

Please find enclosed some **frequently asked questions** about the Borough's finances:

1. Why does the Borough of Chambersburg keep raising taxes?

The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then there was an increase in 2014, a second increase in 2016, and a third in 2018. Chambersburg has not raised the real estate tax rate in most years, in recent history. Taxes were more often raised by others such as Franklin County or the Chambersburg Area School District; and, that sometimes leads to confusion. In 2014, 2016, and 2018, the Borough raised the real estate tax rate, but only to fund police and fire services; and in 2018 to begin paying off the 2016 Recreation Bond. Beginning a decade ago, and through 2019, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to funding police and fire services.

No real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire and ambulance.

2. Why do I pay so much in taxes?

In 2019, the Borough will only collect a small portion of the taxes you pay. Most of your taxes do not go to the Borough. In fact, most of your taxes go to support other government agencies despite the fact that most of your services are supplied by the Borough.

3. The Borough has so many employees, so many trucks, is that where my tax money goes?

Almost all employees of the Borough and most of the equipment of the Borough, is owned and operated by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel). Your taxes do not support any utility operations, workers, equipment, or the support departments. Further, as the budget document reveals, the Borough's utility rates are very reasonable. Therefore no, this is absolutely not where your tax money goes.

4. Why if I live in the township, do I pay taxes to the Borough?

Unless you own property inside the Borough, or have a job inside the Borough, you pay the Borough no taxes. Further, if you just have a job in the Borough you pay only \$1 per week to the Borough and nothing else. In fact, almost no township residents contribute any tax money to the Borough. For example, the Sales Tax collected at stores inside the Borough all goes to support others, not the Borough. Finally, the Borough has no relationship with Chambersburg Area School District taxes or Franklin County taxes.

5. Why does the Chambersburg Area School District have such high taxes?

The budget and tax rates for the Chambersburg Area School District are set by the independently elected School Board and not the Borough. The Borough has no say in these issues.

6. Why does Franklin County have such high taxes?

The budget and tax rates for Franklin County are set by the independently elected County Commissioners and not the Borough. The Borough has no say in these issues.

7. Where do my taxes go?

Until 2014, 100% of the real estate taxes collected by the Borough of Chambersburg were used exclusively to support the Chambersburg Police Department. In 2014, a small share was added to support the Chambersburg Emergency Services Department. This includes ambulance operations. All the real estate taxes collected within the Borough are used exclusively for the Police Department and to support the operations of the Chambersburg Emergency Services Department; none of this revenue is used to support any other department or operation. As of 2019, we will still only use real estate taxes to support Police, Fire, Ambulance and the debt services associated with the pool and park 2016 Recreation Bond. No real estate taxes are used for highways, streets, code enforcement, parks, or any other employees such as the Borough Manager, or any other operation or utility of the Borough other than public safety. This is true in the 2019 Budget as well.

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The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues.

Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth; as such they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

Finally, the other revenue received by the General Fund is grants. In most years, most towns receive very little grant money, although we fight for a fair share. As usual, in 2019, the Borough is lucky to receive some Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels). That and whatever money is left over from the previous fiscal year is used to keep up with all highway maintenance on Borough streets. Street repair is extremely expensive and Highway Aid is very small.

8. Doesn't the Borough get a lot of money for all the new businesses near Norland Avenue?
The Borough utilities sell a considerable amount of utility services in this new neighborhood increasing the size of the Borough's independent utility accounts. However, these developments generate very little additional taxes to support the Borough. Most of the revenue they create is in the form of Sales Tax and in Pennsylvania, local municipalities receive no Sales Tax share. Further, the sale of alcohol generally provides almost zero income to the host municipality. These developments have been very good for our community and create lower unemployment, but they do not generate income proportional to the responsibilities they create for police, fire and traffic.

9. Doesn't every property owner contribute real estate taxes for police and fire?
No, many types of properties are exempt under State law from paying real estate taxes. Those exempted properties include schools, colleges, churches, charities, and other government agencies. So, while these property owners add to the economic vitality of our community, they do not necessarily contribute any money to support police or fire services. However, some of these agencies (Chambersburg Hospital is a good example) make a voluntary contribution in support of the Borough's public safety services regardless of their tax exempt status. We encourage all tax exempt property owners to donate to the police and fire services every year through a letter writing campaign each spring.

