

Effect On Farm Taxes

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al aggregate increase beginning with the 1996 tax year — at all levels, including school, township, and city — to no more than 10 percent.

According to the 15-minute video shown at the young farmer meeting, the county, townships, boroughs, and school districts are not allowed by state law to increase their total property tax income by more than 10 percent from the amount received the previous year. This increase excludes taxes from any new construction added to the tax rolls the first year after the reassessment.

This will reduce millage, which Kauffman believes only allows taxes to go up again. In every case, the millage will go down, "I'll guarantee you," said Kauffman.

"They can tell you anything they want about fairness, they can tell you anything about losing revenue, the bottom line is, without reassessment, they could not raise their taxes," said Kauffman.

Kauffman outlined a timetable

to alert farmers to the fact that specially trained data collectors, provided by Automated Valuation Services (AVS) (the company doing the reassessment), are visiting farms. In some cases, there will be teams of collectors, according to Kauffman, which will be measuring and accounting for farm property. During the summer, aircraft recorded property size using telephotometry, with United States Geological Survey maps, to form soil type overlays.

Records in the tax office in the county are on 3-inch by 5-inch index cards since the last county-wide reassessment in 1962. The new reassessment will feature computerized information on all aspects of commercial and residential operations.

Now, however, the data collectors will be stopping at the houses and farms. They will ask questions and record information on a wide variety of items. Later on, an assessor will be sent out to double-check the information. Some assessor "teams" will arrive at

farms to double-check information.

Within a few months of the data collector, information will arrive in the mail detailing the data collected on the farm property and house. Property owners will have a chance to correct the information. Later on, if they don't agree with the information collected, they can appeal.

Kauffman said that Chester County went through reassessment in 1988. Berks County went through reassessment last year. Now, there are about 25,000 appeals in at Berks County.

"There is an extreme amount of discontent within the agriculture community" regarding the issue, according to Kauffman. He urged homeowners and farmers to cooperate as much as possible.

Kauffman said that the law says you do not have to let the assessor into the house or the farm buildings. "If the assessor comes, you don't have to let him in your house, you don't have to let him in your buildings," he said. "That's your choice."

"Is it smart to let him in? Is it

smart not to let him in? I don't know. It's a call you got to make. I can't truly tell you what the right answer is."

In late 1994, the appeals board in the county will be ready to handle appeals. No tax increases, however, will take until the 1996 tax year.

Kauffman said meetings will be held in the coming years for farmers to consider options regarding reassessment. One such option is a total tax reform, which he wants to happen before the reassessment goes into effect. (See related story on tax reform.)

The reassessment mandates that, as a whole, the aggregate county tax base cannot increase more than 10 percent as a whole. But individual taxes can go up dramatically, in some cases as much as 40 percent. "There is absolutely no individual limit," said Kauffman.

"My best guess judgment is that (some of the value of) the residential properties will go up, some will go down," he said. The county commission said properties built in the "peak times" of the residential building in the late 1960s and mid- to late-1980s will probably go down, and some built in the off-peak years will go up. "It'll probably just about balance."

"In my opinion, commercial properties will go down a little bit, and . . . agricultural properties will go up a little bit. How much? Probably not a whole lot."

The good news, according to Kauffman, is that the feedback he's received about the visits to the farms so far has been positive, because the assessors have solid backgrounds in the various types of farming.

Some of the glitches include trying to perform assessment for some of the highly intensive operations, such as hog or poultry contract operations, where the equipment is part of the building. That is being taken into account, according to the commissioner.

Kauffman said that farmers have considered the preferential land value legislation, Act 319, or the Clean and Green Law. But farmers wouldn't be saving themselves anything in most cases by signing up under Act 319. "In most cases, it wouldn't save you a nickel," he said. In many cases, land value after reassessment would increase, perhaps even dramatically.

Kauffman said he hopes to meet with various farm groups early in 1995 to work with groups of farmers and industry representatives before the new rates begin.

Commissioner Says Income Tax Should Replace Property Tax

ANDY ANDREWS

Lancaster Farming Staff
EPHRATA (Lancaster Co.) — The answer to fair taxes is not reassessment, according to Lancaster County commissioner Terry Kauffman. The answer is statewide tax reform.

A proposal which is known now as the Gerlach Bill, will be under review in the state House of Representatives early next week to consider a way to reduce reliance on real estate property taxes.

The proposal, which needs to go into effect, according to Kauffman, before tax year 1996 (when the reassessment results effect taxes countywide), puts forth a method that Kauffman thinks is so simple. "A personal income tax to

replace real estate property taxes dollar for dollar," he said. "And it enables those that can pay, do pay."

Kauffman outlined some of the elements of the Gerlach Bill to 32 farmers and industry representatives at the Tuesday night meeting of the Ephrata Area Young Farmers Association.

The Gerlach Bill was proposed as the result of the unfairness in the tax structure. As an example, Kauffman spoke about a dairy farmer in southern Lancaster County who manages 35 head on his farm and has a net income of about \$8,000, who pays about \$2,400 in taxes. Nearby, an executive in a large company, in a house worth about \$200,000, makes \$58,000 a

year and pays only about \$1,200 in taxes.

Another example includes a retired farmer who makes less than \$20,000 gross income and pays twice the real estate tax of a lawyer earning \$500,000 a year in a home built nearby.

"I just think it's that important for our agricultural community and our senior citizen community in this county that we have to have tax reform before this new assessment takes effect," said Kauffman. "I think it would be devastating to seniors and the ag community."

Kauffman urged farmers and industry representatives to contact their local House representative to push support of the bill through.

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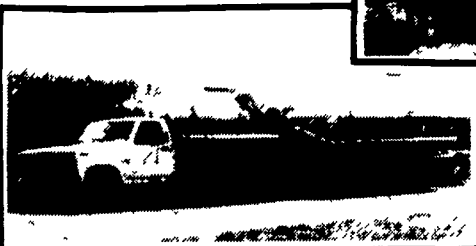


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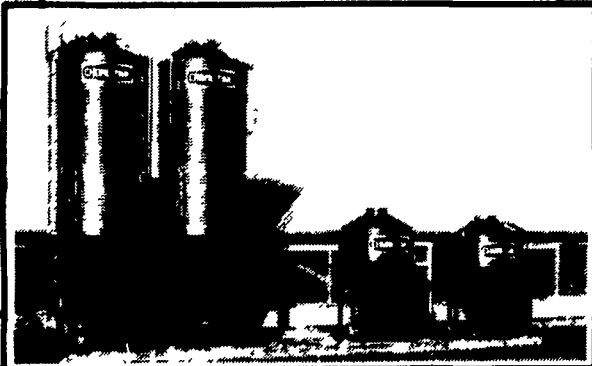
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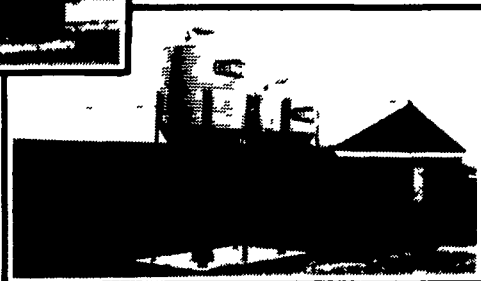
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