values (i.e., below \$100,000) would see lower property tax reductions than those discussed above. Higher valued properties (i.e., greater than \$100,000) would see the greatest reductions in taxes without preferential assessment of farm and forest land. Typically,

⁵ In these four counties, the actual assessed value of the property is the same in all taxing districts, and the tax rate or millage rate is the same throughout the taxing district. We selected these counties because they are among the eight counties in which all taxing district boundaries are coterminous with the county boundaries. Two (Lebanon and Philadelphia) of the eight were excluded since they did not have participants in the Clean and Green program in 2008, a third (Cameron) provided incomplete information in response to the Pennsylvania Department of Agriculture’s 2008 survey, and a fourth (Snyder) had higher preferential assessments than actual county assessments.

commercial and industrial properties have significantly higher average values than residential properties. In Greene County, for example, commercial properties have an average assessed value of almost \$120,000, compared with residential properties whose average assessed value is under \$20,000.

- ***The Clean and Green program provides strong financial incentives to individual property owners to continue agriculture and forest use of their property.*** Property owners of preferentially assessed properties have strong financial incentives to remain in the program. In addition to the roll-back taxes and interest they must pay when changing farm and forest land property to non-conforming uses, if they choose to remain on their property, they face much higher ongoing property tax bills. In the four counties we examined, county property taxes on a \$100,000 property would have increased from 25 percent in Adams County to as high as 175 percent in Greene County without preferential assessment. The relative increase in property taxes when farm and forest land property no longer qualifies for preferential assessment is much greater in counties that have recently reassessed. The Clean and Green program, moreover, has helped maintain more state acreage in farm and forest use. Since the mid-1990s, the total enrolled acres have increased almost 80 percent (4.9 million in 1995 and 8.8 million in 2008), with most, though not all, counties seeing an increase in their enrolled acres.

Recommendations

The General Assembly may wish to consider amending Act 319 to ensure that Department of Agriculture use values only be applied when they are less than the county's actual assessed values. Act 1974-319, as amended, prohibits counties from assessing Clean and Green properties using county-established values that are higher than the Pennsylvania Department of Agriculture-issued preferential use values. It does not, however, prohibit the county from assessing properties enrolled in the Clean and Green program using Commonwealth-issued use values that are higher than the county's actual assessed values. Such an omission can serve as a disincentive for Pennsylvania farmers to enroll in the state program. As noted in our report, one county currently assesses Clean and Green properties at a higher value through the use of Commonwealth-issued use values⁶ than if the property was not in the Clean and Green program. We were advised by the county's chief assessor that the county's commissioners are considering a resolution to provide for the use of county base year values rather than PDA's higher preferential values in upcoming tax years.

In the past, Pennsylvania Department of Agriculture staff members have advised counties that use of preferential assessed values that are higher than the county's regular assessed values is inconsistent with the intent of the statute. To

⁶ This also occurs in some municipalities outside of this county.

ensure that farm and forest land is not assessed at a higher value than it would be if it were not in the Clean and Green program, the General Assembly may wish to address this in statute.

The Pennsylvania Department of Agriculture may wish to consider revising its annual survey of counties to uniformly identify the actual difference in the county's assessed value and the value of preferential assessments. Counties annually provide the State Tax Equalization Board (STEB) with the actual assessed value of their property and also the difference in the actual assessed value and the preferential value for properties that are preferentially assessed. In 2008, many counties did not report such differences in their responses to the PDA survey. In some cases, moreover, the counties calculated the difference in different ways. The Pennsylvania Department of Agriculture may wish to revise its current survey to request counties provide data reported to STEB. In this way, PDA would be able to calculate the differences in assessment due to use of preferential assessed values for each county. Such information would also permit the Department to readily identify counties in which farm and forest land is preferentially assessed at a higher value than the county's actual market value.

I. Introduction

House Resolution 2009-334 directed the Legislative Budget and Finance Committee to conduct a study to determine the statewide fiscal impact of the Pennsylvania Farmland and Forest Land Assessment Act of 1974¹ in addition to studying Pennsylvania and other state systems for property valuation and assessment. Appendix A provides a copy of the resolution.

The Pennsylvania General Assembly initially enacted the Act, better known as “Clean and Green” or Act 319, after Pennsylvania voters approved an amendment to the state’s constitution in 1973 permitting the General Assembly to “establish standards and qualifications for private forest reserves, agricultural reserves, and land actively devoted to agricultural use, and make special provisions for the taxation thereof....”²

The Act encourages owners of farmland and forest land to continue such use by offering qualifying owners property assessments based on use value rather than fair market value,³ subject to roll-back taxes and interest upon change to a non-conforming use. As a result of such preferential assessments, any market value a property may have as developable property (i.e., highest and best use) is ignored, and the land is assessed solely based on its value for agricultural use, agricultural reserve, or forest reserve. County assessment offices administer Pennsylvania’s “Clean and Green” program based on state statute and Pennsylvania Department of Agriculture regulations.⁴

Study Scope and Objectives

Specifically, this study seeks to:

1. Identify the number of properties enrolled in each county in Pennsylvania’s Clean and Green program in 2008.
2. Determine the annual fiscal impact of the program on counties, municipalities, and school districts across the Commonwealth.
3. Provide recommendations, if necessary, to improve the manner in which the Clean and Green program is administered.

¹ Act 1974-319, as amended; 72 P.S. §5490.1 *et seq.*

²The Pennsylvania Constitution of 1968, Article VIII, Section 2(b)(ii). The 1973 constitutional amendment incorporated a provision permitting special provisions for taxation of forest reserves previously approved by the electorate in 1958, as an amendment to Article IX, Section 1 of the Pennsylvania Constitution of 1874.

³ Fair market value refers to the price a property will bring in the open market for its highest and best use, where there is a willing seller and buyer, neither of whom is compelled to enter the transaction.

⁴ 7 Pa. Code Chapter 137b.

To identify the number of properties enrolled in each county, LB&FC staff analyzed 2008 data reported by each county assessment office in response to the PDA's annual survey of counties. A copy of the Department's 2008 survey can be found in Appendix B.

The Department's survey allowed us to identify the number of parcels and acreage enrolled in the program, and the amount of revenue subsequently recovered by taxing districts as a result of change in use of land that had been preferentially assessed based on farm and forest use. Using other data reported by counties, we were able to identify the extent to which a county's total property inventory is preferentially valued based on farm and forest land use rather than fair market value.

To determine the fiscal impact of the program on counties, municipalities, and school districts across the Commonwealth in 2008, we analyzed State Tax Equalization Board (STEB) county reported data. Such data allowed us to identify for the county and municipalities within the county the 2008 total actual assessed value of all property in such taxing districts and the additional assessed value of such property if all taxable property had been assessed at fair market value rather than preferentially assessed based on current use as farm or forest land. Using such data and Department of Community and Economic Development data on actual county real estate tax rates, we were also able to identify the impact of preferential assessments generally on county property owner tax bills.

In addition, we relied on Department of Community and Economic Development data on actual real estate tax rates and revenues for selected counties, municipalities, and school districts to determine the combined impact of preferential assessments on tax rates and property owner tax bills. Such analysis requires that all taxing districts have boundaries that are coterminous with county boundaries in order to isolate the effect of preferential assessments on tax rates and property owner tax bills within taxing districts.

To determine if changes to Pennsylvania's program are necessary, we reviewed other state information to determine if other states provide for preferential assessment of farm and forest land. We also reviewed information from other states to assess their provisions for repayment of property taxes when the use of land changes.

Acknowledgements

LB&FC staff completed this study with assistance from the Pennsylvania Department of Agriculture, the Local Government Commission, the State Tax Equalization Board, and county assessment offices. In particular, we thank Douglas M. Wolfgang, the Director of the Bureau of Farmland Preservation in the Pennsylvania Department of Agriculture, and his staff for providing information and sharing their program expertise.

Important Note

This report was developed by the Legislative Budget and Finance Committee staff. The release of this report should not be construed as an indication that the Committee or its individual members necessarily concur with the report's findings and recommendations.

Any questions or comments regarding the contents of this report should be directed to Philip R. Durgin, Executive Director, Legislative Budget and Finance Committee, P.O. Box 8737, Harrisburg, Pennsylvania 17105-8737.

II. Findings

A. Pennsylvania, Like Other States, Provides for Preferential Assessment of Farm and Forest Lands.

All 50 states have in place some type of program intended to preserve farm and forest land. Initially these efforts focused on the protection of forests with most farmland preservation programs beginning in the 1960s. The Pennsylvania Farmland and Forest Land Assessment Act of 1974,¹ also known as the “Clean and Green” Act, is such a program. Pennsylvania’s program allows a preferential assessment for land in “agricultural use,”² “agricultural reserve,”³ or “forest reserve.”⁴

Preferential Assessment of Agricultural Property

All states provide for some form of preferential treatment of agricultural land for tax purposes. The most widespread preferential treatment method used by states is a use-value assessment program that assesses agricultural property at the income earning potential of the land rather than at what a willing buyer would pay for the land. All states, except Michigan⁵ and Georgia,⁶ have some form of use-value preferential property tax assessment law in place.

Preferential assessment laws direct local governments to assess agricultural land at its agriculture income earning potential value instead of its fair market value based on potential developed uses. The first state-level preferential assessment law was enacted by Maryland in 1956.

In some cases, the preferential assessment is offered with no recovery of lost tax revenue or no penalties levied against the land or landowner if agricultural land is converted to non-agricultural use. In other states, preferential assessment laws include provision to recoup lost tax revenues when the use of the land changes. As shown in Exhibit 1, twenty-nine states with preferential assessment laws, including Pennsylvania, have some provision to recover lost revenues if the preferential assessment property is converted to a nonqualified use.

¹ Act 1974-319, as amended; 72 P.S. §5490.1 *et seq.*

² Agricultural use is land that has been producing an agricultural commodity or has been devoted to a soil conservation program under an agreement with the federal government for at least three years preceding the application for preferential assessment, and is comprised of 10 or more contiguous acres, including any woodlot; or has an anticipated yearly gross income of at least \$2,000 from the production of an agricultural commodity.

³ Agriculture reserve is land that is comprised of 10 or more contiguous acres, including woodlot, and is non-commercial open space for outdoor recreation or enjoyment of scenic or natural beauty and is open to the public for such use, without charge or fee, on a nondiscriminatory basis.

⁴ Forest reserve is land that is presently stocked with trees and comprised of 10 or more contiguous acres.

⁵ Michigan has a program that requires an agreement to keep the land in agricultural use for at least 10 years in exchange for a credit against the state income tax liability of the owner of the farmland. The farmland is also exempt from special assessments for sanitary sewers, water, lights, or non-farm drainage.

⁶ In Georgia, bona fide agricultural property can be assessed at 75 percent of the assessment of other property, which means that agricultural property is assessed at 30 percent of fair market value rather than 40 percent.

Exhibit 1

Revenue Recovery Practices in States With Preferential Assessment of Agricultural Land

State	Revenue Recovery Practices	Time Period for Recoupment	Interest Charged
Alabama	Roll-back taxes if conversion to non-qualifying use occurs within 2 years of sale.	3 Years	No
Alaska	Roll-back taxes	7 Years	Yes
California	Penalty for early withdrawal from restricted use agreement - 12.5% full market value		
Connecticut	Additional transfer tax on a sliding scale if use changed within 10 years of initial classification		
Delaware	Roll-back taxes when sold or use changed	10 Years	No
Hawaii	Roll-back taxes	10 Years	Yes
Illinois	Roll-back taxes	3 Years	Yes
Kentucky	Roll-back taxes	Current Year	No
Maine	Roll-back taxes plus penalty	5 Years	No
Maryland	Roll-back taxes current year plus transfer tax based on parcel size	Current Year	No
Massachusetts	Roll-back taxes if use change; Transfer tax if property sold within 10 years	4 Years	No
Minnesota	Roll-back taxes	3 Years	No
Nevada	Roll-back Taxes plus penalty	7 Years	No
New Hampshire	Land use change tax levied at 10% of current market value		
New Jersey	Roll-back taxes	3 Years	No
New York	Roll-back taxes	5 Years	No
North Carolina	Roll-back taxes	3 Years	Yes
Ohio	Roll-back taxes	4 Years	No
Oregon	Roll-back taxes	5 Years	Yes
Pennsylvania	Roll-back taxes	7 Years	Yes
Rhode Island	Land use change tax ranging from 0% to 10% of market value		
South Carolina	Roll-back taxes	5 Years	No
Tennessee	Roll-back taxes	3 Years	No
Texas	Roll-back taxes	3 Years	Yes
Utah	Roll-back taxes	5 Years	No
Vermont	Land use tax levied at up to 20% of full fair market value		
Virginia	Roll-back taxes	5 Years	Yes
Washington	Roll-back taxes (plus penalty if use change occurs before 10 years)	7 Years	Yes
Wisconsin	Conversion charge - sliding scale based on acreage and difference between market value assessment and use value.		

Source: Developed by LB&FC staff.

As shown in the exhibit, the most common way states recapture the lost tax revenue is through a “roll-back” tax imposed on the property if agricultural land is converted to non-agricultural use. The roll-back tax is generally the difference between what was actually paid in taxes under the use-value assessment and the taxes that would have been paid if the land had not had a preferential assessment over a specific period of time. As shown in Exhibit 1, roll-back provisions in 24 states range from one to ten years. Pennsylvania and four other states collect roll-back taxes for 7 years. Some states, including Pennsylvania, also charge interest on the roll-back taxes. Finding D provides information on roll-back taxes and interest paid in Pennsylvania by county in 2008.

Preferential Assessment of Forest Property

All states have specific statutory provisions providing for special treatment for forest lands. In some states, forest land is included in the definition of agricultural land and receives preferential assessment under those agricultural land valuation statutes. In other states, forest land is specifically defined and valued. A few states provide an option for landowners to have their land valued as agricultural land or to meet certain requirements and have the land valued as forest land.

States use a variety of methods for valuing forest and timber lands. These include an ad valorem property tax in which the property is valued based on its current use as forest land or a flat tax based on a specified fee per acre for timber land. In addition some states tax the timber separately through a severance tax or a yield tax charged when the timber is harvested.

As shown in Exhibit 2, forty states including Pennsylvania offer landowners some type of current use valuation for forest land. Unlike Pennsylvania, thirteen of these states also charge a severance or yield tax when the timber on the land is harvested.

One state, Alaska, offers a property tax exemption for all forest land. Three other states, Delaware,⁷ Iowa, and Rhode Island,⁸ offer a property tax exemption for specific types of forest lands. These three states also allow preferential property valuation for other forest lands under their agricultural land statutes.

Six states charge a flat tax per acre for forest lands that meet certain requirements. Five states use fair market value as the basis for forest land assessment but calculate the assessed value at a lower percentage of fair market value.

⁷ Delaware offers a tax exemption for 30 years for commercial forest plantations meeting specific requirements.

⁸ Rhode Island offers a tax exemption for 15 years for forest plantations.

Exhibit 2

Special Treatment for Forest Land, by State

	Current Use Valuation	Fair Market Value Base	Flat Tax Per Acre	Exemption	Severance or Yield Tax
Alabama	X				X
Alaska				X	
Arizona		X ^a			X
Arkansas	X				X
California	X				X
Colorado	X				
Connecticut	X				
Delaware	X			X	
Florida	X				
Georgia	X				X
Hawaii	X				
Idaho	X				X
Illinois	X				X
Indiana	X		X		
Iowa	X			X	
Kansas	X				
Kentucky	X				
Louisiana	X				
Maine	X				
Maryland	X				
Massachusetts		X ^a			X
Michigan			X		X
Minnesota		X ^a			
Mississippi	X				
Missouri			X		X
Montana	X				X
Nebraska	X				
Nevada	X				
New Hampshire			X		X
New Jersey	X				
New Mexico	X				X
New York	X	X ^a			X
North Carolina	X				X
North Dakota			X		
Ohio	X	X ^a			

Exhibit 2 (Continued)

	Current Use Valuation	Fair Market Value Base	Flat Tax Per Acre	Exemption	Severance or Yield Tax
Oklahoma	X				
Oregon	X				
Pennsylvania	X				
Rhode Island	X			X	
South Carolina	X				
South Dakota	X				
Tennessee	X				
Texas	X				
Utah	X				
Vermont	X				
Virginia	X				X
Washington	X				
West Virginia	X				X
Wisconsin			X		X
Wyoming	X				

^a Assessed value based on reduced fair market value.

Source: Developed by LB&FC staff.

B. Most Pennsylvania Counties Preferentially Assess Farm and Forest Land Properties, Though They Differ in Their Preferential Use Values.

Act 1974-319, as amended, applies to all Pennsylvania counties, and most Pennsylvania counties have preferentially assessed farm and forest land properties. As of 2008, 54 of Pennsylvania's 67 counties had participants in the Clean and Green program. As shown in Exhibit 3, 43 of these counties had participants in the program in 2000 or earlier.

Thirteen counties did not have preferentially assessed farm and forest land properties in 2008. The 13 included one county (Philadelphia) that likely did not have properties that qualified for the program, and 12 counties (Bedford,¹ Blair, Clarion, Crawford, Forest, Franklin, Indiana, Jefferson, Lackawanna, Lebanon, Mercer, and Northumberland) that had not conducted a countywide reassessment since the mid-1980s. In these 12 counties, preferential assessed values (which are in current dollars) would be greater than the county's actual assessed value (which are in prior or base year dollars), thus removing the incentive for a property owner to request enrollment in Pennsylvania's Clean and Green program.

County Options for Preferential Assessment Use Values

County assessment offices administer preferential assessments under Pennsylvania's Clean and Green program. Under the program, counties have several use value options from which to base their preferential assessments. They can elect to:

- utilize the most recent year use values² provided by the Commonwealth,
- utilize values issued by the Commonwealth in a prior or base year, or
- develop county-specific use values so long as those values do not exceed the values provided by the Commonwealth.