10. Why can't you bill people directly for police and fire instead of using real estate taxes?
State law prohibits the levy of taxes as a fee on persons (called per capita taxes). Instead, the law allows us only to use property as the sole means to determine how much tax to collect. So, if you rent your property, your landlord will pay the real estate tax and it will be reflected in the rent you pay. There is no other system allowed. The Ambulance Club is not a tax or fee; rather, it is more like a donation. You provide us a gift and in exchange, we accept assignment from your health insurance company if you need to use the Borough ambulance service.

11. If the police and fire are paid for by Borough non-exempt real estate owners, why do they respond to police and fire calls in the townships?
State law requires that emergency services respond to all dispatches for health and safety. The Borough's emergency services will always support our township neighbors regardless of money issues. We also enjoy the support of the various volunteer fire companies from the townships and the Pennsylvania State Police. Mutual aid is a very important principle in public safety.

12. How can the Borough afford police officers and fire fighters when the money to pay for them can only come from such a small group of taxpayers?
We agree that the system is broken. We can envision nothing but painful tax increases in the future to pay for growing police and fire expenses. Something must change in the next few years.

13. Why don't most of the townships have local real estate taxes?

The local townships do not have police departments. They rely on the Pennsylvania State Police. They do not have township employee fire departments. They rely on the generosity of volunteer firefighters. All of the Borough's local real estate taxes go for these functions. And while we might wish to not have paid police and fire departments, unfortunately, we cannot go back.

14. Can the Borough get rid of our Police Department or our paid Fire Department?

No, it is not practical or legal at this point. Further, Council agreed to add additional paid firefighters in 2017. The truth is we would be skeptical to rely exclusively on the shrinking ranks of volunteers alone. Further, we are worried that the Pennsylvania State Police or the dwindling firefighters in the townships will be sufficient to protect the townships alone; not to mention our Borough, in decades to come. The best new system would be a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort. We support the growth of our police and fire departments and providing *our* services expanded into the townships; one Chambersburg "area" force.

To that end, in the proposed 2019 Budget, we have requested that the townships take the first step and consider allowing the Chambersburg Emergency Service Department to do **fire safety code inspections at commercial businesses in the townships**. This new service would have been a precursor of our future cooperation. So far, there's been no public support for this first important step.

15. What is the Franklin Fire Company? Are they a township fire company?

No, the Franklin Fire Company is Station 4 of the Borough of Chambersburg. It is our best staffed and best equipped volunteer fire company. By agreement, we have encouraged the Franklin Fire Company to provide fire services both inside the Borough and in the townships. All the Borough contributes to their operation is some fuel and lots of goodwill.

16. If the Borough has a police tax and a fire/ambulance tax, what pays for streets?

We use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department operations and the Recreation Department operations. The Sanitation Department is a separate utility (not unlike the Electric, Gas, Water, or Sewer Departments) and they keep the streets clean, free of leaves, and well swept. The new Chambersburg Aquatic Center is also run like a utility and in 2018 it covered all its own operating expenses. Highway construction projects are done with Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels). Our grant only pays for street construction made to Borough owned streets. Keeping up with all highway maintenance on Borough streets without a dedicated funding source is very challenging. Finally, the Land Use & Community Development programs are generally supported with fees.

The truth is we have very little revenue, very few opportunities to increase revenue, and a lot of responsibilities.

17. Why are Borough streets in such bad shape?

First, it is important to recognize that the Borough does not own or maintain many of the streets inside the Borough. The Pennsylvania Department of Transportation maintains most of the major streets such as Main Street, Memorial Square, Lincoln Highway, Second Street, Loudon Street, Wayne Avenue, Scotland Avenue, Philadelphia Avenue, and many others. Of course, if the Borough utility departments cut a State owned street, then PennDOT makes the utility fix the street. However, when others cut the street, PennDOT and the Borough both watch to make sure contractors' cuts get repaired. The Borough owns most of the side streets and many of the alleys. When the Borough plans to pave a street, the Borough utilities start fixing pipes under those particular streets about two years before. With so many old streets, there are a lot of pipes being fixed by the Borough, and by contractors, at any one time. On most streets, and in most situations, whomever makes the cut arranges for the installation of a temporary patch in advance of either a permanent patch or an upcoming street paving. That temporary patch might, therefore, be there for a year or two in the case of street paving. That might be what you think is a badly paved street, but it is just a street undergoing a fix.

