

HOMEOWNERS ASSOCIATION OF PHILADELPHIA



1120-A BUTTONWOOD STREET • PHILADELPHIA, PA. 19123

June 2, 2016
Before the

House Finance Committee Pennsylvania Convention Center

TESTIMONY of Darrell M. Zaslow, Esq. *in Comment upon*

House Bill No. 1871 Session of 2015-2016

The Homeowners Association of Philadelphia (**HAPCO**) is the Commonwealth's largest membership organization for the providers of low to moderate income private rental housing. HAPCO's membership owns primarily single-family and duplex rentals on the streets and in the neighborhoods of Philadelphia.

- **The Philadelphia City Council Resolution** upon this matter points out the importance of an Amendment to the Constitution that will permit the appropriate allocation of real estate taxes between residential and commercial property owners. **HAPCO endorses this statement of the Council.** As property owners especially in areas of low to moderate income rental real estate, HAPCO would express concern on behalf of the rent-paying tenants and tax-paying landlords; to be sure that the shift in economic burden, which this Amendment by design would enact, does not end up in increased rents to tenants. Owner occupants are recipients of constitutionally enacted protective exemptions from tax, which the occupants of rental real estate do not enjoy. Classification as 'residential' should ensure that the term means the residence of people, where they live, irrespective of tenancy or homeownership.
- **"Business purposes" appearing at §2 (b) (vii)**, not defined in the House Bill, is highly speculative. To state the obvious, the creation of classes of properties and property owners will have significant economic impact. For the Voters to leave to the Legislature and City Council unfettered power to create classes and subclasses of taxable real estate would have at least one guaranteed result: greatly expanding the long standing and massive body of Pennsylvania case law regarding Pa. Constitution Article 8 §2. There will be litigation over each and every nuance of the amendment and the enabling legislation that would follow at the state and local level. Specification of the subjects of taxation in the Amendment should be clear yet broad enough to allow flexibility in later years for the City Council to fashion fair and appropriate tax policy.
- **There is a word** in House Bill 1871 of concern. [Page 296 printers no, 2959 at Art 8 §2 (b) (vii) (B)]: The General Assembly *may* require the reduction of other taxes. The truth is that John Q. Public will want to know in the voting booth before wielding the power of Constitutional Amendment "well, are other taxes being reduced or not?" We would urge attention focused upon that question.

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