Each year, the Pennsylvania Department of Agriculture supplies each county with county-specific use values based on use subcategories and soil classifications. The agricultural use and agricultural reserve values are based on the income

¹ Bedford County joined the Clean and Green program beginning in 2009.

² The 2009 use values provided by the Commonwealth in mid-2009 are available to the county for use in the 2010 tax year.

Exhibit 3

**Initial Year of Participant Enrollment in the Clean and Green Program and
Type of Preferential Assessment Values Used, by County**

<u>County</u>	<u>Participant Enrollment Date</u>	<u>Agricultural & Forest Values</u>		<u>County Values</u>
		<u>Current Year PDA Values</u>	<u>Base Year PDA Values</u>	
Adams	2000 or earlier		X	
Allegheny	2004	X		
Armstrong.....	2000 or earlier			X
Beaver.....	2000 or earlier			X
Bedford.....	a	a	a	a
Berks	2000			X
Blair	b	b	b	b
Bradford	2000 or earlier		X	
Bucks	2000 or earlier		X	
Butler.....	2000 or earlier	X ^c		
Cambria.....	2000 or earlier		X	
Cameron	2000 or earlier		X	
Carbon	2002		X	
Centre	2000 or earlier		X	
Chester.....	2000 or earlier			X
Clarion.....	b	b	b	b
Clearfield.....	2000 or earlier			X
Clinton	2000 or earlier		X	
Columbia.....	2000 or earlier	X		
Crawford.....	b	b	b	b
Cumberland.....	2000 or earlier	X		
Dauphin.....	2002		X	
Delaware	2000 or earlier	X		
Elk	2000 or earlier		X	
Erie	2000 or earlier		X	
Fayette	2000 or earlier		X	
Forest.....	b	b	b	b
Franklin	b	b	b	b
Fulton	2000 or earlier		X	
Greene	2000 or earlier		X	
Huntingdon.....	2001			X
Indiana	b	b	b	b
Jefferson	b	b	b	b
Juniata.....	2000 or earlier			X
Lackawanna.....	b	b	b	b
Lancaster	2000 or earlier	X		

Exhibit 3 (Continued)

<u>County</u>	<u>Participant Enrollment Date</u>	<u>Agricultural & Forest Values</u>		
		<u>Current Year PDA Values</u>	<u>Base Year PDA Values</u>	<u>County Values</u>
Lebanon	b	b	b	b
Lehigh	2000 or earlier	X		
Luzerne	2003	X		
Lycoming.....	2000 or earlier		X	
McKean.....	2000 or earlier			X
Mercer	b	b	b	b
Mifflin.....	2001		X	
Monroe	2000 or earlier		X	
Montgomery	2000 or earlier		X	
Montour.....	2006	X		
Northampton	2000 or earlier		X	
Northumberland	b	b	b	b
Perry.....	2000 or earlier			X
Philadelphia.....	b	b	b	b
Pike	2004	X		
Potter.....	2000 or earlier			X
Schuylkill	2000 or earlier			X
Snyder.....	2000 or earlier	X		
Somerset.....	2000 or earlier		X	
Sullivan.....	2000 or earlier	X		
Susquehanna.....	2000 or earlier			X
Tioga	2000 or earlier		X	
Union.....	2000 or earlier	X		
Venango.....	2001	X		
Warren	2000 or earlier			X
Washington	2000 or earlier			X
Wayne	2000 or earlier	X		
Westmoreland.....	2000 or earlier		X	
Wyoming	2000 or earlier			X
York.....	2000 or earlier	X		

^a No program participants in 2008. Bedford County started to have participants in 2009.

^b No program participants.

^c Butler County was the only county that used PDA values from different periods for forest land (base year) and agricultural land (current year) in 2008.

Source: Developed by LB&FC staff from Pennsylvania Department of Agriculture 2008 county survey data.

approach for land appraisal. Forest reserve values are based on the average value of timber in a particular county or the average value of six timber types by county.³

As shown in Exhibit 3, 17 counties used the Department of Agriculture’s current year values for 2008, and 22 counties used Department values from a prior base year. Fifteen counties chose to establish their own use values for that year. As shown in Exhibit 3, all the counties except Butler⁴ used the same timeframe for preferential values for both their agricultural and forest land in 2008.

The values used by the counties for the preferential assessment of their Clean and Green properties are not necessarily for the same year as the values the county uses for assessing other property in the county. For example, PDA 2008 preferential assessment values are based on mid-2000 dollar values, whereas regular 2008 county assessed values may be in 1990 “base year” dollars.

As shown in Table 1, in the 46 counties that reported such data to PDA⁵ in 2008, 15 counties used the same base year for valuing Clean and Green and all other property in the county. Thirty counties used a more current or recent Department of Agriculture base year for assessing a Clean and Green property than they used for assessing other property in the county. Only one county used a general assessment value that was more current than the Clean and Green assessment value for 2008.

Table 1

Comparison of Countywide Reassessment and Clean and Green Value Dates
(As Reported in 2008)

Number of Counties ^a	Comparison
30	Countywide reassessment completed in earlier year than Clean and Green base year.
15	Countywide reassessment and Clean and Green base year the same.
1	Countywide reassessment completed in later year than Clean and Green base year.
8	Clean and Green base year not reported by county.

^a Thirteen counties did not have participants in the Clean and Green program in 2008.

Source: Developed by LB&FC staff from Pennsylvania Department of Agriculture 2008 Farmland and Forestland Tax Assessment County Survey data.

³ All counties currently use the average value of timber in their county rather than the average by timber type.

⁴ Butler County used PDA current year values for agricultural land and PDA base year values for forest land in 2008.

⁵ Thirteen counties did not have participants in the program in 2008 and eight counties did not identify the base year used for their Clean and Green values.

C. As To Be Expected, Counties Vary Widely in the Amount of Property Enrolled in the Clean and Green Program.

Counties that preferentially assess farm and forest land vary in the proportion of the total property inventory parcels that are enrolled in the “Clean and Green” program. They also vary in their amount of enrolled acreage.

Enrolled Parcels

Table 2 provides the number of parcels enrolled in the program in each county as of the end of December 2008 and the proportion of total county parcels that are enrolled. Statewide, relatively few parcels are enrolled in the Clean and Green program, with only 2.8 percent of the state’s total parcels enrolled. When Philadelphia and the 12 other counties that did not have participants in the Clean and Green program in 2008 are excluded, the proportion of enrolled parcels statewide increases to 3.5 percent.

As shown in Table 2, more than half (29 of 54) of the counties that participate in the Clean and Green program have less than 6 percent their total parcels enrolled. The 29 counties include all of the state’s most populous,¹ including Allegheny, Berks, Bucks, Chester, Dauphin, Delaware, Erie, Lancaster, Lehigh, Luzerne, Montgomery, Northampton, Westmoreland, and York Counties.²

Table 2 also shows that 11 counties have more than 10 percent of their total parcels enrolled in the Clean and Green program. Five (Fulton, Perry, Potter, Sullivan, and Wyoming) of the 11 counties have a population of less than 50,000, and the remaining six (Bradford, Columbia, Huntingdon, McKean, Susquehanna, and Tioga) have populations of less than 95,000.

Enrolled Acreage

Statewide, participating counties report approximately 9 million acres are enrolled in the Clean and Green program. As shown in Table 3, enrolled acreage for participating counties ranged from just under 150 acres in Cambria County to more than 525,000 acres in Bradford County.

¹ Two counties (Lackawanna and Philadelphia) with populations of more than 210,000 do not have participants in the program.

² Seven of the 29 have less than 1 percent of their total parcels enrolled in the Clean and Green program. The seven include Allegheny, Butler, Cambria, Delaware, Montgomery, Snyder, and Westmoreland.

Table 2

Clean and Green Parcels, by County

(As of December 2008)

<u>County</u>	<u>Clean & Green Parcels</u>	<u>Percent of Total County Parcels</u>
Adams	4,324	9.55%
Allegheny.....	1,233	0.21
Armstrong.....	4,500	10.45
Beaver	1,425	1.58
Bedford.....	0	0.00
Berks	6,893	4.27
Blair	0	0.00
Bradford.....	8,241	23.23
Bucks.....	4,386	1.87
Butler	7	0.01
Cambria.....	12	0.01
Cameron.....	a	a
Carbon.....	935	1.97
Centre.....	4,829	8.78
Chester.....	7,468	4.00
Clarion	0	0.00
Clearfield	1,747	2.43
Clinton	2,297	9.99
Columbia	3,778	11.45
Crawford.....	0	0.00
Cumberland.....	3,114	3.25
Dauphin	2,731	2.41
Delaware	160	0.08
Elk.....	424	1.46
Erie	5,867	4.75
Fayette.....	2,240	2.66
Forest	0	0.00
Franklin.....	0	0.00
Fulton.....	2,683	28.27
Greene.....	2,593	7.54
Huntingdon	3,209	11.09
Indiana.....	0	0.00
Jefferson.....	0	0.00
Juniata	364	2.65

Table 2 (Continued)

<u>County</u>	<u>Clean & Green Parcels</u>	<u>Percent of Total County Parcels</u>
Lackawanna	0	0.00%
Lancaster.....	8,717	4.67
Lawrence.....	1,338	2.43
Lebanon.....	0	0.00
Lehigh.....	3,119	2.42
Luzerne.....	3,451	2.04
Lycoming	4,782	8.92
McKean	3,191	11.09
Mercer	0	0.00
Mifflin	2,083	8.41
Monroe	1,836	1.80
Montgomery	1,446	0.49
Montour	511	6.12
Northampton.....	3,007	2.48
Northumberland.....	0	0.00
Perry	3,456	14.77
Philadelphia	0	0.00
Pike.....	1,118	1.75
Potter	2,884	14.89
Schuylkill.....	4,189	4.49
Snyder	7	0.04
Somerset	3,626	6.08
Sullivan.....	1,443	16.01
Susquehanna	8,286	29.75
Tioga.....	5,418	19.77
Union	1,909	10.79
Venango	2,670	6.84
Warren.....	2,974	10.26
Washington	7,826	6.61
Wayne	1,973	3.21
Westmoreland	214	0.11
Wyoming.....	2,185	13.49
York	<u>8,671</u>	4.70
State Total	167,790	2.84%

^a Data not reported by county.

Source: Developed by LB&FC staff from Pennsylvania Department of Agriculture 2008 Farmland and Forestland Tax Assessment County Survey data and data provided by the Assessors' Association of Pennsylvania.

Approximately one-third of the counties with Clean and Green program participants (17 of 54) have 200,000 or more acres enrolled in the program, including six (Bradford, Huntingdon, McKean, Potter, Susquehanna, and Tioga) of the 11 counties with more than 10 percent of their total parcels enrolled in the Clean and Green program. After Bradford County, with more than 525,000 acres, Susquehanna County has the next highest enrollment with more than 400,000 acres enrolled. An addition eight counties (Centre, Lancaster, Lycoming, McKean, Somerset, Tioga, Washington, and York) have between 300,000 and 400,000 acres enrolled, and seven (Adams, Armstrong, Berks, Erie, Huntingdon, Potter, and Warren) have between 200,000 and 300,000 enrolled acres.

About 30 percent (15 of 54) of the Clean and Green counties report having fewer than 100,000 acres enrolled in the program, including some of the state's more populous counties. The participating counties with less than 100,000 acres enrolled include Allegheny, Beaver, Bucks, Butler, Cambria, Cameron, Carbon, Juniata, Lawrence, Lehigh, Montgomery, Montour, Northampton, Snyder, and Westmoreland.

Table 3 also shows that only a very small proportion of enrolled acres were terminated from the Clean and Green program in 2008. Statewide, approximately 0.2 percent of acres were terminated in 2008. Carbon County had the highest percent of acres terminated (2.86 percent), followed by Montgomery (1.76 percent), Bucks (1.22 percent), and Luzerne (1.09 percent).

Despite such reductions in enrolled acreage in certain counties, the Clean and Green program overall appears to be accomplishing its goal of retaining land for farm and forest use. The amount of acreage enrolled in the Clean and Green program statewide has continually increased. From 1995 through 2008, enrolled acreage increased almost 80 percent, increasing from over 4.9 million enrolled acres in 1995 to over 8.8 million enrolled acres in 2008.

Table 3

Clean and Green Enrolled and Terminated Acreage, by County
(As of December 2008)

<u>County</u>	<u>Total Acres Enrolled</u>	<u>Total Acres Terminated</u>	<u>Percent Terminated</u>
Adams	203,462.00	0.000	0.00%
Allegheny.....	37,183.00	69.000	0.19
Armstrong.....	220,842.00	0.000	0.00
Beaver	77,122.00	271.500	0.35
Bedford.....	0.00	0.000	
Berks	262,512.20	997.000	0.38
Blair	0.00	0.000	
Bradford.....	526099.118	178.402	0.03
Bucks.....	98,545.1612	1,198.950	1.22
Butler	707.00	0.000	0.00
Cambria.....	147.12	0.000	0.00
Cameron.....	72,107.00	0.000	0.00
Carbon.....	2,115.58	60.535	2.86
Centre.....	321,825.27	866.130	0.27
Chester.....	195,542.00	506.119	0.26
Clarion.....	0.00	0.000	
Clearfield	a	35.070	
Clinton	174,228.00	0.000	0.00
Columbia	188,413.00	132.750	0.07
Crawford.....	0.00	0.000	
Cumberland.....	154,160.93	91.580	0.06
Dauphin	115,309.7656	540.763	0.47
Delaware	a	10.300	
Elk	100,367.47	0.000	0.00
Erie	204,032.59	561.905	0.28
Fayette	137,780.00	90.000	0.07
Forest	0.00	0.000	
Franklin.....	0.00	0.000	
Fulton	191,675.18	0.000	0.00
Greene	160,418.27	198.250	0.12
Huntingdon	259,969.00	0.000	0.00
Indiana.....	0.00	0.000	
Jefferson.....	0.00	0.000	
Juniata.....	40,877.01	9.360	0.02

Table 3 (Continued)

<u>County</u>	<u>Total Acres Enrolled</u>	<u>Total Acres Terminated</u>	<u>Percent Terminated</u>
Lackawanna	0.00	0.000	
Lancaster.....	378,267.71	455.390	0.12%
Lawrence.....	57,235.00	242.354	0.42
Lebanon	0.00	0.000	
Lehigh.....	62,437.882	208.280	0.33
Luzerne	137,539.39	1,493.400	1.09
Lycoming.....	374,424.79	0.000	0.00
McKean	361,353.05	0.000	0.00
Mercer	0.00	0.000	
Mifflin	135,368.17	334.590	0.25
Monroe	104,963.42	76.860	0.07
Montgomery	43,041.68	755.860	1.76
Montour	36,594.37	32.428	0.09
Northampton.....	67,130.93	121.270	0.18
Northumberland..	0.00	0.000	
Perry.....	195,398.44	45.256	0.02
Philadelphia	0.00	0.000	
Pike	121,352.50	1,125.330	0.93
Potter.....	278,162.60	503.400	0.18
Schuylkill	146,033.20	0.000	0.00
Snyder	1,243.66	0.000	0.00
Somerset.....	319,477.18	509.115	0.16
Sullivan.....	116,176.48	0.000	0.00
Susquehanna	403,853.00	0.000	0.00
Tioga	344,076.83	1,826.520	0.53
Union	100,802.00	114.000	0.11
Venango	165,996.41	1,217.210	0.73
Warren.....	251,411.00	13.080	0.01
Washington	303,287.00	1,340.000	0.44
Wayne	133,606.00	49.340	0.04
Westmoreland	14,723.79	111.000	0.75
Wyoming	145,004.00	146.930	0.10
York.....	<u>324,462.00</u>	<u>804.200</u>	0.25
State Total	8,868,863.457	17,343.427	0.19

^a Not reported.

Source: Developed by LB&FC staff from Pennsylvania Department of Agriculture 2008 Farmland and Forestland Tax Assessment County Survey data.

D. In 2008, Program Participants Paid Over \$7 Million in Roll-back Taxes and \$1 Million in Roll-back Interest.

Act 1974-319, as amended, provides for repayment of property taxes on the difference between a property's actual assessment and preferential assessment when property enrolled in the Clean and Green program changes use. Such roll-back taxes apply to the seven most recent tax years in which the property was preferentially assessed. Roll-back taxes are recovered by the relevant taxing districts.

The accrued interest on the roll-back taxes, however, is paid by the liable landowner to the county in counties that have established county agricultural conservation easement programs. If the county has not established such a program, the county must forward such interest to the state agricultural conservation easement purchase fund. Such funds are then redistributed to counties with conservation easement programs.¹ County easement programs received more than \$4 million from 2006 through 2008 as a result of roll-back tax interest payments.

As shown in Table 4, three (Clearfield, Elk, and McKean) of the 54 counties with Clean and Green program participants are without a county agricultural easement program. Only one of the three (Clearfield) received roll-back interest payments in 2008.

Table 4 also shows that 47 of the 54 counties that preferentially assess had roll-back taxes paid to relevant taxing districts in 2008. The amount of such taxes ranged from just over \$300 in Cameron County to over \$1.4 million in Bucks County.

Six (Berks, Bucks, Chester, Lancaster, Montgomery, and York) of the 47 counties with roll-back tax payments, however, accounted for over two-thirds of the statewide total roll-back tax payments and roll-back interest payments in 2008. All six of these counties have fewer than 5 percent of their total parcels enrolled in the Clean and Green program. They are, however, more populous counties with typically higher assessed property values.² Two (Bucks and Montgomery) of the six

¹ The Pennsylvania Agricultural Conservation Easement Purchase Program (ACEPP) is a voluntary program. It allows government entities to purchase agricultural conservation easements from willing landowners, who agree to limit the use of their farmland to agricultural production and certain other uses while keeping the land in landowner ownership and control. To qualify, a farm must be located in a designated Agricultural Security Area. As demand exceeds available program funding, only farms with the best soils, stewardship practices, and likelihood of development are likely to qualify for easement purchase offers, according to the Pennsylvania Department of Agriculture.