The Borough only has the Highway Aid grant money account to fix our streets and repaving costs a lot of money when government bid rules are followed. Of course, the Borough does not pay to fix State owned streets, County owned bridges, private streets, or township roads. Finally, the Borough has let some alleys specifically degrade as we have neither the resources to pave them nor do those streets have the traffic flow to justify the expense. We do use grants whenever possible. It is a never-ending battle to keep up with street maintenance with no dedicated funding source.

Every year we try to spend between \$1 million and \$2 million on paving side streets. Believe it or not, that is not much money and does not take care of many of our over 59 miles of public streets.

18. Why won't you pave my street?

We pave streets in the Borough every year. We spend about a year or two fixing pipes and then we top it off with a new layer of pavement. Also, developers build streets as they build adjacent projects. The Borough has no dedicated funding source beyond the Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) to pave your Borough owned street. One suggestion is that the Borough invoice adjacent property owners to pay for their share of street paving; at least for alley work. That is already done for curbs and sidewalks. The biggest complaint against that idea is that most folks feel their taxes should pay for street paving. However, as this budget details, **taxes paid now do not cover any of the cost of paving streets or alleys.** In 2019, we are suggesting, for the first time, that Town Council form a committee and make the committee study what to do, long-term, with alleys.

19. Why does it take so many employees to work on construction or street projects?

For many reasons, including safety and the handling of large construction equipment, the Borough utility and highway workers are usually seen in large numbers. However, the Borough highway department only has seven (7) full time employees, so you are probably seeing contractors who won competitive low bids for projects rather than employees. We do not pay them by the employee, or by the hour. We pay contractors by the project, and therefore they are incentivized to do as much work as fast as possible to squeeze out a project; that usually means they bring many employees.

20. Why will township residents pay more for using the Chambersburg Aquatic Center or other Recreation Department programs?

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. The school tax money comes from both Borough and township residents. In 2009, an agreement was reached where the district stopped supporting our programs in exchange for a grant, which ended in 2014. Therefore, township residents, who are residents of the Chambersburg Area School District, are no longer contributing to support the Borough Recreation Department operation. As such, and only being fair, township residents are asked to pay a little more than Borough residents. We are prohibited from denying anyone access to our recreation programs. However, there is no prohibition on having a two-tier fee system. If the townships' boards wanted to contribute directly, their residents could enjoy the lower tier rates.

In 2018, when the Borough's new Aquatic Center opened, Town Council decided to raise rates for non-Borough residents, but Borough residents saw no increase in order to use the new facility. In 2019, it is proposed that rates go up a small bit for both township and borough families.

Also, your taxes are not going to support the operation of the new Aquatic Center. It is estimated that the facility will cost over \$430,000 per year to run. Borough real estate taxes go to pay off the 2016 Recreation Bond. Property owners pay no taxes towards the operation of the Aquatic Center or any Recreation Department program. Fees cover the program costs, not taxes.

21. Why do fees go up every year?

The cost of just about everything goes up every year. However, all fees are adopted by Town Council in a public meeting and the Borough is prohibited from making a profit on any fee. The fee must be related to the cost of the service being provided. Covering actual costs are the best we can do under the law.

22. Why do Borough employees get such good wages and benefits; can't they be cut?

No, most Borough employees are represented by collective bargaining units and those unions have negotiated labor agreements with Town Council or (in the case of the uniform employees of the police and fire service) could have had those labor agreements imposed on the Borough. The Town Council cannot unilaterally change the terms and conditions of employment. Nor can Town Council necessarily lay off employees. Certainly, we think we have great employees, and in most cases, they are compensated in proportion to what municipal workers across the Commonwealth are paid. Regardless, there is no reason to blame the employees themselves, who are generally good workers, and our friends, and neighbors.

