

**Opening Statement of
Auditor General Eugene A. DePasquale
Wednesday, Feb. 4, 2015
Hearing on Senate Bill 4**

**Before the Senate Finance Committee
The Honorable John H. Eichelberger Jr., Chairman
The Honorable John P. Blake, Democratic Chairman**

Thank you Chairman Eichelberger and Chairman Blake for holding this hearing today on issues related to tax exemptions for institutions and organizations operating as purely public charities and the constitutional amendment proposed by Senate Bill 4.

As the state's chief elected fiscal watchdog, I am committed to ensuring that taxpayer dollars are spent properly and efficiently. Local government officials across Pennsylvania continue to voice concerns about their dwindling tax base and ever-increasing operational costs, while citizens still expect quality services such as fire, police, and schools.

What's more, it is no secret that the state itself is facing a \$2 billion budget hole, which forces all of us to evaluate any other possible methods for revenue generation.

In light of these financial concerns, I tasked my staff with reviewing the local property tax exemptions granted to non-profit entities throughout the commonwealth. I realized this could be a dauntingly large undertaking, so the report focused on a 10 county sample. This information gave us a snapshot of the issues faced by all counties in Pennsylvania.

The report, released in December, shows that more than \$1.5 billion in potential property tax revenue for school districts, county and local governments are unrealized. Keep in mind, this report only covered 10 of Pennsylvania's 67 counties, but it covered a cross-section of urban, suburban and rural communities.

The purpose of my report is to underscore what is at stake in this debate. Any legislation that deals with tax exemptions for purely public charities should be carefully considered due to the huge potential fiscal impact to local governments, school districts, and the charities themselves.

In reference to Senate Bill 4, the public needs the maximum opportunity to engage in discussion about a constitutional amendment of this magnitude. Taxpayers in every county, and every corner of the state, will be affected by Senate Bill 4 and they deserve full and fair opportunity to learn the pros and cons of how such a constitutional amendment could affect their schools and local government operations.

In the interest of transparency, let me be clear that I believe all constitutional amendments should only be considered on a general election ballot in the fall. Because Pennsylvania has a closed-primary system, it is not enough to say, we hope that every voter would show up in a primary election to cast a vote on this single issue.

If the General Assembly carefully considers this issue and decides to send it to voters, I implore you to hold this important constitutional amendment question until the Nov. 3 general election ballot to better

ensure that more voters, including unaffiliated independent voters who often skip primary elections, have their voices heard.

Today's hearing is a great start toward transparency.

As you know, I plan to assist in the public education effort by holding four balanced and independent public informational meetings starting in Pittsburgh next month. As I am sure you are doing today, I will include a balance of presentations for and against the proposed changes so that the public can weigh both sides of the issue before they cast a vote.

Again, thank you for the opportunity to speak to the committee today. I will answer any questions that the members might have for me.

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