² The six counties are all Second Class A and Third Class counties, and are among the 13 counties identified in the LB&FC's report on *Pennsylvania's System of Property Valuation and Reassessments* that could generate an additional \$50 in revenue on a per parcel basis in the first year following a reassessment without growth in their property inventories.

Table 4

Roll-back Taxes and Interest Received in 2008

<u>County</u>	<u>Roll-back Taxes Received</u>	<u>Roll-back Interest Received</u>	<u>Total</u>
Adams	\$ 108,731	\$ 14,834	\$ 123,565
Allegheny.....	772	0	772
Armstrong.....	0	0	0
Beaver	2,107	0	2,107
Bedford.....	a	a	a
Berks	401,999	70,996	472,995
Blair	a	a	a
Bradford.....	247,300	26,912	274,212
Bucks.....	1,477,881	227,969	1,705,850
Butler	0	0	0
Cambria.....	0	0	0
Cameron.....	344	42	386
Carbon.....	31,330	6,144	37,474
Centre.....	205,192	28,767	233,959
Chester.....	579,606	67,313	646,919
Clarion	a	a	a
Clearfield ^b	4,122	672	4,794
Clinton	4,428	646	5,074
Columbia	48,848	7,880	56,728
Crawford.....	a	a	a
Cumberland.....	47,365	9,529	56,894
Dauphin	268,466	60,177	328,644
Delaware	32,871	10,784	43,655
Elk ^b	0	0	0
Erie	106,265	10,859	117,123
Fayette	18,780	3,368	22,148
Forest	a	a	a
Franklin.....	a	a	a
Fulton	26,504	4,334	30,838
Greene	8,271	496	8,768
Huntingdon.....	15,857	2,093	17,950
Indiana.....	a	a	a
Jefferson.....	a	a	a
Juniata.....	533	35	569

Table 4 (Continued)

<u>County</u>	<u>Roll-back Taxes Received</u>	<u>Roll-back Interest Received</u>	<u>Total</u>
Lackawanna	a	a	a
Lancaster.....	\$ 598,310	\$ 82,807	\$ 681,117
Lawrence.....	23,692	3,500	27,192
Lebanon	a	a	a
Lehigh.....	166,362	26,557	192,919
Luzerne	0	0	0
Lycoming.....	5,329	949	6,277
McKean ^b	0	0	0
Mercer	a	a	a
Mifflin	20,843	2,318	23,161
Monroe	41,655	8,116	49,772
Montgomery	1,101,523	241,107	1,342,629
Montour	19,791	1,056	20,847
Northampton.....	195,213	28,963	224,177
Northumberland ...	a	a	a
Perry.....	41,565	2,355	43,919
Philadelphia	a	a	a
Pike	220,548	33,077	253,625
Potter.....	12,396	2,722	15,117
Schuylkill	92,698	10,739	103,438
Snyder	0	0	0
Somerset.....	28,603	4,246	32,848
Sullivan.....	12,841	1,769	14,610
Susquehanna	65,209	10,571	75,780
Tioga	18,181	2,293	20,474
Union	32,786	6,856	39,642
Venango.....	17,878	2,095	19,973
Warren.....	1,840	316	2,155
Washington	183,839	32,588	216,427
Wayne	700	7	707
Westmoreland	7,491	1,728	9,220
Wyoming	38,585	7,178	45,763
York.....	<u>742,453</u>	<u>109,950</u>	<u>852,403</u>
State Total.....	\$7,327,902	\$1,177,714	\$8,505,616

^a Did not have participants in the Clean and Green program in 2008.

^b County with a Clean and Green program and without a county agricultural easement program according to the Pennsylvania Department of Agriculture.

Source: Developed by LB&FC staff from Pennsylvania Department of Agriculture 2008 Farmland and Forestland Tax Assessment County Survey data.

had less than 100,000 acres enrolled in the program in 2008, though two (Lancaster and York) had relatively high (i.e., between 300,000 and 400,000) enrolled acres.

Bradford, McKean, Susquehanna, and Tioga Counties have both a relatively high proportion of total county parcels (more than 10 percent) and enrolled acreage (300,000 or more enrolled acreage). Together, however, they account for less than 5 percent of total roll-back taxes in 2008.

E. In 2008, Statewide Preferentially Assessed Property Accounted for About 3 Percent of County Assessed Property Values.

In 2008, properties statewide had actual county assessments totaling over \$406 billion. If properties that participated in the Clean and Green program had not been assessed preferentially, actual county assessments would have totaled \$417 billion statewide. In other words, the assessed value of taxable property in the state would have increased 2.60 percent. This higher tax base would allow property owners to pay a lower millage rate while generating the same amount in taxes.

Similar results occur when only counties that participate in the Clean and Green program are considered. In 2008, the statewide assessed value of properties in such counties was over \$375 billion. If properties in such counties had not been preferentially assessed, statewide the assessed value of properties would have increased 2.80 percent.

Change in County Total Assessed Values Due to Preferential Assessments

Since real estate taxes account for 97 percent of total county tax revenue in counties other than Philadelphia, we considered the effect of preferential assessments on county total assessed values. As counties differ in the extent to which they have properties that are preferentially assessed, how they establish values for preferentially assessed properties, and the total assessed value of property in the county, counties also differ in the extent to which their total assessed property value would increase without preferential assessment of farm and forest land. Table 5 summarizes the changes in county assessed values without preferential assessments of farm and forest lands.

Table 5

Change in Total County Assessed Values Without Preferential Assessment of Farm and Forest Land

<u>Number of Counties^a</u>	<u>Percent Increase or Decrease</u>
5	≥10.00 percent
5	8.00 – 9.99 percent
16	4.00 – 7.99 percent
17	1.00 – 3.99 percent
9	<1.00 percent
1	Decrease in total assessed value

^aData available for 53 of the 54 counties with Clean and Green participants in 2008.

Source: Developed by LB&FC staff based on State Tax Equalization Board county reported assessed values.

As shown in Table 5, the county's total assessed value would increase by less than 4 percent in about half (26 of 53) of the Clean and Green counties, and by more than 8 percent (10 of 53) in about 20 percent of such counties. Interestingly, one county actually has its total assessed value reduced without preferential

assessments. This occurs as the preferentially assessed values in this county are higher than the county's actual assessed value.¹ Currently, there is no statutory provision prohibiting a county from assessing a property using preferential values if the property would be assessed at a lower value using the county's actual assessed value for that same property, according to the Pennsylvania Department of Agriculture.

The ten counties (Bradford, Fulton, Huntingdon, Mifflin, Perry, Potter, Sullivan, Susquehanna, Tioga, and Union) that would see an 8 percent or more² increase in their total assessed value without preferential assessments are, for the most part, counties with both a relatively high percentage of total county parcels and a high number of acreage enrolled in the Clean and Green program. Three (Bradford, Susquehanna, and Tioga) of the ten counties have more than 15 percent of their total parcels and more than 300,000 acres enrolled in the program. An additional four (Fulton, Huntingdon, Perry, and Potter) counties have more than 10 percent of their total parcels and approximately 200,000 acres enrolled. One (Union) county with relatively fewer parcels and acres enrolled relative to the other nine counties had implemented a countywide reassessment two years earlier.

Table 6 provides the 2008 total actual assessed value of taxable property by county for all counties, the difference in assessed value resulting from preferential assessment of farm and forest land properties, and the "true" assessed values³ for all properties without preferential assessment for farm and forest land. Table 6 also shows the extent to which each county's total assessed value would increase (or decrease) if properties were not preferentially assessed.

Average Assessed Value Reduction for Preferentially Assessed Properties

The average reduction in assessed value due to preferential assessments for those properties that are preferentially assessed varies greatly across counties. Each year, the Pennsylvania Department of Agriculture in its annual survey asks counties to report, if known, the "average reduction in market value assessment" due to Clean and Green. In 2008, about 40 percent (22 of 54) of the counties with preferential assessment of farm and forest land responded to the question. Using STEB data, LB&FC staff confirmed the reported reductions in over one-half of the reporting counties. Table 7 provides the average reduction reported by counties and the average reduction identified by LB&FC staff.

For the 14 counties (Chester, Columbia, Erie, Fayette, Huntingdon, Juniata, Lancaster, Lycoming, Montour, Perry, Pike, Potter, Somerset, and Westmoreland),

¹ County actual assessments were also higher than preferential assessments in some municipalities in other counties.

² Five of the 10 would see their actual assessed value increase by 10 percent without preferential assessment of farm and forest land. The five include Bradford, Fulton, Huntingdon, Sullivan, and Susquehanna.

³ "True" assessed value refers to the total actual assessed value of taxable real property plus the difference in the actual assessment due to preferential assessment of farm and forest land.

Table 6

Differences in Actual Assessed Values Due to Preferential Assessment by County

<u>County</u>	<u>2008 Total Actual Assessed Value</u>	<u>Difference in Actual and Preferential Assessed Value</u>	<u>Actual Assessed Value Plus Difference</u>	<u>Percent Change</u>
Adams	\$ 2,047,789,431	\$ 112,662,442	\$ 2,160,451,873	5.21%
Allegheny	57,650,735,167	91,924,549	57,742,659,716	0.16
Armstrong	923,994,952	69,562,391	993,557,343	7.00
Beaver	2,072,391,015	15,731,264	2,088,122,279	0.75
Bedford	433,875,307	-	433,875,307	0.00
Berks	18,103,010,900	911,243,200	19,014,254,100	4.79
Blair	525,446,938	-	525,446,938	0.00
Bradford	1,029,849,876	170,882,400	1,200,732,276	14.23
Bucks	7,979,802,460	a	7,979,802,460	a
Butler	1,188,296,118	20,409	1,188,316,527	0.00
Cambria	1,194,136,560	72,360	1,194,208,920	0.01
Cameron	72,208,529	2,409,082	74,617,611	3.23
Carbon	1,578,147,241	21,018,871	1,599,166,112	1.31
Centre	3,125,009,278	154,084,160	3,279,093,438	4.70
Chester	36,107,970,021	1,043,568,230	37,151,538,251	2.81
Clarion	290,822,104	-	290,822,104	0.00
Clearfield	510,824,221	7,149,895	517,974,116	1.38
Clinton	386,040,531	24,189,755	410,230,286	5.90
Columbia	1,008,435,175	63,293,141	1,071,728,316	5.91
Crawford	1,157,990,657	-	1,157,990,657	0.00
Cumberland	16,853,627,470	349,539,830	17,203,167,300	2.03
Dauphin	13,958,777,250	301,391,300	14,260,168,550	2.11
Delaware	30,021,398,806	76,206,667	30,097,605,473	0.25
Elk	510,280,725	13,090,550	523,371,275	2.50
Erie	11,072,148,481	234,642,518	11,306,790,999	2.08
Fayette	4,331,681,370	90,577,110	4,422,258,480	2.05
Forest	63,273,525	-	63,273,525	0.00
Franklin	1,298,972,950	-	1,298,972,950	0.00
Fulton	371,176,400	89,293,580	460,469,980	19.39
Greene	1,471,807,404	54,627,915	1,526,435,319	3.58
Huntingdon	278,133,860	31,029,060	309,162,920	10.04
Indiana	556,546,770	-	556,546,770	0.00
Jefferson	790,843,620	-	790,843,620	0.00
Juniata	214,459,280	1,567,220	216,026,500	0.73
Lackawanna	1,434,204,332	-	1,434,204,332	0.00
Lancaster	30,146,887,800	2,426,554,800	32,573,442,600	7.45

Table 6 (Continued)

County	2008 Total Actual Assessed Value	Difference in Actual and Preferential Assessed Value	Actual Assessed Value Plus Difference	Percent Change
Lawrence	\$ 3,424,607,950	\$ 55,496,800	\$ 3,480,104,750	1.59%
Lebanon	1,158,495,500	-	1,158,495,500	0.00
Lehigh	9,048,667,150	214,963,950	9,263,631,100	2.32
Luzerne	805,541,351	681,450	806,222,801	0.08
Lycoming	5,356,373,280	192,803,710	5,549,176,990	3.47
McKean	1,169,043,040	87,351,570	1,256,394,610	6.95
Mercer	1,146,868,830	-	1,146,868,830	0.00
Mifflin	835,556,966	88,143,305	923,700,271	9.54
Monroe	2,091,247,100	163,854,466	2,255,101,566	7.27
Montgomery	57,923,445,088	533,952,082	58,457,397,170	0.91
Montour	1,098,795,540	62,672,600	1,161,468,140	5.40
Northampton	7,548,829,300	439,847,000	7,988,676,300	5.51
Northumberland	731,193,027	-	731,193,027	0.00
Perry	2,003,891,610	212,815,180	2,216,706,790	9.60
Philadelphia	12,078,813,156	-	12,078,813,156	0.00
Pike	1,068,624,835	25,588,434	1,094,213,269	2.34
Potter	329,868,530	29,487,962	359,356,492	8.21
Schuylkill	2,311,172,790	69,793,365	2,380,966,155	2.93
Snyder	412,633,260	(32,300)	412,600,960	-0.01
Somerset	1,436,315,480	82,982,750	1,519,298,230	5.46
Sullivan	598,253,500	98,144,600	696,398,100	14.09
Susquehanna	789,327,437	143,564,781	932,892,218	15.39
Tioga	1,688,878,340	176,001,270	1,864,879,610	9.44
Union	2,020,541,370	189,258,310	2,209,799,680	8.56
Venango	1,929,994,420	48,266,140	1,978,260,560	2.44
Warren	485,920,814	22,486,203	508,407,017	4.42
Washington	1,454,885,184	63,397,771	1,518,282,955	4.18
Wayne	4,893,795,305	169,728,400	5,063,523,705	3.35
Westmoreland	3,722,606,160	1,536,890	3,724,143,050	0.04
Wyoming	377,393,978	27,356,240	404,750,218	6.76
York	<u>25,752,603,272</u>	<u>1,302,972,050</u>	<u>27,055,575,322</u>	4.82
Statewide Total	\$406,455,180,087	\$10,859,447,678	\$417,314,627,765	2.60%
Clean and Green County Total ^a	\$376,808,030,911	\$10,859,447,678	\$387,667,478,589	2.80%

^a Preferential assessment data not available for Bucks County.

Source: Developed by LB&FC staff from county data provided to the State Tax Equalization Board.

where the county reported and the LB&FC identified average reductions are consistent, the average reduction in assessed value ranged from 18 percent (Juniata) to 93 percent (Chester). The reasons for such differences are not apparent from the available data, and appear not to be due to differences in the year in which the county last conducted a countywide reassessment or differences in the preferential values used by the county to assess farm and forest land.

Table 7

2008 Average Reduction in Assessed Value of Preferentially Assessed Farm and Forest Land

Reporting County	Average Reported Reduction	Average Reduction Based on STEB Data
Bucks	61 %	^a
Cambria	40	33%
Chester	93	93
Clinton	50	72
Columbia	36	37
Erie	37 ^b	63 ^b
Fayette	60 - 90	72
Huntingdon	46	47
Juniata	18	18
Lancaster	62	59
Lycoming	31	31
McKean	7	48
Montgomery	30	55
Montour	49	51
Perry	33 - 55	42
Pike	85	85
Potter	54 ^b	46 ^b
Somerset	54 ^b	45 ^b
Sullivan	78	54
Warren	0.05	35
Westmoreland	19	19
Wyoming	30	38

^a Data not available for analysis.

^b These counties appear to have taken the total preferential assessment and divided by the actual county assessment to arrive at their reported reduction. The LB&FC staff (and other counties shown in this table with reported reductions consistent with LB&FC results) calculated the average reduction by taking the total difference in the actual county assessment for preferentially assessed properties divided by the actual county assessment.

Source: Developed by LB&FC staff from 2008 Pennsylvania Department of Agriculture survey response data and 2008 State Tax Equalization Board data.

For example, Pennsylvania Department of Agriculture (PDA) preferential assessed values are specific to individual counties. In 2008, Columbia, Lancaster, Montour, and Pike Counties reported they relied on the most recent PDA preferential values. Two of the four counties conducted reassessments that became effective about the same time in the early 1990s. While these counties conducted countywide

reassessments at approximately the same time⁴ and reported using the same year PDA preferential values, the differences in the average reductions in assessed values as a result of preferential assessments are substantial—37 percent compared to 85 percent. The other two counties that reported using the most recent PDA values also reassessed at approximately the same time.⁵ While the difference in the average reduction in assessed value is not as great as the difference for the two counties that reassessed in the early 1990s, there is a definite difference—51 percent compared to 59 percent based on STEB data and 49 percent compared to 62 percent based on county reported data.

Municipalities and Preferential Assessments

Pennsylvania has over 2,500 local municipalities, and approximately 60 percent of these have at least one property that is preferentially assessed. Table 8 provides the total municipalities and number of municipalities within each county that have properties with preferential assessments.

More than half of the counties that participate in the Clean and Green program have 80 percent or more of their municipalities with at least one preferentially assessed property, including five counties (Elk, Pike, Potter, Sullivan, and Tioga) in which all county municipalities have at least one preferentially assessed property, and thirteen counties (Bradford, Centre, Chester, Clinton, Columbia, Erie, Lancaster, Lycoming, Susquehanna, Venango, Warren, Wayne, and Wyoming) in which at least 90 percent of the municipalities have at least one property that is preferentially assessed.

Several counties, however, have relatively few municipalities with property that is preferentially assessed. Such counties include: Butler, Cambria, and Snyder. Butler and Cambria are among the counties that have not completed a county-wide reassessment since the mid-1980s. Property owners in Butler and Cambria Counties, therefore, may have lower actual county assessed values by not participating in the Clean and Green program than they would have if they chose to participate. In Snyder County, preferential assessment in most municipalities would result in a higher assessment for property owners than the county's actual assessment would.