23. Since the Council raised the Police Tax, the Fire Tax, and started an Ambulance Tax just in 2018, how can you afford projects like a new addition on City Hall or buying police cars?

Your taxes do not pay for things like the upkeep or expansion of most property owned by the Borough. Your taxes go only to support the Police Department and to provide fire and EMS equipment and vehicles for the Emergency Services Department. It is important to know that projects like our recently completed Utility Departments' Addition to City Hall were not paid with real estate taxes at all. For any project that involves our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel), the utility customers are paying most of the cost. Yet we have very low utility rates. Now there is one exception. When Council decided to build the new Aquatic Center and do a variety of other playground and parks improvements, those projects and those facilities were paid for by a bond; and that bond is being paid off by the Recreation Bond Tax. This is the first and only tax that was used to build a facility.

24. Why can you not just take utility money and pay for police officers and firefighters?

The Borough cannot wholesale move funds from utilities, which are kept in separate accounts, to the General Fund to pay for fire, police or parks. Nor would this be fair to utility customers. Also, the Electric Department and the Gas Department already make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth. However, as such, they are tax exempt, so instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. State law does not allow the Sewer Department to make similar payments. We could ask the Water Department to pay taxes but we have not done so in many years.

25. Are there assets the Borough can sell, such as parks, to avoid tax increases?

No, in general, most of our assets are prohibited from being sold. For example, our parkland is usually deed restricted to remain as public parks. Further, most of the assets are owned and operated by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); so, their sale would not help the General Fund, or pay for police or fire expenses.

26. Can we raise a different tax such as a sales tax or a hotel tax?

No, in general, the Commonwealth of Pennsylvania does not allow us the right to raise any other type of taxes. In 2014, the Town Council requested that the General Assembly allow Franklin County to raise the county hotel tax and share proceeds with Chambersburg. That proposal was not approved by the State. Also, sales tax, liquor taxes, business taxes, and other local taxes are not an option under State law. For example, in 2015, the State proposed an increase in the hotel taxes across the State; for tourism, with a prohibition on using them by any local town for anything else such as police expenses, as Chambersburg had suggested.

27. Can we buy fewer trucks, do less construction, or lower the number of employees?

No, in general, all of our vehicles are owned by the Motor Equipment Fund and rented to the utilities, not the General Fund. The only vehicles rented by the General Fund are police vehicles, fire vehicles and recreation equipment. Your taxes do not pay for vehicles for the utilities. Your taxes go only to support the Police Department equipment and vehicles and to provide fire and EMS equipment and vehicles for the Emergency Services Department. Almost all the construction projects of the Borough, other than street

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paving projects (and some of those too) are completed by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); so, really, when it comes down to the budget gap, it is a police, fire, recreation or street paving issue.

28. What is the long term answer, other than taxes, to pay for these functions?

There is currently no answer in Chambersburg or any other municipality that has police or paid fire services. Every municipality in Pennsylvania with police or paid fire services is in the same or much worse situation. If Chambersburg did not have our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); Chambersburg would be destitute.

Just remember, we are blessed to have strong, well operating, local utilities, which are paying Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth instead.

The Value of the PILOT Payments	2019	Property Tax Equivalent
Electric Department Payment in Lieu of Gross Receipts Tax	\$1,350,000	6.54 mils
Gas Department Payment in Lieu of Gross Receipts Tax	\$570,000	2.76 mils
<i>Subtotal</i>	\$1,920,000	9.30 mils
Percent of General Fund Budget Supported by PILOT Payments (2019)	12.67%	
How much more would the avg. single family house pay without PILOT	\$158.86	More per year

Conclusion

The only conceivable solution is either:

- A wider tax base (i.e. a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort); or
- A change to State law to allow an optional sales tax, liquor tax, or business tax.

