

Citizens Audit Review and Financial Advisory Committee

February 17, 2016
Radnor Township Municipal Building
Administration Area, 2nd Floor
301 Iven Ave., Wayne, PA 19087

Meeting Minutes

Chairman Mark Blair called the meeting to order at 7:00PM. In attendance were CARFAC members Mark Blair, Marty Dwyer, Michael Antonoplos, Jerry Linden, Leo Marte, Mary Hoeltzel, Ed Caine, and Carl Rosenfeld. Committee member Jeff Ruben was unable to attend. Others present included 3rd Ward Commissioner Lucas Clark IV, 4th Ward Commissioner Elaine Schaefer, and 7th Ward Commissioner Phil Ahr. Members of the Township Administration in attendance were Township Manager Bob Zienkowski, Finance Director Bill White, Assistant Finance Director/HR Manager Bob Tate and Jenny Brown, Esq. from Flamm Walton who represents the Township in business tax matters. Members from the public in attendance included Joseph Siediarz, Marty Costello, Mona Sterns, Mark Sterns, Mishel Sterns, Brandon Celentano, Christina Vaganos, Lov Muth, and Lyle Ruty.

1. New Business:

- a. Township Business Tax Discussion: Chairman Blair opened the discussion by explaining to those in attendance that CARFAC is apolitical and that tonight's discussion was meant to be a listening session that could lead to greater understanding surrounding the Township's business tax law, regulations and administration. Further, Chairman Blair clarified that CARFAC has no intention of injecting its members into the process as a medium between the taxpayers and the Township.

Prior to hearing from any of the members from the public on this matter, Jenny Brown explained the legal ramifications surrounding the taxpayer Bill of Rights that protects all business tax matters from public discussion, and that if any member from the public wanted to discuss the specifics of their tax situation, that they must first sign a waiver (which was provided at the meeting). Any waivers that were signed are now in file with the Township's Finance Department.

- b. Public Participation: Various members from the public then spoke regarding their frustration with the tax law, the regulations, the audit process, and the overall administration of the mercantile tax program. Highlights from the discussions:

Marty Costello: Discussed that the regulations have grown in scope since adoption of the laws in the mid-1970s to a point where the taxpayers find them unintelligible. He went on to say that these taxpayers have "taxation without representation" and that they "fear" their government (a result of the Township's audit program).

John Starks: Discussed accusations of inequity and differential treatment from the Township and its auditor in how the tax is applied to businesses that have multiple locations in and out of Radnor Township and expressed his desire that the tax be abolished completely.

Lyle Rutty: Provided the meeting with his account of an audit that was performed by the Township and its auditor from a number of years ago. He claimed that the Township's auditor lied about the location of his business, which led to an unfair court determination on the assessment of tax for his small business. He continues to dispute that determination today.

3rd Ward Commissioner Lucas Clark interjected during Mr. Rutty's account of his audit with specific questions regarding the auditor's behavior and approach. Commissioner Clark noted that a review of the Auditor's contract may be needed.

The Township Manager noted that in every case where either a Township Employee or a contracted employee representing the Township had conducted their responsibilities in an unprofessional or unethical manner, those individuals or firms have immediately been terminated. This was the standard created in Radnor upon the Manager's arrival in response to the years preceding his hire when these types of behaviors were deemed acceptable.

Mona Sterns: Expressed her concerns that since the auditor's agreement with the Township included an incentive payment, the auditor was therefore overly aggressive. Ms. Sterns noted that if the tax is applied to her business, that she will no longer do business in Radnor.

4th Ward Commissioner Elaine Schaefer expressed the importance of the business tax proceeds to the Township's budget, and that a review of the auditor's agreement seems appropriate based on the claims raised during this meeting.

In response to the various public comment remarks, Jenny Brown explained that due to certain changes in State Law, Radnor cannot make changes to the mercantile tax law, unless the Township sought to abolish the law altogether, which is a Board of Commissioner decision. With regard to the regulations that accompany the actual tax law, Ms. Brown explained that those have grown over time as a result of various special circumstances that have arisen. They have been included in the regulations to provide the taxpayers with guidance on how those circumstances will be treated, not as a means to confuse or overwhelm taxpayers. Ms. Brown then provided an overview of the audit process including how audits are selected, the time frame in which auditees have to respond, and how assessments can be challenged from a legal perspective.

Mr. Tate explained that his job is to respond to issues with audits and to answer any questions that taxpayers may have with the tax law to ensure fair and equal compliance. Further, Mr. Tate noted he had not heard from any of the businesses in attendance prior to this CARFAC meeting. Mr. Tate noted that his open door policy, and he invited all businesspeople to meet with him as needed to address these issues.

Mr. White summarized the discussion by noting areas where the Township will immediately take action, which included: (a) assure that at the outset of every audit engagement, the auditor will provide the auditee with the appropriate Township official(s) to contact during the audit process, (b) that the Township will work to simplify the regulations into terms that will be more easily understood by the taxpayers, (c) that the Township will provide greater transparency to the audit process so everyone understands how audits are selected, how assessments are issued and what rights the taxpayers have in the process, (d) that the Township will provide greater transparency on the auditor's agreement with the Township so that the incentive portion of the agreement is better understood, and (e) that the Township will conduct various on-site business tax meetings to promote understanding with the law and regulations.

2. Adjourn: The meeting was adjourned at 8:17PM.