Statewide, in 2008, about 30 percent (422 of 1,526) of the municipalities with Clean and Green program participants would have had their total assessed value increase by 10 percent or more without preferential assessment of farm and forest land. Table 9, shows that more than three-quarters (41 of 53⁶) of the counties that participate in the Clean and Green program have at least one municipality where preferential assessed values represented 10 percent or more of the municipality's

⁴ 1992 for Columbia and 1993 for Pike, according to Pennsylvania Department of Revenue data.

⁵ 2005 for Lancaster and 2006 for Montour, according to Pennsylvania Department of Revenue data.

⁶ Data are not available for one of the 54 counties with preferentially assessed farm and forest land in 2008.

Table 8

Municipalities With Preferential Assessments, by County in 2008

<u>County</u>	<u>Total U.S. Census Reported Municipalities</u>	<u>Municipalities With Preferential Assessments</u>		<u>Municipalities With Preferential Assessments Greater Than 10 Percent of True Actual Assessed Value</u>	<u>Percent of Municipalities With Preferential Assessments Greater Than 10 Percent of True Actual Assessed Value</u>
Adams	34	27	79.41%	9	33.33%
Allegheny	128	60	46.88	0	0.00
Armstrong.....	45	37	82.22	12	32.43
Beaver.....	53	32	60.38	0	0.00
Bedford.....	38	0	0.00	a	a
Berks	73	59	80.82	22	37.29
Blair	24	0	0.00	a	a
Bradford.....	51	49	96.08	34	69.39
Bucks.....	53	b	b	b	b
Butler.....	57	7	12.28	0	0.00
Cambria.....	63	3	4.76	0	0.00
Cameron.....	7	6	85.71	1	16.67
Carbon.....	23	17	73.91	1	5.88
Centre.....	35	32	91.43	14	43.75
Chester.....	73	69	94.52	11	15.94
Clarion.....	34	0	0.00	a	a
Clearfield	50	40	80.00	1	2.50
Clinton	29	27	93.10	9	33.33
Columbia	33	32	96.97	13	40.63
Crawford.....	51	0	0.00	a	a
Cumberland.....	33	23	69.70	7	30.43
Dauphin.....	40	30	75.00	8	26.67
Delaware	49	17	34.69	0	0.00
Elk	12	12	100.00	0	0.00
Erie	38	35	92.11	5	14.29
Fayette	42	31	73.81	1	3.23
Forest	9	0	0.00	a	a
Franklin.....	21	0	0.00	a	a
Fulton	13	11	84.62	11	100.00
Greene	26	22	84.62	1	4.55
Huntingdon.....	48	36	75.00	20	55.56
Indiana.....	38	0	0.00	a	a
Jefferson	34	0	0.00	a	a
Juniata.....	17	13	76.47	0	0.00
Lackawanna	40	0	0.00	a	a

Table 8 (Continued)

<u>County</u>	<u>Total U.S. Census Reported Municipalities</u>	<u>Municipalities With Preferential Assessments</u>		<u>Municipalities With Preferential Assessments Greater Than 10 Percent of True Actual Assessed Value</u>	<u>Percent of Municipalities With Preferential Assessments Greater Than 10 Percent of True Actual Assessed Value</u>
Lancaster	60	57	95.00%	29	50.88%
Lawrence.....	27	22	81.48	2	9.09
Lebanon	26	0	0.00	^a	^a
Lehigh	24	21	87.50	5	23.81
Luzerne	76	30	39.47	0	0.00
Lycoming.....	52	49	94.23	15	30.61
McKean	22	11	50.00	7	63.64
Mercer	48	0	0.00	^a	^a
Mifflin.....	16	11	68.75	8	72.73
Monroe	20	17	85.00	8	47.06
Montgomery	62	45	72.58	0	0.00
Montour.....	11	9	81.82	5	55.56
Northampton	38	29	76.32	9	31.03
Northumberland ...	36	0	0.00	^a	^a
Perry.....	30	26	86.67	13	50.00
Philadelphia.....	1	0	0.00	^a	^a
Pike	13	13	100.00	0	0.00
Potter.....	30	30	100.00	11	36.67
Schuylkill	67	46	68.66	6	13.04
Snyder.....	21	4	19.05	0	0.00
Somerset.....	50	37	74.00	13	35.14
Sullivan.....	13	13	100.00	9	69.23
Susquehanna	40	38	95.00	25	65.79
Tioga	39	39	100.00	16	41.03
Union.....	14	12	85.71	7	58.33
Venango.....	31	30	96.77	1	3.33
Warren	27	26	96.30	8	30.77
Washington	66	58	87.88	20	34.48
Wayne	28	26	92.86	2	7.69
Westmoreland	65	26	40.00	0	0.00
Wyoming	23	22	95.65	7	31.82
York.....	<u>72</u>	<u>59</u>	81.94	<u>16</u>	27.12
State.....	2,562	1,526	59.56%	422	27.65%

^a County without preferential assessments in 2008.

^b Data not available.

Source: Developed by LB&FC staff from U.S. Census and State Tax Equalization Board data.

“true” assessed value⁷ in 2008. Twelve counties (Allegheny, Beaver, Butler, Cambria, Delaware, Elk, Juniata, Luzerne, Montgomery, Pike, Snyder, and Westmoreland), however, had none.

Table 9

County Municipalities With Preferential Assessments Representing 10 Percent or More of Municipality Assessed Value

<u>Number of Counties*</u>	<u>Percent of County Clean and Green Municipalities With Preferential Assessments Greater Than 10 Percent of Assessed Value</u>
12	0%
22	1 - 33
14	34 - 65
5	≥ 66

*Municipal data available for 53 of the 54 counties with preferential farm and forest land assessments.

Source: Developed by LB&FC staff from State Tax Equalization Board data.

Typically, as shown in Table 8, fewer than one-third (422 of 1,526) of the participating municipalities in the 41 counties had preferentially assessed land that represented 10 percent or more of the municipality’s “true” assessed value. Two-thirds or more of the municipalities in five (Bradford, Fulton, Mifflin, Sullivan, and Susquehanna) of the 41 counties, however, had preferentially assessed land that represented 10 percent or more of the municipality’s “true” assessed value.

In 2008, the 422 municipalities⁸ accounted for 56 percent of the value of preferential assessments statewide. Such municipalities, however, account for a relatively small part of the assessed value of property statewide. They account for only:

- 8 percent of the total actual assessed value of all counties participating in the Clean and Green program, and
- 9 percent of such value when the difference in the preferential and actual assessed value (i.e., the “true” assessed value) is added back into the tax base of counties participating in the Clean and Green program.

As discussed in Finding F, moreover, some of these municipalities do not have municipal real property taxes.

⁷ As defined earlier in this finding, “true assessed value” refers to the total actual assessed value of taxable real property plus the difference in the actual assessment due to preferential assessment of farm and forest land (i.e., what the property would be assessed at if there were no preferential assessments).

⁸ Appendix C lists, by county, the municipalities in which preferential assessments represent 10 percent or more of the municipality’s “true” assessed value.

School Districts and Preferential Assessments

In Pennsylvania, school districts are taxing districts whose boundaries are not required to conform to county and municipal boundaries. For reasons discussed in Finding F, the effect of preferential assessments cannot be isolated in school districts whose boundaries do not conform to county and municipal boundaries.

LB&FC staff, however, identified 286 school districts in the 54 counties with participants in the Clean and Green program with boundaries that did not cross county boundaries or split municipal boundaries. The assessed value of such school districts would increase by 2.71 percent without preferential assessment of farm and forest land in 2008—results similar to those for Clean and Green counties as a whole.

As with counties and municipalities, some school districts have a greater proportion of their property base that is preferentially assessed than other school districts. Fourteen percent (41 of 286) of the school districts we identified would have seen their assessed value increase by 10 percent or more in 2008 without preferential assessment of farm and forest land. Such school districts are located in 20 counties, including:

- Berks, Lancaster, and Washington Counties, each with four school districts,
- Bradford, Fulton, Somerset, and Susquehanna Counties, each with three school districts,
- Centre, Columbia, Dauphin, and Huntingdon Counties, each with two school districts, and
- Cumberland, Lehigh, McKean, Monroe, Northampton, Schuylkill, Sullivan, Tioga, and York Counties, each with one school district.

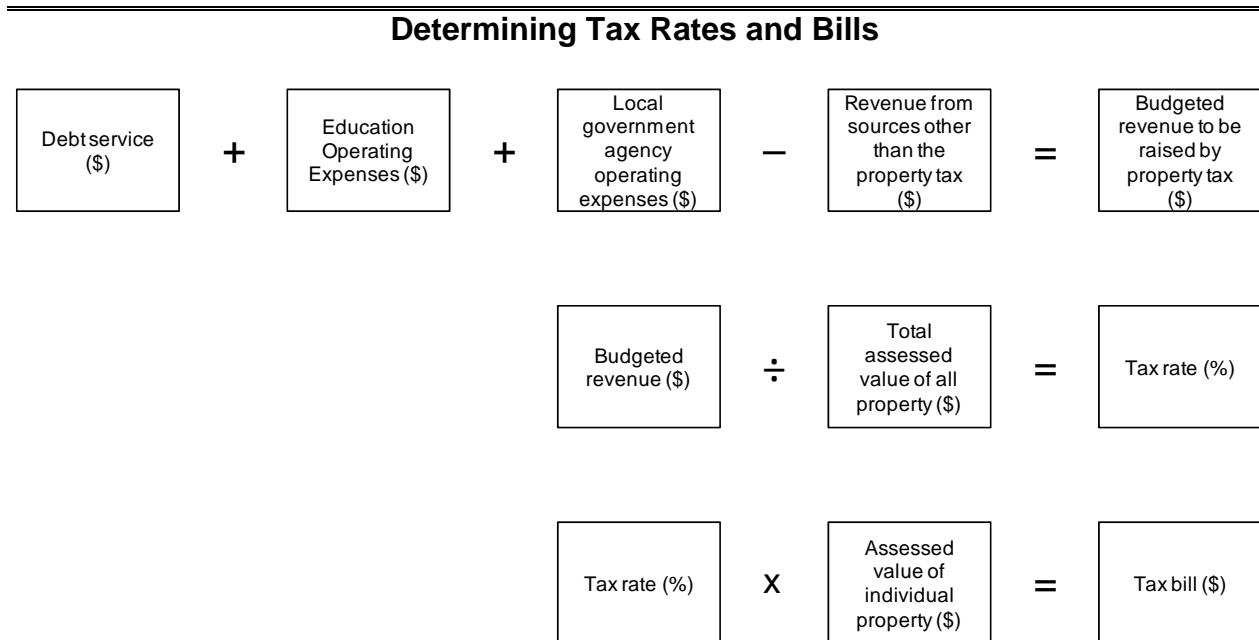
Appendix D provides a list of the 41 school districts whose assessed value would have increased by 10 percent or more in 2008 without preferential assessment of farm and forest land.

The assessed value of property in a taxing district, however, is one of only several factors that influence the amount of taxes the individual property owner pays, or the revenue that taxing districts generate as a result of real property taxes. Finding F provides information on such factors, and discusses the implication of preferential assessments on county tax rates, and tax rates for selected municipalities and school districts.

F. The Effect of Preferential Assessment on Individual Tax Bills Varies Across the State.

Taxing districts do not lose real estate tax revenue as a result of preferential assessments because of how real property tax rates are determined. Real property tax rates are residual rates, arrived at based on the total amount of revenue required by the taxing district, other sources of available revenue and the taxing district's total assessed value. Once the real estate tax rate is determined, it is applied against the assessed value of an individual property to arrive at the individual property's tax bill. Exhibit 4 portrays how tax rates and individual tax bills are derived for real property tax bills.

Exhibit 4



Source: International Association of Assessing Officers, *Property Assessment Valuation, Second Edition*, 1996.

As taxes paid by property owners are based on tax rates that are residual, preferential assessment does not necessarily result in reduced tax bills for property owners with preferentially assessed property. If, for example, all of the property owners in a taxing district had preferentially assessed property, despite differences in actual and preferentially assessed values, the benefit of preferential assessment would be zero. This occurs because the same amount of tax revenue to cover expenses is required with or without preferential assessment, and the tax rate is, therefore, set higher to yield the required revenue. In practice, however, all property in a taxing district is not preferentially assessed, so certain tax shifting occurs.

The difference, or shift, in an individual taxpayer's real estate tax bill is influenced by many factors, not just the difference between the value of preferentially assessed properties and their fair market value. Such factors, for example, include: the size of the taxing district's overall property base, the amount of revenue required by the taxing district, and where the taxpayer has chosen to reside (some municipalities do not collect property taxes).

To consider the impact of preferential assessment on the amount of real estate taxes paid by individual taxpayers, LB&FC staff examined what would happen in all Clean and Green counties if there was no preferential assessment of farm and forest land in 2008. To consider the combined effect across all taxing districts (county, municipal, and school district), we examined all taxing districts in four of the eight counties statewide where all taxing district boundaries are coterminous with the county's, the actual assessed value of the property is the same for all taxing districts, and the tax rate or millage rate is the same throughout the taxing district.^{1, 2} The four sample counties (Adams, Greene, Fulton, and Sullivan), however, are not representative of most Clean and Green counties in the state for reasons noted below.

The data for all counties with preferential assessments and all taxing districts in the four selected counties, however, illustrate that the effect of preferential assessment on property owners varies across different taxing districts, and that the extent of such impact is not directly tied to the increase in taxing district property value that would occur if properties in the taxing district had not been preferentially assessed. As discussed below, the extent of the impact ranges from being almost non-existent to substantial in taxing districts with relatively small property tax bases and high numbers of properties participating in the Clean and Green program. When viewed on an overall statewide basis, the effect of preferential assessment on property owners is relatively modest.

Reductions in County Real Estate Taxes

In 2008, the four counties we examined, Adams, Greene, Fulton, and Sullivan, accounted for:

- 6.58 percent of Clean and Green parcels statewide,
- 7.58 percent of enrolled acres statewide,

¹ In Pennsylvania, there are only eight counties in which all taxing district boundaries are coterminous with the county boundaries. Four of the eight were not included in our analysis. Two (Lebanon and Philadelphia) of the four excluded counties did not have participants in the Clean and Green program in 2008, the third (Cameron) provided incomplete information in response to the Pennsylvania Department of Agriculture's 2008 survey, and the fourth (Snyder) had higher preferential assessments than actual county assessments.

² When school districts cross county and municipal boundaries, the district equalizes tax rates across such counties and municipalities. Due to the various ways in which school districts perform such equalization, it is not possible to isolate the effect of preferential assessment on tax rates and property taxes in such districts. Differences that are identified in such districts may be related to the methods used to accomplish tax equalization rather than the difference in the value of property due to preferential assessment.

- 3.26 percent of the statewide difference in value due to preferential assessment,
- 1.1 percent of the total assessed value of property in Clean and Green counties statewide, and
- 1.1 percent of such value when the difference in the preferential and actual assessed value is added back into the county's property base.

Table 10 identifies certain key characteristics of the four counties. As shown in Table 10, each of the four selected counties has a relatively high share of its total property inventory participating in the Clean and Green program, which is substantially greater than that of the state as a whole. The four, moreover, include two small (Fulton and Sullivan) counties with some of the highest proportion of the county property inventory enrolled in the Clean and Green program.

Table 10

Selected County Characteristics				
<u>County</u>	<u>Percent of County Parcels in Clean and Green</u>	<u>Total Acres Enrolled</u>	<u>Effective Date of Last Countywide Reassessment as of 2008</u>	<u>Type of Use Value Reported for 2008</u>
Adams	9.55%	203,462	1991	2002 PDA Base Year
Fulton	28.27	191,675	1990	1990 PDA Base Year
Greene	7.54	160,418	2003	2003 PDA Base Year
Sullivan.....	16.01	116,176	2004	PDA Current Year

Source: Developed by LB&FC staff.

Two of the four counties completed countywide reassessments in the early 1990s, and two more recently. The four counties all rely on Pennsylvania Department of Agriculture use values, though they rely on values issued in different years.

While the four counties are all substantial participants in the Clean and Green program, there are major differences in the average reduction in an individual Clean and Green property's actual assessed value that occurs as a result of preferential assessment in each county. Table 11 shows that, in 2008, the average reduction in actual assessed value for such properties ranged from 24.27 percent in Adams County to 64.89 percent in Greene County.

Table 11 also shows that the average reduction in value for preferentially assessed properties in each county does not predict the extent to which the county's property base would increase without preferential assessments. Greene County, for example, has the highest average reduction in value for preferentially assessed properties (64.89 percent) of the four counties. As shown in Table 11, however, in 2008, it would have had the lowest percent increase in its property base if there

were no preferential assessments in the county. In other words, the size or dimension of the tax base in the county itself will influence the tax shift that will occur. The larger the taxing district's property tax base (whether county, municipality, or school district), the less the effect of tax shifting due to preferential assessment on individual property owner tax bills.

Table 11

Reduction in Average Assessed Value of Clean and Green Properties in Selected Counties in 2008		
<u>County</u>	<u>Average Reduction in Assessed Value of Clean and Green Properties</u>	<u>Percent Increase in Total County Assessed Values Without Preferential Assessment</u>
Adams	24.27%	5.21%
Fulton	43.78	19.39
Greene	64.89	3.58
Sullivan.....	53.92	14.09

Source: Developed by LB&FC staff from STEB data.

Another important factor is the revenue needs of the taxing district. As shown in Table 12, there are major differences in the revenue needs of the four counties. Adams and Greene Counties are both Sixth Class counties. Adams County, however, has a total property inventory much greater than Greene's, and in the aggregate must generate three times more revenue than Greene County.