There are no gimmicks, easy answers, or tricks to help the General Fund. To make matters worse, almost every single category of revenue in the General Fund is at a fixed rate, as set by State Law, and cannot be raised or adjusted by Town Council. The major revenues of the Borough's General Fund are:

Real estate taxes

Police Tax to the General Fund

Fire Tax as both a rebate from Motor Equipment Fund and

With the Ambulance Tax some to the General Fund

Deed Transfer Tax

Set at maximum since 1987

Earned Income Tax

Set at maximum since 1965

Payments in Lieu of Gross Receipts Tax from the Electric Department & Gas Department

Police Fines & Fees

EMS Fees & Charges

Recreation Fees & Charges

Land Use & Development Fees & Charges

Comcast Cable TV Franchise Fee

Pennsylvania State Aid for Pension Costs

No Tax Increase in 2019

Although this budget reflects the decision made by Town Council to invest in the recreation infrastructure of our community, **it includes no tax increases whatsoever**. It does maintain the previously decided Recreation Bond Tax, a second year of a tax earmarked specifically to retire the debt from the 2016 Recreation Bond; and no other use. It includes the Fire Tax and the Ambulance Tax, same as in 2018, used to help balance the expenses of the Chambersburg Emergency Services Department, which provides fire and EMS services. It maintains the Police Tax, same as in 2018.

Chambersburg real estate taxes remain earmarked only to police, fire and ambulance operations. No other department or employee is funded through real estate taxes. In fact, since the Recreation Bond Tax is specifically earmarked for paying off the 2016 Recreation Bond, one can reliably say: **no real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire and ambulance**. No other department, operation or employee; not parks or streets or the Borough Manager, are paid for using real estate taxes. The only use of these taxes are police, fire, ambulance and to pay off the 2016 Recreation Bond.

For the 2018 Budget, Town Council raised the Police Tax from 23 mil to 24 mil. **In this 2019 Budget, Council is not being asked to raise it at all**. By keeping the rate at 24 mil, Council is committing to a steady, but manageable, rate of growth in the Police Tax rate. Overall, since 2007, the Police Tax rate has risen from 20 mil to 24 mil. When averaged out over the thirteen years, that is a growth rate of a little over 1.6% per year. While no one wants to see taxes go up, this overall growth rate seems reasonable for such an important tax, which pays for such an important service.

Police Department Budget	2018	2019
Estimated cost of operations	\$5,295,920	\$5,163,250
Reimbursement from CASD for School Crossing Guards (estimated)	-\$53,000	-\$52,000
Estimated Yield from Fines and Fees	-\$176,500	-\$159,000
State Grant for Police Pension Costs	-\$312,002	-\$318,538
<i>Subtotal</i>	\$4,754,418	\$4,633,712
Tax Rate	24 mil	24 mil
Estimated yield of Police Tax (including tax liens & donations)	\$4,539,000*	\$4,637,000*
<i>Estimated Expenses over Revenue</i>	-\$215,418	\$3,288

\$3,288 is the estimated budget surplus in the Police Department

* - Current year estimated collections only

While we programmed a deficit in the Police Department in 2018 of -\$215,418, with the 2018 increase in the Police Tax, we now will see the gap closed in 2019 to +\$3,288. For the first time in decades, the Police Tax will generate enough revenue to pay for approximately 100% of the Police Department (when including other police related revenues). As was pointed out in the 2018 Budget, it was impossible to avoid last year's 1 mil Police Tax rate increase.

While \$3,288 is not much, it's good to have a little extra money in the Police Budget. Please keep in mind that we are operating the Police Department with very little margin for error. Unforeseen costs such as a major detective caseload, a major public safety event, additional unforeseen overtime, additional training, or adding more employees in advance of other future retirements, can easily throw the Police Department budget into a more unstable place.

In 2019, it is the Borough Manager's recommendation that the Borough not change the Police Tax rate, currently at 24 mil.

Police Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil	17	20	20	20	20	20	20	20	21	21	23	23	24	24

In 2019, it is the Borough Manager’s recommendation that the Borough not change the Fire Tax rate, currently at 3 mil; nor change the Ambulance Tax rate, currently at 0.5 mil.

Both of these rates are now set at the State maximum. State Law does not envision that they can ever increase. While I hope that it is not necessary to someday increase these tax rates, I cannot imagine that the cost of the ES Department will not someday rise. If this happens in the future, Town Council will be forced to make a very difficult decision.

Fire Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.0	3.0
Ambulance	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0.5
Total	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.5	3.5

Recall, the Fire Tax does not come close to covering the cost of the department.