Table 12

Selected County Assessed Values and Real Estate Revenues			
<u>County</u>	<u>2008 Total Assessed Value</u>	<u>2008 Estimated Real Estate Tax Revenues</u>	<u>2008 Actual Millage Rate</u>
Adams.....	\$2,048 million	\$29.0 million	14.15
Fulton.....	371 million	3.7 million	10.00
Greene.....	1,472 million	9.4 million	6.42
Sullivan	598 million	2.0 million	3.40

Source: Developed by LB&FC staff.

In part, such factors combine to account for differences across counties in the absolute dollar reduction in county taxes for property owners that occur in the absence of preferential assessment. As shown in Table 13, in 2008, there was no uniform relationship between the increase in the county's assessed value that would have occurred without preferential assessment and the absolute dollar reduction property owners would have experienced without preferential assessment. Taxpayers in Adams County, for example, with properties assessed at \$100,000 would

have seen a \$74 reduction in their property taxes. In contrast, taxpayers in Sullivan County (which would have seen its property base value increase 14.09 percent without preferential assessment compared to Adams County's 5.21 percent increase) would have only seen a \$48 reduction on the \$100,000 property.

Table 13

Reduction in Selected County Property Taxes Due to the Elimination of Preferential Assessment			
<u>County</u>	<u>2008 Millage Without Preferential Assessment</u>	<u>Percent Reduction in Taxes Without Preferential Assessment</u>	<u>Absolute Dollar Reduction in Taxes on a Property Valued at \$100,000</u>
Adams.....	13.4121	5.21%	\$ 74
Fulton.....	8.0608	19.39	194
Greene.....	6.1902	3.58	23
Sullivan.....	2.9208	14.09	48

Source: Developed by LB&FC staff

When considering absolute dollar reductions in taxes, it is important to keep in mind that properties with lower assessed values (i.e., below \$100,000) would see lower 2008 property tax reductions than those shown in Table 13. Higher valued properties (i.e., greater than \$100,000) would see the greatest absolute dollar reduction in taxes absent preferential assessment of farm and forest land. In each of the four counties, commercial and industrial properties have significantly higher average values than residential properties. In Greene County, for example, commercial properties have an average assessed value of almost \$120,000 compared with residential properties whose average assessed value is under \$20,000.

Table 14 shows the relative and absolute dollar reduction in county property taxes that would have occurred in 2008 in all but one county³ participating in the Clean and Green program if property in such counties had not been preferentially assessed. As shown in Table 14, such percentage reductions in county property taxes (which are the same as the percent increase in total assessed value without preferential assessments) ranged from less than one-hundredth of a percent in Butler County to 19 percent in Fulton, one of the four selected counties. In absolute dollars, the county tax reductions range from five cents per \$100,000 of assessed value in Butler County to \$241 in Huntingdon County.

Again, we see that the effect of preferential assessment on property tax bills is not determined solely by the extent to which a county's assessed value would increase without preferential assessments. As shown in Table 14, in Lancaster County, where assessed value would increase 7.45 percent without preferential

³ STEB data were not available for Bucks County.

assessment, the owner of a \$100,000 property would have seen a \$25.45 reduction in the 2008 county tax bill without preferential assessment in the county. In Monroe County, where assessed value would increase 7.27 percent without preferential assessment, the same property owner would see a \$112.62 reduction.

Property owners in one-half of the Clean and Green counties (26 of 52) would see less than a 4 percent decrease in county property taxes. Property owners in one-third of such counties (9 of 26), moreover, would see less than a 1 percent decrease in county property tax bills without preferential assessment.

Property owners in counties that would see the largest actual dollar increase in county assessed values without preferential assessments see relatively modest changes in their county tax bills due in part to the overall size of their property base. In 2008, Chester, Lancaster, and York Counties (which account for more than 40 percent of the value of preferential assessments statewide) would have seen their county assessed values increase by \$1 billion or more without preferential assessment. In:

- Chester, property owners would have seen their county tax bills decrease 2.81 percent, and owners of a \$100,000 property would have seen a \$10.69 difference in their county tax bills.
- York, property owners would have seen their county tax bills decrease 5.82 percent, and owners of a \$100,000 property would have seen a \$19.26 difference in their county tax bills.
- Lancaster, property owners would have seen their county tax bills decrease 7.45 percent, and owners of a \$100,000 property would have seen a \$25.45 difference in their county tax bills.⁴

⁴ If the relationship between revenue needs, tax base, and increase in the property base without preferential assessment were the same for school districts and municipalities as they are for the county (which they are not, as discussed in Finding F), the absolute dollar reduction for all taxing districts for a \$100,000 property is about \$75 in Chester County, in York County about \$110, and in Lancaster County about \$150.

Table 14

**Reduction in Property Owner County Property Taxes Due to the
Elimination of Preferential Assessment**

<u>County</u>	<u>2008 Millage Without Preferential Assessment</u>	<u>Percent Increase in Total Assessed Values Without Preferential Assessment</u>	<u>Reduction in Taxes on a Property Valued at \$100,000</u>
Adams	13.4121	5.21%	\$ 73.79
Allegheny	4.6825	0.16	0.75
Armstrong	14.4148	7.00	108.52
Beaver	22.0328	0.75	16.72
Berks	6.6026	4.79	33.24
Bradford	9.1000	14.23	151.00
Butler	29.9995	0.00	0.05
Cambria	23.2486	0.01	0.14
Cameron	25.1606	3.23	83.94
Carbon	6.8024	1.31	9.06
Centre	6.2803	4.70	30.97
Chester	3.6971	2.81	10.69
Clearfield	20.7101	1.38	28.99
Clinton	19.4794	5.90	122.06
Columbia	7.0486	5.91	44.24
Cumberland	2.4149	2.03	5.01
Dauphin	7.0733	2.11	15.27
Delaware	4.8128	0.25	1.22
Elk	11.6024	2.50	29.76
Erie	5.0921	2.08	10.79
Fayette	3.4425	2.05	7.20
Fulton	8.0608	19.39	193.92
Greene	6.1902	3.58	22.98
Huntingdon	21.5912	10.04	240.88
Juniata	21.5922	0.73	15.78
Lancaster	3.1615	7.45	25.45
Lawrence	5.2283	1.59	8.47
Lehigh	10.0121	2.32	23.79
Luzerne	94.8198	0.08	8.02
Lycoming	4.5850	3.47	16.50
McKean	6.2807	6.95	46.93
Mifflin	11.4157	9.54	120.43
Monroe	14.3738	7.27	112.62
Montgomery	2.6704	0.91	2.46
Montour	2.8372	5.40	16.18

Table 14 (Continued)

<u>County</u>	<u>2008 Millage Without Preferential Assessment</u>	<u>Percent Increase in Total Assessed Values Without Preferential Assessment</u>	<u>Reduction in Taxes on a Property Valued at \$100,000</u>
Northampton	10.2054	5.51%	\$ 59.46
Perry	3.6612	9.60	38.88
Pike	15.7919	2.34	37.81
Potter	11.2907	8.21	100.93
Schuylkill	11.6288	2.93	35.12
Snyder	17.8139	-0.01	(0.14)
Somerset	8.5841	5.46	49.59
Sullivan	2.9208	14.09	47.92
Susquehanna	10.8640	15.39	197.60
Tioga	5.2073	9.44	54.27
Union	4.3980	8.56	41.20
Venango	5.4292	2.44	13.58
Warren	17.9207	4.42	82.93
Washington	20.5064	4.18	89.36
Wayne	3.0541	3.35	10.59
Westmoreland ...	20.9813	0.04	0.87
Wyoming	18.0422	6.76	130.78
York	3.8074	4.82	19.26

Source: Developed by LB&FC staff.

In absolute dollars, as shown in Table 14, without preferential assessment in the county, the owner of a \$100,000 property in 2008 would have seen the county tax bill reduced by:

- less than \$1.00 in 4 counties,
- from \$1 to \$10 in 7 counties,
- from \$10 to \$25 in 12 counties,
- from \$25 to \$50 in 13 counties,
- from \$50 to \$100 in 6 counties, and
- more than \$100 in 10 counties.

The ten counties (Armstrong, Bradford, Clinton, Fulton, Huntingdon, Mifflin, Monroe, Potter, Susquehanna, and Wyoming) where property owners would have seen the greatest absolute dollar reduction in their tax bills without preferential assessment include five of the seven Clean and Green counties with the lowest property tax base (i.e., below \$500 million) in the state after factoring in the additional value of county property without preferential assessment. In other words, five of the ten counties where property owners would have seen the greatest absolute dollar reduction in their tax bills without preferential assessment have the smallest tax bases over which to distribute the tax shift that results from preferential assessment.

The ten counties also include:

- seven where at least 10 percent of the counties total parcels are enrolled in Clean and Green,
- seven with at least 150,000 enrolled acres, and
- four where the county property base value would increase by 10 percent or more without preferential assessment.

Reduction in Municipal Real Property Taxes

The four selected counties all have relatively more municipal participation in the Clean and Green program than counties statewide, and a higher proportion of participating municipalities in which the assessed value of the municipal property base would increase by 10 percent or more without preferential assessments.⁵ Nonetheless, the effect of preferential assessment among municipalities in the Clean and Green program in the selected counties varies. Appendix E provides the increase in municipal total assessed value that would occur without preferential assessment and the absolute dollar difference in the municipal tax bill for the owner of a \$100,000 property in 2008 for each municipality in the four selected counties. Table 15 summarizes information for the four counties.

⁵ See Finding E, Table 8.

Table 15

Range of Reduction in Municipal Property Tax Bills in Selected Counties Without Preferential Assessment

County	<u>All Clean & Green Municipalities</u>		<u>Municipalities With Lowest and Highest Increase in Assessed Value</u>		<u>Municipalities Assessed Value Increases by More Than 10 Percent</u>
	<u>Clean and Green Municipalities</u>	<u>Absolute Dollar Reduction in Municipal Taxes on a Property Valued at \$100,000</u>	<u>Increase in Percent of Municipal Assessed Values Without Clean and Green</u>	<u>Absolute Dollar Reduction in Municipal Taxes on \$100,000 Property</u>	<u>Municipalities Where Total Assessed Value Increases by 10 Percent or More Without Clean and Green</u>
Adams	27	\$0 – \$67	0.12 – 15.82	\$0.64 – \$11.36	9
Fulton	11	\$0 – \$30.60	11.25 – 30.66	\$5.63 – \$11.50	11
Greene	22	\$0.46 – \$39.91	0.11 – 11.99	\$0.46 – \$21.95	1
Sullivan	13	\$0.09 – \$51.10	0.38 – 25.43	\$0.71 – \$25.43	9
					<u>Absolute Dollar Reduction in Municipal Taxes on a Property Valued at \$100,000</u>
					\$0 – \$67
					\$0 – \$30.60
					\$21.95
					\$0.09 – \$51.10

Source: Developed by LB&FC staff.

Table 15 shows that two (Adams and Fulton) of the four counties have municipalities that do not have real property taxes, and therefore, municipal property owners would experience no municipal property tax reduction if properties in the county had not been preferentially assessed. The municipalities without property taxes include those that would have seen their property tax base increase by more than 10 percent without preferential assessments.

Table 15 also shows that in all four counties, if preferential assessments were eliminated, the highest absolute dollar reduction in municipal taxes on a property valued at \$100,000 would not occur in municipalities that would see the greatest increase in their property tax base without preferential assessment. In Adams County, for example, the municipality that would see the greatest increase in its property tax base (i.e., 15.82 percent) would only see an \$11.36 absolute dollar reduction in municipal taxes—not the highest reduction of \$67. Such results occur because other factors in addition to the proportion of preferentially assessed property drive property owner municipal tax bills.

Reduction in School District Property Taxes

As shown in Table 16, the four selected counties encompass 15 school districts. Table 16 provides the 2008 school district millage, percent increase in total tax base without preferential assessment, and the absolute dollar reduction in school taxes on a \$100,000 property if there were no preferential assessment in these school districts.

As shown in Table 16, Conewago Valley School District in Adams County would have seen the lowest increase (3.06 percent) in its school district tax base without preferential assessment. If property in that district had not been preferentially assessed in 2008, the school district tax would have been reduced \$116 on a \$100,000 property.

Southern Fulton School District in Fulton County would have had the highest increase (24.10 percent) in its school district tax base without preferential assessment. If property in that district had not been preferentially assessed in 2008, the school district tax would have been reduced \$542 on a \$100,000 property.

High reduction in tax bills would also have occurred in the Forbes Road School District in Fulton County, which would have seen a 23.09 percent increase in its tax base without preferential assessment and where school district taxes on a \$100,000 property would have been reduced \$753 without preferential assessment.

Table 16

**Reduction in School District Property Taxes Due to the Elimination of
Preferential Assessment**

<u>School District</u>	<u>2008 Millage Without Preferential Assessment</u>	<u>Percent Increase in Total Assessed Value Without Preferential Assessment</u>	<u>Reduction in Taxes on Property Valued at \$100,000</u>
Adams County			
Bermudian Springs	36.2578 ^a	7.15%	\$279.22
Conewago Valley ...	36.7392 ^b	3.06	116.08
Fairfield Area.....	38.5084 ^b	4.92	199.16
Gettysburg Area.....	37.0299 ^c	5.29	207.01
Littlestown Area.....	36.8120 ^a	5.27	204.80
Upper Adams	42.9272 ^c	8.47	397.28
Fulton County			
Central Fulton.....	21.3040 ^a	13.04	319.60
Forbes Road	25.0949 ^a	23.09	753.51
Southern Fulton	17.0782 ^a	24.10	542.18
Greene County			
Carmichaels Area ..	20.7309 ^a	3.58	76.91
Central Greene.....	21.5317 ^a	3.32	73.83
Jefferson-Morgan...	22.1219 ^a	4.20	96.90
Southern Greene ...	22.0901 ^a	3.96	90.99
West Greene.....	18.7999 ^a	3.59	70.01
Sullivan County			
Sullivan County SD	9.3888 ^a	14.09	154.02

^a School district earned income tax rate 0.5 percent.

^b School district earned income tax rate 1.0 percent.

^c School district earned income tax rate greater than 1.0 percent.

Source: Developed by LB&FC staff.

Table 16 again shows that taxing districts (in this case school districts) with similar proportions of preferentially assessed property in their property base do not have the same absolute dollar reductions in school district taxes absent preferential assessment. The Central Fulton School District in Fulton County, for example, would see its property base increase 13 percent without preferential assessment, and the owners of a \$100,000 property would have seen a \$319 reduction in their school tax bill. However, taxpayers in the Sullivan County School District on the same property would see only a \$154 school tax reduction without preferential assessment, even though a greater proportion of its tax base is preferentially assessed. Again, other factors such as revenue needs and the size of the overall tax base influence the effect of preferential assessments in all taxing districts.

Combined Reduction in Taxes for All Taxing Districts in Selected Counties

Table 17 provides the combined reduction (both in absolute dollars and relatively as a percent decrease) in property taxes for all taxing jurisdictions in the four select counties if they had no preferential assessments. In the four counties, property owners in Fulton County would see the largest combined percent reduction in their property taxes and the largest absolute dollar reduction in taxes on a \$100,000 property. Such results are consistent with Fulton County (one of the state's least populous counties) having the:

- highest relative increase (i.e., percentage increase) in its total county assessed value without preferential assessment of any county in the state, (see Tables 6 and 14)
- second highest percentage of total county parcels enrolled in the Clean and Green program of any county in the state (see Table 2), and
- fifth lowest property base of any county in the state, even after factoring in the additional assessed value associated with preferential assessments. (see Table 6).

As shown in Table 17, in 2008, the greatest combined absolute dollar reduction in taxes in the four selected counties would have occurred in Taylor Township in the Forbes Road School District, in Fulton County. A \$100,000 property in that township would have seen a combined decrease in property taxes of 22.3 percent and a combined absolute dollar reduction of \$978.03. Reduced school district taxes account for 77 percent of such dollar reduction, county taxes for 20 percent, and municipal taxes for 3 percent.

The smallest reduction in taxing districts with preferentially assessed properties occurs in Richhill Township in the West Green School District in Greene County. In 2008, a \$100,000 property in that township would have seen a combined decrease in property taxes of 3.5 percent and a \$94.62 absolute dollar reduction. Reduced school district taxes account for 74 percent of such dollar reduction, county taxes for 24 percent, and municipal taxes for 2 percent.

Table 17

**Combined Reduction for Property Taxes in All Taxing Districts in Selected
Counties If No Preferential Assessments***
(2008)

County <i>School District</i> <u>Municipality</u>	Tax Reduction Per \$100,000 of <u>Assessed Value</u>	Combined Total Tax Reduction Per \$100,000 of Assessed <u>Value</u>	Combined Percent Decrease in Total <u>Taxes</u>
Adams County	\$ 73.79		
<i>Bermudian Springs SD</i>	279.22		
East Berlin Borough	0.00 ^a	\$353.01	6.2%
Hamilton Township	19.78	372.79	6.6
Huntington Township	0.00 ^b	353.01	6.6
Latimore Township.....	25.90	378.91	6.8
Reading Township	7.05	360.05	6.6
York Springs Borough	0.00 ^a	353.01	5.8
<i>Conewago Valley SD</i>	116.08		
Abbottstown Borough.....	0.64	190.51	3.3
Berwick Township	12.67	202.54	3.6
Bonneauville Borough	1.18	191.05	3.4
Conewago Township.....	4.72	194.59	3.4
Hamilton Township.....	19.78	209.65	3.8
McSherrystown Borough.....	0.00 ^a	189.87	3.2
Mount Pleasant Township.....	6.69	196.56	3.7
New Oxford Borough.....	0.00 ^a	189.87	3.4
Oxford Township	5.17	195.04	3.5
Straban Township	2.44	192.31	3.7
Tyrone Township.....	29.49	219.36	4.0
<i>Fairfield Area SD</i>	199.16		
Carroll Valley Borough	1.87	274.82	4.4
Fairfield Borough.....	5.53	278.48	4.7
Hamiltonban Township.....	67.43	340.37	5.6
Liberty Township	30.52	303.47	5.3
<i>Gettysburg Area SD</i>	207.01		
Cumberland Township	11.12	291.92	5.1
Franklin Township	13.34	294.14	5.4
Freedom Township	11.36	292.16	5.4
Gettysburg Borough	0.00 ^a	280.80	4.2
Highland Township.....	12.26	293.06	5.4
Mount Joy Township	1.09	281.89	5.3
Straban Township	2.44	283.24	5.3

Table 17 (Continued)

County <i>School District</i> <u>Municipality</u>	Tax Reduction Per \$100,000 of <u>Assessed Value</u>	Combined Total Tax Reduction Per \$100,000 of Assessed <u>Value</u>	Combined Percent Decrease in Total <u>Taxes</u>
Adams County (Continued)			
<i>Littlestown Area SD</i>	\$204.80		
Bonneauville Borough.....	1.18	\$279.77	4.9%
Germany Township.....	1.42	280.01	5.3
Littlestown Borough.....	0.00 ^a	278.59	4.5
Mount Joy Township.....	1.09	279.68	5.3
Mount Pleasant Township.....	6.69	285.28	5.3
Union Township.....	4.19	282.79	5.3
<i>Upper Adams SD</i>	397.28		
Arendtsville Borough.....	7.65	478.72	7.1
Bendersville Borough.....	4.56	475.63	7.2
Biglerville Borough.....	0.00 ^a	471.07	7.0
Butler Township.....	21.52	492.59	7.8
Menallen Township.....	9.41	480.48	7.8
Tyrone Township.....	29.49	500.56	7.8
Fulton County	\$193.92		
<i>Central Fulton SD</i>	319.60		
Ayr Township.....	0.00 ^b	\$513.51	14.9%
Licking Creek Township.....	15.56	529.08	15.0
McConnellsburg Borough.....	0.00 ^a	513.51	12.4
Todd Township.....	5.63	519.14	14.8
<i>Forbes Road SD</i>	753.51		
Dublin Township.....	0.00 ^b	947.43	22.2
Taylor Township.....	30.60	978.03	22.3
Wells Township.....	7.29	954.72	22.2
<i>Southern Fulton SD</i>	542.18		
Belfast Township.....	4.65	740.75	22.7
Bethel Township.....	6.09	742.19	22.6
Brush Creek Township.....	8.91	745.01	22.7
Thompson Township.....	6.77	742.87	22.7
Union Township.....	11.50	747.59	22.7
Valley Hi Borough.....	0.00 ^b	736.10	22.6

Table 17 (Continued)

County <i>School District</i> <i>Municipality</i>	Tax Reduction Per \$100,000 of Assessed Value	Combined Total Tax Reduction Per \$100,000 of Assessed Value	Combined Percent Decrease in Total Taxes
Greene County	\$22.98		
<i>Carmichaels Area SD</i>	<i>76.91</i>		
Carmichaels Borough.....	0.00 ^a	\$ 99.88	2.5%
Cumberland Township	1.16	101.05	3.6
<i>Central Greene SD</i>	<i>73.83</i>		
Franklin Township	2.20	99.00	
Perry Township	21.96	118.76	3.3
Washington Township.....	15.78	112.58	3.8
Wayne Township.....	26.85	123.65	3.7
Waynesburg Borough	0.00 ^a	96.80	3.8
Whiteley Township	10.11	106.91	2.7
<i>Jefferson-Morgan SD.....</i>	<i>96.90</i>		<i>3.3</i>
Clarksville Borough	0.00 ^a	119.88	
Jefferson Borough.....	0.46	120.34	
Jefferson Township	14.97	134.84	3.9
Morgan Township.....	39.91	159.79	3.6
Rices Landing Borough.....	1.17	121.05	4.0
<i>Southeastern Greene SD</i>	<i>90.99</i>		<i>4.5</i>
Dunkard Township	10.27	124.24	3.5
Greene Township.....	21.95	135.92	
Greensboro Borough.....	0.00 ^a	113.97	
Monongahela Township.....	3.17	117.14	3.7
<i>West Greene SD.....</i>	<i>70.01</i>		<i>4.3</i>
Aleppo Township.....	10.21	103.20	3.3
Center Township	11.18	104.17	3.8
Freeport Township	6.29	99.28	
Gilmore Township	2.78	95.77	
Gray Township	5.47	98.46	3.8
Jackson Township.....	9.35	102.34	3.7
Morris Township.....	10.53	103.52	3.6
Richhill Township	1.63	94.62	3.5
Springhill Township	20.15	113.13	3.6

Table 17 (Continued)

County <i>School District</i> <u>Municipality</u>	Tax Reduction Per \$100,000 of <u>Assessed Value</u>	Combined Total Tax Reduction Per \$100,000 of <u>Assessed</u> <u>Value</u>	Combined Percent Decrease in Total <u>Taxes</u>
Sullivan County	\$ 47.92		
<i>Sullivan County SD</i>	<i>154.02</i>		
Cherry Township	51.10	\$253.04	14.4%
Colley Township	26.22	228.16	14.6
Davidson Township	25.94	227.88	14.7
Dushore Borough	1.67	203.61	12.0
Eagles Mere Borough	0.91	202.85	13.5
Elkland Township	25.43	227.37	14.8
Forks Township	17.97	219.91	14.6
Forksville Borough	11.75	213.69	13.3
Fox Township	9.28	211.23	14.2
Hillsgrove Township	7.10	209.04	14.2
Laporte Borough	0.71	202.65	12.5
Laporte Township.....	8.54	210.48	14.1
Shrewsbury Township.....	6.54	208.48	14.1

*See text for explanation as to why we selected these four counties.
^a No change in total assessed value for the Clean and Green Program.
^b No Municipal Real Estate Tax.

Source: Developed by LB&FC staff.

Preferential Assessment Financial Incentives

While preferential assessment of farm and forest land results in certain tax shifts, and the effect varies across taxing districts in the state, such assessments also provide strong financial incentives for individual property owners to continue agriculture and forest use of their property. In addition to the financial penalty associated with payment of roll-back taxes and interest when preferentially assessed properties change use, such property owners are also confronted with ongoing increased property taxes. County tax data for the four selected counties illustrate this latter point.

Table 18 provides the 2008 county taxes (i.e., excluding school district and municipal real estate taxes) paid on a preferentially assessed \$100,000 property, and the taxes on that same property if there had been no preferential assessment.

Table 18

Difference in County Taxes on a \$100,000 Property With and Without Preferential Assessment in 2008				
<u>County</u>	<u>Tax With Preferential Assessment</u>	<u>Tax Without Preferential Assessment</u>	<u>Absolute Dollar Increase in Tax Without Preferential Assessment</u>	<u>Percent Increase in Tax Without Preferential Assessment</u>
Adams	\$1,072	\$1,341	\$270	25%
Fulton	562	806	244	43
Greene	225	619	394	175
Sullivan.....	157	292	135	86

Source: Developed by LB&FC staff.

Table 18 shows that county tax on a former Clean and Green property with a \$100,000 value would increase from 25 percent in Adams County to 175 percent in Greene County without preferential assessment. In fact, the county tax increases shown in Table 18 understate increased taxes on individual properties as they assume a lower county tax rate than would be in place if preferential assessment continued in the county as a whole. Table 18 also shows that the relative increase in county property taxes is much greater in counties that have more recently conducted countywide reassessments, such as Greene and Sullivan.

Tax Shifting Issues

In the past, there have been proposals⁶ calling for development of a state-funded program to provide state General Fund revenues to taxing districts that would lose 10 percent or more of their assessed value as a result of preferential

⁶ For example, House Bill 2009-1788.

assessment. The Pennsylvania Department of Agriculture has noted that such proposals may be consistent with the goal of the state's Clean and Green program, but that farm and forest lands place less demand for local services than developed residential lands. It has also noted that such a proposal potentially shifts the effect of the "tax shift" due to preferential assessment to citizens in counties without any Clean and Green participants and in Clean and Green counties with more limited participation.

In addition to such issues, we note that crafting a state program to equitably compensate local taxing districts would be challenging for several reasons. There is, for example, no one standard reduction in assessed value or tax shift that occurs as a result of preferential assessment of farm and forest land in Pennsylvania. The tax shift that occurs within taxing districts, moreover, is not determined exclusively by the difference between the Pennsylvania Department of Agriculture's established preferential use values and county actual assessed values, or the proportion of preferentially assessed property in the taxing district. The effect of preferential assessment on individual property tax bills is determined by factors outside of the control of the state Clean and Green program, such as the size of the taxing district's overall tax base and the revenue needs of the tax district. Since the state agency is unable to control the factors accounting for any tax shift, statewide criteria for equitable distribution of proposed grant funds would be difficult to identify.

Further complicating the design of such a program is the state Clean and Green program's requirement for payment of roll-back taxes when land use is changed to non-conforming program use. Proposals for a state program would need to address issues related to repayment of state grant funds as a result of roll-back tax and interest payments.

III. Appendices

APPENDIX A

PRIOR PRINTER'S NO. 2007

PRINTER'S NO. 2292

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. **334** Session of
2009

INTRODUCED BY LEVDANSKY, YUDICHAK, SCAVELLO, WHITE, D. COSTA, P. COSTA, FRANKEL, FREEMAN, GINGRICH, GRUCELA, HALUSKA, KORTZ, MANDERINO, MARKOSEK, MILLARD, MILNE, MUNDY, MURPHY, MURT, READSHAW, SIPTROTH, K. SMITH, SOLOBAY, STABACK, STURLA, SWANGER, WAGNER, WATERS, YOUNGBLOOD, MOUL, WALKO, QUINN, GIBBONS, MENSCH AND DERMODY, JUNE 5, 2009

AS AMENDED, HOUSE OF REPRESENTATIVES, JUNE 24, 2009

A RESOLUTION

Directing the Legislative Budget and Finance Committee, in conjunction with the Local Government Commission and the State Tax Equalization Board, to request the assistance of the Assessors and County Commissioners Associations of Pennsylvania to conduct a study of the Commonwealth's fragmented system of property tax assessment, compare it to real property tax systems of other states, including specifically the real property tax reassessment systems of Maryland and California, and identify measures to make the Pennsylvania system more uniform, transparent, cost effective and acceptable to the taxpayer, as well as determining the impact of adopting the Maryland system; and directing the Legislative Budget and Finance Committee to request the assistance of the Assessors and County Commissioners Associations of Pennsylvania to conduct an additional study regarding the Pennsylvania Farmland and Forest Land Assessment Act of 1974 in order to determine its Statewide impact.

WHEREAS, Property taxes imposed in whole or in part for the purpose of funding local government and public education place a financial burden on all property-owning Pennsylvanians, especially Pennsylvania's fixed-income senior citizens; and

WHEREAS, This financial burden may be shared disproportionately between property owners of newly acquired real property and property owners of long-held real property to the extent that the property's assessed value is affected by the time of acquisition; and

Appendix A (Continued)

WHEREAS, Pennsylvania operates under at least five major assessment statutes, none of which are wholly consistent with the others; and

WHEREAS, Each county operates under at least two statutes concurrently, and there are assessment provisions sprinkled among other statutes (County Code, e.g.) as well; and

WHEREAS, At least two home rule counties provide for different administrative procedures in their home charters than exist in State statute that previously applied to them; and

WHEREAS, There are no uniform revenue restraints for all classes of political subdivisions following the implementation of a countywide reassessment; and

WHEREAS, The current system provides little protection for taxpayers who experience sudden and dramatic increases in their property assessment as a result of a countywide reassessment; and

WHEREAS, The current system results in a lack of uniformity from county to county and property to property resulting in vast inequities among taxpayers and taxing jurisdictions; and

WHEREAS, There is no funding base for reassessment, and the significant expense of reassessment is the single greatest reason they are not done regularly; ~~therefore be it~~ and

WHEREAS, The Constitution of Pennsylvania and the Pennsylvania Farmland and Forest Land Assessment Act of 1974, commonly referred to as the Clean and Green Act, authorize the preferential assessment of certain land based on its use rather than its prevailing market value; and

WHEREAS, Participation in the Clean and Green program is voluntary and variable from county to county; and

WHEREAS, There is significant participation in many counties which causes a tax shift to landowners not qualified for or not enrolled in the program; therefore be it

RESOLVED, That the Legislative Budget and Finance Committee, in conjunction with the Local Government Commission and the State Tax Equalization Board, request the assistance of the Assessors and County Commissioners Associations of Pennsylvania to conduct a study of the current property tax assessment systems operating in this Commonwealth; and be it further

RESOLVED, That the study shall include an analysis of the following:

Appendix A (Continued)

(1) The current systems of property tax reassessment in Pennsylvania.

(2) The current systems and property tax reassessment in effect in Maryland and California.

(3) The systems of property tax reassessment in effect in other states with demographics similar to Pennsylvania;

~~and be it further.~~

(4) The effect that property tax reassessment has had with respect to taxes paid by Pennsylvania's fixed-income senior citizens;
and be it further

RESOLVED, That the study of each state's property tax reassessment system shall include at least the following:

(1) what levels of government levy the property tax,

(2) who conducts the real property tax reassessment, is it a state or a local function and are government employees used or is it contracted out,

(3) how are the property reassessments financed,

(4) how often are the property reassessments conducted,

(5) are there uniform procedures throughout the state,

(6) are there taxpayer protections as to the amount of additional revenue which may be generated by the taxing district and limitations on how much individual taxpayers can have their taxes increased immediately following a reassessment,

(7) are there any special considerations or exceptions in place providing relief or other accommodations for fixed-income seniors or others who may be disproportionately affected by property reassessments,

~~(7)~~ (8) how does the system for appeals operate, and

~~(8)~~ (9) are there constitutional provisions that impact the property tax reassessment;

and be it further

RESOLVED, That the Legislative Budget and Finance Committee request the assistance of the Assessors and County Commissioners Associations of Pennsylvania to conduct an additional study regarding the Pennsylvania Farmland and Forest Land Assessment Act of 1974 in order to determine its Statewide impact; and be it further

RESOLVED, That the study shall include an analysis of the following:

Appendix A (Continued)

(1) The number of properties enrolled in the Clean and Green program on a county-by-county basis at the end of calendar year 2008.

(2) The fiscal impact of the Clean and Green Act on all local municipalities across this Commonwealth on a yearly basis.

(3) The fiscal impact the tax shift that is provided for in the Clean and Green Act has had on local school taxes;
and be it further

RESOLVED, That the Legislative Budget and Finance Committee provide recommendations necessary or desirable to improve and update the system of property tax assessment in Pennsylvania; and be it further

RESOLVED, That the Legislative Budget and Finance Committee provide recommendations necessary or desirable to improve the manner in which the Clean and Green Act is administered in Pennsylvania; and be it further

RESOLVED, That the Legislative Budget and Finance Committee report to the House of Representatives the result of its studies and recommendations regarding the property tax assessment process and the Statewide impact of the Clean and Green Act and file the report reports with the Chief Clerk of the House of Representatives no later than June 30, 2010.

APPENDIX B

Clean and Green Survey Form



Pennsylvania Department of
AGRICULTURE

TO: County Assessors

FROM: Douglas M. Wolfgang, Director
Bureau of Farmland Preservation

DATE: December 12, 2008

RE: CLEAN AND GREEN SURVEY FORMS – Tax Year 2008

Attached you will find the Clean and Green survey form for Tax Year 2008.

As required under Act 235 of 2004, this information is required to be sent to the Pennsylvania Department of Agriculture by January 31, 2009.

This form will not be sent via U.S. mail.

We will be communicating more frequently through e-mail in an effort to reduce paperwork and save costs. Please notify us of additional e-mail addresses to add to our distribution list.

You have several options to access the blank survey form. It is attached for you to open, print, complete and fax (717-772-8798), mail, or scan and e-mail to mahanshue@state.pa.us. You can also access the form on the Department of Agriculture web site at <http://www.agriculture.state.pa.us>. Click into Bureaus, located on the left. Click into Farmland Preservation and click into the 2008 Clean and Green County Survey (PDF) link at the bottom of the page.

Please contact me if you have problems accessing the survey or if you have questions regarding this survey form. Thank you for your participation.

*2301 North Cameron Street, Room 402, Harrisburg, PA 17110-9408
717-783-3167 www.agriculture.state.pa.us*

Appendix B (Continued)

PENNSYLVANIA DEPARTMENT OF AGRICULTURE
Form AA0-91, Rev. December 2008

County _____
Year 2008

FARMLAND AND FORESTLAND TAX ASSESSMENT COUNTY SURVEY

The Pennsylvania Farmland and Forestland Assessment Act of 1972, revised in 1998 and 2004, requires the Pennsylvania Department of Agriculture to promulgate statewide uniform rules and regulations for implementing the act. In order to insure that the rules and regulations are fair and consistent with the intent of the act, each County Assessor will provide the Pennsylvania Department of Agriculture with the following information.

Form AA0-91 is to be completed by the County Assessor or his/her authorized representative for the calendar year specified above by **January 31, 2009**. Please provide as much information as possible. Use additional sheets if necessary.

- 1.) Is the Act being used in your county? _____
- 2.) Total number of landowners participating as of the end of 2008 (cumulative)? _____
- 3.) Total number of parcels enrolled as of the end of 2008 (cumulative)? _____
Number of applications rejected during 2008? _____
- 4.) Number of acres terminated in each category (i.e. Ag Use, Ag Reserve, or Forest Reserve) during 2008:
 - a. Ag Use _____
 - b. Ag Reserve _____
 - c. Forest Reserve _____
- 5.) What were the most common reasons? _____
- 6.) Total dollar amount received in rollback in 2008? _____
- 7.) Total dollar amount received as interest on rollback in 2008? _____
 - a. Are you an eligible county under the Agricultural Area Security Law? _____
 - b. If yes, has ALL rollback interest been appropriated for the purchase of agricultural conservation easements under Section 14.1(h) of Act 43, Agricultural Area Security Law? (county participates in Farmland Preservation Program)? _____
 - c. If no, has ALL the rollback interest been forwarded to the State Agricultural Conservation Easement Purchase Fund? _____
- 8.) Total acres enrolled in **each land use category** (cumulative):

Agricultural Use _____	Agricultural Reserve _____
Forest Reserve _____	Total _____
- 9) What category best describes the Agricultural Use and Agricultural Reserve Values in your county?
 - a. 2008 values provided by the Commonwealth
 - b. Base-year values, provided by the Commonwealth, in a previous year
 - c. Values derived by the county, a consultant, or other means (please explain)

Appendix B (Continued)

- 10) What category best describes the Forest Reserve Values in your county?
- a. 2008 values provided by the Commonwealth (county average value used)
 - b. 2008 values provided by the Commonwealth (6 timber-type values used)
 - c. Base year values, provided by the Commonwealth, in a previous year (county average value used)
 - d. Base year values provided by the Commonwealth, in a previous year (6 timber-type values used)
 - e. Values derived by the county, a consultant, or other means (please explain)

11) In what year were your county values last revised? (for those counties using base year values) _____

12) In what year was your county last reassessed? _____

13) How many appeals involving applications or assessments were made to either the Board of Assessment Appeals or to the Court of Common Pleas during 2008?

Board of Assessment Appeals _____ Court of Common Pleas _____

14) Has your county implemented the farmstead land changes for Ag Reserve and Forest Reserve properties, brought about under Act 235 of 2004? Yes _____ No _____

15) Do you know what the average reduction in market value assessment was in 2008 due to Clean and Green (percentage)? If so, please note what that percentage is. _____

16) Please provide the name, address, and phone number of the current Assessor.

(printed name) (address)

(signature) (city, state, and zip code)

(telephone) (email)

17) Please name the person other than the Assessor completing this form, if applicable.

(printed name) (signature)

PLEASE RETURN TO:

**PA DEPARTMENT OF AGRICULTURE
BUREAU OF FARMLAND PRESERVATION
2301 NORTH CAMERON STREET, ROOM 402
HARRISBURG, PA 17110-9408
FAX (717) 772-8798**

APPENDIX C

Municipalities With Preferential Assessments Greater Than 10 Percent of “True” Total Assessed Values, by County in 2008*

<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>	<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>
Adams	Butler Township.....	12.30%	Bradford	Burlington Township.....	26.52%
Adams	Franklin Township.....	11.80	Bradford	Canton Township.....	15.15
Adams	Freedom Township.....	15.82	Bradford	Columbia Township.....	24.91
Adams	Hamiltonban Township.....	10.37	Bradford	Franklin Township.....	19.39
Adams	Highland Township.....	13.02	Bradford	Granville Township.....	25.63
Adams	Huntington Township.....	12.73 ^a	Bradford	Herrick Township.....	23.61
Adams	Liberty Township.....	10.17	Bradford	Leroy Township.....	26.18
Adams	Menallen Township.....	10.45	Bradford	Litchfield Township.....	20.74
Adams	Tyrone Township.....	10.33	Bradford	Monroe Township.....	20.28
Armstrong	Atwood Borough.....	15.76	Bradford	Orwell Township.....	20.19
Armstrong	Bethel Township.....	11.45	Bradford	Overton Township.....	33.86
Armstrong	Boggs Township.....	14.17	Bradford	Pike Township.....	31.41
Armstrong	Burrell Township.....	24.14	Bradford	Ridgebury Township.....	18.06
Armstrong	Cowanshannock Township.....	15.89	Bradford	Rome Township.....	20.91
Armstrong	Kittanning Township.....	12.15	Bradford	Sheshequin Township.....	26.28
Armstrong	Plumcreek Township.....	11.29	Bradford	Smithfield Township.....	24.30
Armstrong	Redbank Township.....	10.95	Bradford	South Creek Township.....	18.08
Armstrong	South Bend Township.....	19.12	Bradford	Springfield Township.....	22.74
Armstrong	Valley Township.....	15.45	Bradford	Standing Stone Township.....	20.60
Armstrong	Wayne Township.....	19.21	Bradford	Stevens Township.....	24.21
Armstrong	West Franklin Township.....	14.32	Bradford	Terry Township.....	24.04
Berks	Albany Township.....	29.69	Bradford	Towanda Township.....	13.66
Berks	Bethel Township.....	15.10	Bradford	Troy Township.....	18.31
Berks	Centre Township.....	12.91	Bradford	Tuscarora Township.....	20.78
Berks	District Township.....	21.28	Bradford	Ulster Township.....	16.65
Berks	Greenwich Township.....	18.34	Bradford	Warren Township.....	25.21
Berks	Heidelberg Township.....	13.84	Bradford	Wells Township.....	20.37
Berks	Hereford Township.....	18.72	Bradford	West Burlington Township.....	29.45 ^a
Berks	Jefferson Township.....	14.41	Bradford	Wilmot Township.....	26.49
Berks	Longswamp Township.....	11.07	Bradford	Windham Township.....	25.72
Berks	Marion Township.....	24.11	Bradford	Wyalusing Township.....	12.76
Berks	Maxatawney Township.....	24.51	Cameron	Lumber Township.....	15.00
Berks	North Heidelberg Township.....	17.38	Carbon	Lehigh Township.....	18.00
Berks	Oley Township.....	24.30	Centre	Burnside Township.....	25.01
Berks	Penn Township.....	11.28	Centre	Curtain Township.....	23.64
Berks	Perry Township.....	13.16	Centre	Gregg Township.....	21.14
Berks	Pike Township.....	18.10	Centre	Haines Township.....	24.30
Berks	Richmond Township.....	18.86	Centre	Huston Township.....	11.55
Berks	Rockland Township.....	10.95	Centre	Marion Township.....	17.41
Berks	Tulpehocken Township.....	16.90	Centre	Miles Township.....	29.11
Berks	Upper Bern Township.....	15.00	Centre	Penn Township.....	21.24
Berks	Upper Tulpehocken Township..	19.59	Centre	Potter Township.....	14.99
Berks	Windsor Township.....	12.35	Centre	Snow Shoe Township.....	13.72
Bradford	Albany Township.....	23.68	Centre	Taylor Township.....	20.30
Bradford	Armenia Township.....	27.36	Centre	Union Township.....	16.75
Bradford	Asylum Township.....	20.51	Centre	Walker Township.....	10.48

Appendix C (Continued)

<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>	<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>
Centre	Worth Township.....	19.19%	Dauphin	Washington Township.....	11.63%
Chester	East Nantmeal Township.....	15.67	Dauphin	Wayne Township.....	14.24
Chester	Elk Township.....	10.28	Erie	Amity Township.....	13.13
Chester	Highland Township.....	31.03	Erie	Greenfield Township.....	12.36
Chester	Londonderry Township.....	18.27	Erie	North East Township.....	11.41
Chester	Lower Oxford Township.....	10.02	Erie	Union Township.....	10.16
Chester	Newlin Township.....	22.94	Erie	Venango Township.....	11.59
Chester	Upper Oxford Township.....	13.51	Fayette	Stewart Township.....	12.87
Chester	West Fallowfield Township.....	21.80	Fulton	Ayr Township.....	13.21 ^a
Chester	West Marlborough Township ...	54.79	Fulton	Belfast Township.....	24.47
Chester	West Nantmeal Township.....	12.74	Fulton	Bethel Township.....	19.47
Chester	West Vincent Township.....	10.13	Fulton	Brush Creek Township.....	26.21
Clearfield	Bloom Township.....	13.33	Fulton	Dublin Township.....	21.40 ^a
Clinton	Beech Creek Township.....	16.90	Fulton	Licking Creek Township.....	21.56
Clinton	Chapman Township.....	10.94	Fulton	Taylor Township.....	24.48
Clinton	East Keating Township.....	23.72	Fulton	Thompson Township.....	24.62
Clinton	Gallagher Township.....	16.37	Fulton	Todd Township.....	11.25
Clinton	Greene Township.....	13.47	Fulton	Union Township.....	30.66
Clinton	Grugan Township.....	30.07	Fulton	Wells Township.....	23.53
Clinton	Leidy Township.....	13.26	Greene	Greene Township.....	11.99
Clinton	Logan Township.....	18.66	Huntingdon	Barree Township.....	13.81
Clinton	West Keating Township.....	39.05	Huntingdon	Brady Township.....	16.93
Columbia	Beaver Township.....	17.07	Huntingdon	Cass Township.....	11.12
Columbia	Benton Township.....	14.43	Huntingdon	Clay Township.....	13.39
Columbia	Cleveland Township.....	11.35	Huntingdon	Cromwell Township.....	11.54
Columbia	Fishingcreek Township.....	15.87	Huntingdon	Dublin Township.....	13.89
Columbia	Franklin Township.....	14.51	Huntingdon	Franklin Township.....	29.30 ^a
Columbia	Greenwood Township.....	16.20	Huntingdon	Henderson Township.....	13.67
Columbia	Jackson Township.....	23.52	Huntingdon	Jackson Township.....	19.32
Columbia	Locust Township.....	11.70	Huntingdon	Logan Township.....	15.75
Columbia	Madison Township.....	15.12	Huntingdon	Miller Township.....	20.71
Columbia	Pine Township.....	20.85	Huntingdon	Morris Township.....	19.21
Columbia	Roaring Creek Township.....	22.33	Huntingdon	Oneida Township.....	10.13
Columbia	Stillwater Borough.....	12.84	Huntingdon	Springfield Township.....	21.23
Columbia	Sugarloaf Township.....	15.99	Huntingdon	Spruce Creek Township.....	19.79
Cumberland	Hopewell Township.....	15.51 ^a	Huntingdon	Tell Township.....	23.68
Cumberland	Lower Frankford Township.....	12.03	Huntingdon	Todd Township.....	17.06
Cumberland	Lower Mifflin Township.....	16.99 ^a	Huntingdon	Union Township.....	10.08
Cumberland	North Newton Township.....	14.08	Huntingdon	Warriors Mark Township.....	14.70
Cumberland	Penn Township.....	11.21	Huntingdon	West Township.....	27.62
Cumberland	Upper Frankford Township.....	12.97	Lancaster	Bart Township.....	25.52
Cumberland	Upper Mifflin Township.....	13.42 ^a	Lancaster	Brecknock Township.....	12.84
Dauphin	Conewago Township.....	11.20 ^a	Lancaster	Caernarvon Township.....	18.70
Dauphin	Jackson Township.....	16.90	Lancaster	Clay Township.....	11.37
Dauphin	Jefferson Township.....	28.39	Lancaster	Colerain Township.....	31.28
Dauphin	Lykens Township.....	28.74	Lancaster	Conestoga Township.....	13.90
Dauphin	Mifflin Township.....	31.28	Lancaster	Conoy Township.....	17.78 ^a
Dauphin	Upper Paxton Township.....	11.80	Lancaster	Drumore Township.....	27.56

Appendix C (Continued)

<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>	<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>
Lancaster	Earl Township.....	13.79%	McKean	Norwich Township.....	36.82%
Lancaster	East Donegal Township.....	13.31	McKean	Sergeant Township	22.04
Lancaster	East Drumore Township.....	24.06	Mifflin	Armagh Township	13.12
Lancaster	East Earl Township.....	13.49	Mifflin	Bratton Township	16.69
Lancaster	Eden Township.....	27.09	Mifflin	Brown Township.....	12.50
Lancaster	Elizabeth Township	12.69 ^a	Mifflin	Decatur Township	13.15
Lancaster	Fulton Township	32.67	Mifflin	Menno Township	24.14
Lancaster	Leacock Township.....	20.72	Mifflin	Oliver Township.....	16.88
Lancaster	Little Britain Township	26.91	Mifflin	Union Township.....	14.03
Lancaster	Martic Township	16.54 ^a	Mifflin	Wayne Township.....	11.68
Lancaster	Mount Joy Township.....	11.32	Monroe	Barrett Township	18.54
Lancaster	Paradise Township.....	16.86	Monroe	Eldred Township.....	24.37
Lancaster	Penn Township.....	11.47	Monroe	Hamilton Township.....	15.47
Lancaster	Pequea Township.....	11.34	Monroe	Paradise Township.....	14.83
Lancaster	Providence Township	10.81	Monroe	Polk Township	10.19
Lancaster	Rapho Township.....	17.89 ^a	Monroe	Price Township.....	15.51
Lancaster	Sadsbury Township.....	26.06	Monroe	Ross Township.....	13.60
Lancaster	Salisbury Township	17.88	Monroe	Tunkhannock Township	12.87
Lancaster	Strasburg Township.....	19.26	Montour	Anthony Township.....	12.42
Lancaster	West Cocalico Township	13.82	Montour	Liberty Township	12.37
Lancaster	West Earl Township.....	11.99	Montour	Limestone Township	13.25
Lawrence	Plain Grove Township	10.83	Montour	Mayberry Township.....	17.69
Lawrence	Washington Township	10.04	Montour	West Hemlock Township.....	12.37
Lehigh	Heidelberg Township.....	23.21	Northampton	Allen Township	10.39
Lehigh	Lower Milford Township.....	12.98	Northampton	Bushkill Township.....	10.15
Lehigh	Lowhill Township	12.56	Northampton	East Allen Township.....	12.05
Lehigh	Lynn Township	25.61	Northampton	Lower Mount Bethel Township.	34.07
Lehigh	Weisenberg Township.....	13.75	Northampton	Moore Township.....	16.38
Lycoming	Cascade Township.....	20.69	Northampton	Plainfield Township	18.87
Lycoming	Cogan House Township	20.35	Northampton	Upper Mount Bethel Township.	20.91
Lycoming	Cummings Township.....	13.45	Northampton	Washington Township.....	13.28
Lycoming	Franklin Township	14.31	Northampton	Williams Township.....	11.01
Lycoming	Gamble Township.....	12.76	Perry	Buffalo Township.....	13.62
Lycoming	Jackson Township.....	25.18	Perry	Centre Township	10.68
Lycoming	Jordan Township	12.96	Perry	Greenwood Township	21.10
Lycoming	Lewis Township	11.18	Perry	Jackson Township.....	29.02
Lycoming	McIntyre Township	15.23	Perry	Juniata Township	13.45
Lycoming	McNett Township.....	22.77	Perry	Liverpool Township	17.31
Lycoming	Mifflin Township.....	10.08	Perry	Northeast Madison Township...	22.02
Lycoming	Moreland Township	11.35	Perry	Saville Township	16.02
Lycoming	Penn Township.....	14.19	Perry	Southwest Madison Township..	23.47
Lycoming	Pine Township.....	18.98	Perry	Spring Township.....	12.58
Lycoming	Shrewsbury Township	21.81	Perry	Toboyne Township	16.30
McKean	Annin Township	21.11	Perry	Tuscarora Township.....	16.66
McKean	Ceres Township.....	16.74	Perry	Tyrone Township.....	14.17
McKean	Hamlin Township.....	13.94	Potter	Allegany Township	12.65
McKean	Keating Township.....	14.85	Potter	Bingham Township.....	11.18
McKean	Liberty Township	15.62	Potter	Clara Township	14.74

Appendix C (Continued)

<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>	<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>
Potter	Hebron Township	12.78%	Susquehanna	Harmony Township	29.90%
Potter	Hector Township.....	13.17	Susquehanna	Jackson Township.....	22.31
Potter	Keating Township.....	11.93	Susquehanna	Jessup Township.....	29.67
Potter	Oswayo Township	19.23	Susquehanna	Lathrop Township.....	19.20
Potter	Pleasant Valley Township	18.76	Susquehanna	Lenox Township	14.89
Potter	Summit Township.....	11.32	Susquehanna	Liberty Township	23.21
Potter	Ulysses Township.....	10.98	Susquehanna	Middletown Township.....	35.91
Potter	West Branch Township.....	13.04	Susquehanna	New Milford Township.....	15.02
Schuylkill	Barry Township.....	13.61	Susquehanna	Oakland Township.....	20.46
Schuylkill	East Brunswick Township.....	10.92	Susquehanna	Rush Township.....	24.63
Schuylkill	Eldred Township.....	25.93	Susquehanna	Silver Lake Township	13.09
Schuylkill	Hubley Township.....	13.85	Susquehanna	Springville Township	18.11
Schuylkill	Union Township.....	10.59	Susquehanna	Thompson Township.....	23.58
Schuylkill	Upper Mahantango Township ..	22.71	Tioga	Brookfield Township.....	21.15
Somerset	Addison Township	16.03	Tioga	Chatham Township	20.29
Somerset	Allegheny Township	19.36	Tioga	Clymer Township.....	15.31
Somerset	Black Township	16.18	Tioga	Covington Township.....	14.76
Somerset	Brothersvalley Township	12.44	Tioga	Deerfield Township.....	20.29
Somerset	Elk Lick Township.....	13.90	Tioga	Delmar Township	10.03
Somerset	Fairhope Township.....	21.34	Tioga	Elk Township.....	12.06
Somerset	Greenville Township.....	15.62	Tioga	Farmington Township.....	18.65
Somerset	Larimer Township.....	10.31	Tioga	Liberty Township	23.68
Somerset	Lower Turkeyfoot Township	10.17	Tioga	Middlebury Township	14.39
Somerset	Northampton Township	22.29	Tioga	Morris Township	12.33
Somerset	Southampton Township.....	17.30	Tioga	Rutland Township.....	14.45
Somerset	Stonycreek Township	12.20	Tioga	Sullivan Township	12.88
Somerset	Upper Turkeyfoot Township	15.77	Tioga	Union Township.....	20.30
Sullivan	Cherry Township	15.97	Tioga	Ward Township	14.21
Sullivan	Colley Township	19.86	Tioga	Westfield Township	14.28
Sullivan	Davidson Township	22.17	Union	Buffalo Township.....	13.23
Sullivan	Elkland Township	25.43	Union	Gregg Township	14.55
Sullivan	Forks Township	24.79	Union	Hartleton Borough	10.79
Sullivan	Fox Township	16.70	Union	Hartley Township.....	19.48
Sullivan	Hillsgrove Township	18.93	Union	Lewis Township.....	21.77
Sullivan	Laporte Township.....	13.14	Union	Limestone Township	19.24
Sullivan	Shrewsbury Township	15.38	Union	West Buffalo Township.....	13.57
Susquehanna	Apolacon Township	29.55	Venango	Allegheny Township	11.59
Susquehanna	Ararat Township	17.44	Warren	Deerfield Township.....	10.59
Susquehanna	Auburn Township.....	21.85	Warren	Eldred Township.....	16.44
Susquehanna	Bridgewater Township.....	12.18	Warren	Elk Township.....	13.62
Susquehanna	Brooklyn Township	22.66	Warren	Farmington Township.....	11.95
Susquehanna	Choconut Township.....	20.43	Warren	Freehold Township.....	13.27
Susquehanna	Dimock Township	17.03	Warren	Southwest Township	19.61
Susquehanna	Forest Lake Township	21.43	Warren	Spring Creek Township.....	15.40
Susquehanna	Franklin Township	21.30	Warren	Triumph Township.....	13.21
Susquehanna	Friendsville Borough.....	18.66	Washington	Amwell Township	15.27
Susquehanna	Gibson Township.....	19.17	Washington	Beallsville Borough.....	12.14
Susquehanna	Harford Township	16.54	Washington	Blaine Township	20.58

Appendix C (Continued)

<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>	<u>County</u>	<u>Municipality</u>	<u>Preferential Assessment as a Percent of True Total Assessed Value</u>
Washington	Buffalo Township	15.07%	Wyoming	Mehoopany Township	15.99%
Washington	Cross Creek Township	22.67	Wyoming	Nicholson Township	11.28
Washington	Deemston Borough.....	20.85	Wyoming	North Branch Township.....	21.72
Washington	Donegal Township.....	20.96	Wyoming	Noxen Township.....	12.25
Washington	East Finley Township	22.48	Wyoming	Windham Township.....	15.47
Washington	Hanover Township.....	13.33	York	Chanceford Township	20.42
Washington	Hopewell Township	25.55	York	Codorus Township	22.86
Washington	Independence Township	20.81	York	East Hopewell Township	25.87
Washington	Jefferson Township	23.34	York	Fawn Grove Borough	13.74
Washington	Morris Township	19.09	York	Fawn Township	23.68
Washington	Mount Pleasant Township	13.48	York	Hopewell Township	12.52
Washington	North Bethlehem Township	17.28	York	Lower Chanceford Township....	27.86
Washington	Robinson Township.....	10.27	York	Manheim Township	14.64
Washington	Somerset Township.....	14.36	York	North Hopewell Township	18.59
Washington	West Bethlehem Township.....	23.65	York	Paradise Township.....	11.71
Washington	West Finley Township	32.21	York	Peach Bottom Township	11.42
Washington	West Pike Run Township	16.92	York	Railroad Borough	15.24
Wayne	Clinton Township	17.27	York	Seven Valleys Borough	19.87
Wayne	Manchester Township	12.17	York	Springfield Township	11.52
Wyoming	Eaton Township.....	10.58	York	Warrington Township	13.42
Wyoming	Forkston Township	24.45	York	Washington Township	24.33

* "True" assessed total value refers to the actual assessed value of taxable real property if there were no preferential assessments.

^a Municipality with no real property tax in 2008.

Source: Developed by LB&FC staff from county data reported to the State Tax Equalization Board.

APPENDIX D

Selected School Districts With Preferential Assessments Greater Than 10 Percent of “True” Total Assessed Values, by County in 2008*

County	School District	Preferential Assessment as a Percent of True Total Assessed Value	County	School District	Preferential Assessment as a Percent of True Total Assessed Value
Berks	Brandywine Heights Area.....	11.13%	Lancaster	Pequea Valley	18.39%
Berks	Kutztown Area	17.52	Lancaster	Solanco.....	23.24*
Berks	Oley Valley	13.32	Lehigh	Northwestern Lehigh	18.26
Berks	Tulpehocken Area	13.95	McKean	Smethport Area	17.08
Bradford	Athens	11.27	Monroe	Pleasant Valley.....	10.30
Bradford	North East Bradford.....	23.02*	Northampton	Pen Argyl Area	11.98
Bradford	Troy Area.....	19.86	Schuylkill	Tri-valley	12.68
Centre	Bald Eagle Area	11.11	Somerset	Berlin Brothersvalley.....	11.88
Centre	Penns Valley Area.....	17.93	Somerset	Salisbury-Elk Lick	11.12
Columbia	Benton Area	15.20	Somerset	Turkeyfoot Valley Area	11.13
Columbia	Millville Area	14.86	Sullivan	Sullivan County.....	14.09
Cumberland	Big Spring.....	10.48	Susquehanna	Blue Ridge	11.75
Dauphin	Halifax Area.....	11.37	Susquehanna	Montrose Area	16.13
Dauphin	Upper Dauphin Area.....	15.46	Susquehanna	Mountain View	14.90
Fulton	Central Fulton.....	13.04	Tioga	Northern Tioga.....	10.35
Fulton	Forbes Road.....	23.09*	Washington	Avella Area	22.31*
Fulton	Southern Fulton.....	24.10*	Washington	Bentworth	10.54
Huntingdon	Juniata Valley	13.40	Washington	Burgettstown Area	11.81
Huntingdon	Southern Huntingdon	13.23	Washington	McGuffey	17.21
Lancaster	Eastern Lancaster County.....	11.73	York	South Eastern.....	14.90
Lancaster	Manheim Central	12.96			

**“True” assessed total value refers to the actual assessed value of taxable real property plus the difference in the actual assessment due to preferential assessment of farm and forest land. In the five districts with the highest percentage increase in assessed value absent the Clean and Green program, the percent decrease in combined (county, school district, and municipal) property taxes would be lower than the percentage increase in the assessed value of all property in the school district. For example, in the Solanco School District in Lancaster County, the assessed value of property in the school district increases over 23 percent but the combined tax decrease ranges from 15 percent in Quarryville Borough to 19.7 percent in Colerain and Drumore Townships. As noted in Finding F, moreover, taxing districts with similar proportions of preferentially assessed property in their property base do not have the same absolute dollar reductions in school district (or other) taxes absent preferential assessment. In the Solanco School District in Lancaster County, for example, where the property tax base would increase 23.24 percent without preferential assessment, the owner of a \$100,000 property would see a \$251.50 to \$276.97 combined (county, school district, and municipal) property tax reduction depending on the municipality in which the property was located. In the Forbes Road School District in Fulton County, where the property tax base would increase 23.09 percent without preferential assessment, the owner of a \$100,000 property would see a \$947.43 to \$978.03 combined property tax reduction. In part, earned income tax revenues may be accounting for some of this difference.

Source: Developed by LB&FC staff from county data reported to the State Tax Equalization Board.

APPENDIX E

Reduction in Municipal Real Property Tax Bills in Selected Counties

<u>County/ Municipality</u>	<u>2008 Total Assessed Value</u>	<u>Difference in Actual and Preferential Assessed Value</u>	<u>Assessed Value Plus Difference</u>	<u>Percent Increase in Total Assessed Value Without Preferential Assessment</u>	<u>Reduction in Taxes on a Property Valued at \$100,000</u>
Adams County Total	\$2,047,789,431	\$112,662,442	\$2,160,451,873	5.21%	\$73.79
Abbottstown Borough.....	16,254,422	18,948	16,273,370	0.12	0.64
Arendtsville Borough.....	13,129,853	169,592	13,299,445	1.28	7.65
Bendersville Borough.....	7,944,836	73,102	8,017,938	0.91	4.56
Berwick Township.....	53,784,872	1,398,668	55,183,540	2.53	12.67
Biglerville Borough.....	22,366,526	-	22,366,526	0.00	-
Bonneauville Borough.....	26,181,947	79,616	26,261,563	0.30	1.18
Butler Township.....	46,297,641	6,490,437	52,788,078	12.30	21.52
Carroll Valley Borough.....	89,699,051	210,265	89,909,316	0.23	1.87
Conewago Township.....	161,833,000	1,716,114	163,549,114	1.05	4.72
Cumberland Township.....	171,956,447	5,644,742	177,601,189	3.18	11.12
East Berlin Borough.....	29,558,397	-	29,558,397	0.00	-
Fairfield Borough.....	13,153,292	163,596	13,316,888	1.23	5.53
Franklin Township.....	83,955,519	11,227,525	95,183,044	11.80	13.34
Freedom Township.....	22,374,703	4,204,477	26,579,180	15.82	11.36
Germany Township.....	58,214,049	3,105,944	61,319,993	5.07	1.42
Gettysburg Borough.....	119,101,807	-	119,101,807	0.00	-
Hamilton Township.....	52,307,194	3,389,327	55,696,521	6.09	19.78
Hamiltonban Township.....	47,404,121	5,486,560	52,890,681	10.37	67.43
Highland Township.....	25,127,281	3,762,434	28,889,715	13.02	12.26
Huntington Township.....	39,798,152	5,807,162	45,605,314	12.73	- ^a
Latimore Township.....	51,902,143	5,290,353	57,192,496	9.25	25.90
Liberty Township.....	31,045,845	3,516,193	34,562,038	10.17	30.52
Littlestown Borough.....	77,754,585	-	77,754,585	0.00	-
McSherrystown Borough.....	38,391,213	-	38,391,213	0.00	-
Menallen Township.....	67,059,735	7,828,283	74,888,018	10.45	9.41
Mount Joy Township.....	104,139,526	8,141,223	112,280,749	7.25	1.09
Mount Pleasant Township.....	79,067,924	8,771,296	87,839,220	9.99	6.69
New Oxford Borough.....	30,724,782	-	30,724,782	0.00	-
Oxford Township.....	108,583,914	1,627,191	110,211,105	1.48	5.17
Reading Township.....	99,560,363	6,210,309	105,770,672	5.87	7.05
Straban Township.....	143,358,355	8,023,598	151,381,953	5.30	2.44
Tyrone Township.....	40,020,550	4,611,768	44,632,318	10.33	29.49
Union Township.....	68,961,776	5,693,719	74,655,495	7.63	4.19
York Springs Borough.....	6,775,610	-	6,775,610	0.00	-

Appendix E (Continued)

<u>County/ Municipality</u>	<u>2008 Total Assessed Value</u>	<u>Difference in Actual and Preferential Assessed Value</u>	<u>Assessed Value Plus Difference</u>	<u>Percent Increase in Total Assessed Value Without Preferential Assessment</u>	<u>Reduction in Taxes on a Property Valued at \$100,000</u>
Fulton County Total	\$371,176,400	\$89,293,580	\$460,469,980	19.39%	\$193.92
Ayr Township	64,362,350	9,797,450	74,159,800	13.21	- ^a
Belfast Township.....	34,888,170	11,302,630	46,190,800	24.47	4.65
Bethel Township.....	39,534,860	9,557,820	49,092,680	19.47	6.09
Brush Creek Township.....	22,578,340	8,019,130	30,597,470	26.21	8.91
Dublin Township.....	26,746,750	7,281,330	34,028,080	21.40	- ^a
Licking Creek Township	36,341,730	9,987,740	46,329,470	21.56	15.56
McConnellsburg Borough.....	25,368,850	-	25,368,850	0.00	-
Taylor Township.....	27,671,910	8,970,420	36,642,330	24.48	30.60
Thompson Township.....	25,949,820	8,473,850	34,423,670	24.62	6.77
Todd Township.....	37,561,200	4,762,610	42,323,810	11.25	5.63
Union Township	16,862,280	7,457,320	24,319,600	30.66	11.50
Valley Hi Borough	1,337,350	-	1,337,350	0.00	- ^a
Wells Township.....	11,972,790	3,683,280	15,656,070	23.53	7.29
Greene County Total.....	1,471,807,404	54,627,915	1,526,435,319	3.58	22.98
Aleppo Township.....	27,153,850	1,985,029	29,138,879	6.81	10.21
Carmichaels Borough.....	12,578,870	-	12,578,870	0.00	-
Center Township	80,780,170	4,128,846	84,909,016	4.86	11.18
Clarksville Borough	3,114,030	-	3,114,030	0.00	-
Cumberland Township	143,173,964	5,778,192	148,952,156	3.88	1.16
Dunkard Township	46,820,890	1,233,328	48,054,218	2.57	10.27
Franklin Township.....	258,270,490	4,508,236	262,778,726	1.72	2.20
Freeport Township	9,344,550	409,153	9,753,703	4.19	6.29
Gilmore Township	53,477,270	1,359,607	54,836,877	2.48	2.78
Gray Township	9,015,790	419,534	9,435,324	4.45	5.47
Greene Township.....	15,819,500	2,156,073	17,975,573	11.99	21.95
Greensboro Borough.....	4,179,650	-	4,179,650	0.00	-
Jackson Township.....	44,485,970	2,136,817	46,622,787	4.58	9.35
Jefferson Borough.....	6,147,510	7,065	6,154,575	0.11	0.46
Jefferson Township.....	81,017,750	2,895,808	83,913,558	3.45	14.97
Monongahela Township.....	45,377,720	1,232,245	46,609,965	2.64	3.17
Morgan Township.....	53,548,550	3,815,567	57,364,117	6.65	39.91
Morris Township.....	107,669,870	3,787,028	111,456,898	3.40	10.53
Perry Township	47,703,310	4,275,151	51,978,461	8.22	21.96
Rices Landing Borough.....	10,090,420	23,650	10,114,070	0.23	1.17
Richhill Township	154,095,080	3,200,782	157,295,862	2.03	1.63
Springhill Township.....	17,218,830	1,314,657	18,533,487	7.09	20.15
Washington Township.....	55,225,930	4,972,410	60,198,340	8.26	15.78
Wayne Township.....	45,301,200	3,093,335	48,394,535	6.39	26.85
Waynesburg Borough	69,690,260	-	69,690,260	0.00	-
Whiteley Township.....	70,505,980	1,895,402	72,401,382	2.62	10.11

Appendix E (Continued)

<u>County/ Municipality</u>	<u>2008 Total Assessed Value</u>	<u>Difference in Actual and Preferential Assessed Value</u>	<u>Assessed Value Plus Difference</u>	<u>Percent Increase in Total Assessed Value Without Preferential Assessment</u>	<u>Reduction in Taxes on a Property Valued at \$100,000</u>
Sullivan County Total	\$598,253,500	\$98,144,600	\$696,398,100	14.09%	\$47.92
Cherry Township	99,956,300	18,996,300	118,952,600	15.97	51.10
Colley Township	49,640,500	12,303,200	61,943,700	19.86	26.22
Davidson Township	42,253,400	12,035,900	54,289,300	22.17	25.94
Dushore Borough	23,599,800	152,600	23,752,400	0.64	1.67
Eagles Mere Borough	116,421,100	1,582,000	118,003,100	1.34	0.91
Elkland Township	43,975,200	14,996,700	58,971,900	25.43	25.43
Forks Township	30,914,700	10,188,100	41,102,800	24.79	17.97
Forksville Borough	7,036,600	522,600	7,559,200	6.91	11.75
Fox Township	41,455,700	8,309,800	49,765,500	16.70	9.28
Hillsgrove Township	18,443,300	4,305,700	22,749,000	18.93	7.10
Laporte Borough	34,841,900	134,300	34,976,200	0.38	0.71
Laporte Township	55,392,200	8,379,900	63,772,100	13.14	0.09
Shrewsbury Township	34,322,800	6,237,500	40,560,300	15.38	6.54

^a No municipal real property tax.

Source: Developed by LB&FC staff from county data reported to the State Tax Equalization Board.

APPENDIX F

Response to This Report



RECEIVED SEP 27 2010

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY

RUSSELL C. REDDING
September 27, 2010

Philip R. Durgin
Executive Director
Legislative Committee of the Finance Committee
613 North Street
Room 400 Finance Building
Harrisburg, PA 17105-8737

Dear Mr. Durgin:

On behalf of the Department, thank you for the opportunity to comment on the draft report entitled "Fiscal Impact of Preferential Assessment of Farm and Forest Land (Clean and Green Program)".

The state constitution was amended in 1973 to enable special provisions for taxation of farmland and forestland. A year later, on December 19, 1974, Act 319 was signed in to law, creating the Clean and Green Program. What began as participation in several southeastern counties has grown to statewide enrollment of over 9 million acres in 55 counties. The Clean and Green legislation was enacted to encourage landowners to maintain farmland and forestland in the face of development pressure. The program has been widely successful in accomplishing this goal, as the report indicates. Affordable property taxes are essential in maintaining viable farms.

The significance of Clean and Green in the commonwealth's overall farmland preservation effort cannot be overstated. The fiscal impact of the program must be reconciled with the benefits of productive farms and healthy forests. Agriculture is the commonwealth's leading economic enterprise – providing one in seven jobs and contributing \$47 billion annually to the economy. As the report indicates, less than 3% of assessed parcels statewide are enrolled in the program. In rural taxing districts this percentage is higher and tax burden is shifted in greater proportion. Although the burden is shifted, the demands on services for enrolled lands are less than on residential or commercial lands. Cost of community service studies indicate that farmland and forestland contributes more in tax dollars than it demands in services, helping to offset shortfalls in tax revenue. Sustainable farms and thriving communities are a necessary balance.

Again, thank you for the opportunity to comment on the report. We look forward to the presentation to the committee on September 28, 2010.

Sincerely,

Russell C. Redding