Emergency Services Department Budget	2018	2019
Estimated cost of operations	\$4,612,540	\$4,781,705
Local Services Tax Yield (set at State Maximum)	-\$832,500	-\$835,000
Fire Code Inspections	-\$65,000	-\$65,000
Ambulance Fees	-\$1,755,865	-1,262,000
State Grant for Fire Pension Costs	-\$201,883	-\$234,219
Subtotal	\$1,757,792	\$2,385,486
Tax Rate	3.5 mil	3.5 mil
Estimated yield of Fire/Ambulance Tax (excluding tax liens & donations)	\$685,000	\$713,660
Less required transfer to the Motor Equipment Fund (State Law)	-\$488,900	-\$504,860
<i>Net Fire Tax Revenue for Operations</i>	\$196,100	\$208,800
Emergency Services Department Deficit	-\$1,561,192	-\$2,176,686

While we programmed a deficit in the Emergency Services Department in 2018 of -\$1,561,192, even with the 2018 increase in the Fire/EMS tax, we now will see that deficit grow in 2019 to -\$2,176,686. We know that the ES Department does not generate enough revenue to cover its cost. We know that the Fire/EMS tax does not generate enough revenue to close the gap. We have always used undesignated General Fund money to close the ES Department operating deficit.

So what is the alternative? There is not one that currently presents itself. We are blessed that our General Fund has enough undesignated miscellaneous revenue to close this gap. However, long term, we need to explore ways to increase funding for Fire and EMS. Right now, a tax increase is not permitted and not recommended. Perhaps if the ambulance billing system in place was finally fixed.

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Every year, due to slight changes in the value of the real estate in the Borough, the mil rate equals different dollar payment amounts, even if the mil rate is unchanged.

Average Single Family House Inside The Borough	2018		2019	
	Per Year	Per Day	Per Year	Per Day
Police Tax (to the General Fund)	\$406.14	\$1.11	\$409.88	\$1.12
Fire Tax (Mostly to the Motor Equipment Fund)	\$50.77	\$0.14	\$51.23	\$0.14
Ambulance Tax (to the General Fund)	\$8.46	\$0.02	\$8.54	\$0.02
Recreation Bond Tax (to pay off that debt only)	\$50.77	\$0.14	\$51.23	\$0.14
<i>Total (per year)</i>	\$516.14	\$1.41	\$520.88	\$1.42

2019 will be the second year of the Recreation Bond Tax. It was approved by Council in 2016. It was structured to be delayed to begin until 2018. This tax is earmarked only to pay off the 2016 Recreation Bond, but no operations of the Borough. It has nothing to do, therefore, with the General Fund.

When asked, some citizens wildly inflate the dollar value of the real estate taxes that they pay per year. Recently, a citizen said to me that the Recreation Bond Tax equated to \$50 per month. That's not likely. The median single family home pays a total (of all types of Borough real estate taxes) of \$520.88 per year.



Single Family House

\$520.88 per year*



Schools

No tax



Non-profits

No tax



Government

No tax



Commercial/Industrial

More

No government buildings, schools, charities or township property owners pay any Police, Fire, or Recreation Bond Tax on their property – average commercial or industrial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year. Please understand the importance of the SALT (State and Local Tax) deduction, and when your Congressman talks of its elimination from Federal tax policy, understand the impact.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues. Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth; as such, they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

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The Borough's finances are sound and require no additional action at this time.

General Fund Revenue Source	Rate	
Police Tax	24 mil	All used by the General Fund
Fire Tax (For Fire/EMS operations)	0.5 mil	Plus another 2.5 for Fire Apparatus in Motor Equipment Fund
Ambulance Tax (For EMS operations)	0.5 mil	All used by the General Fund
Total	25 mil	25 mil of the 30.5 mil used for the General Fund
Deed Transfer Tax	½ of 1%	No change allowed
Earned Income Tax	½ of 1%	No change allowed
Local Services Tax	\$52 per year per worker	No change allowed
Mercantile/Privilege Tax	0	No change allowed

Does not include the Recreation Bond Tax or the balance of the Fire Tax (For Fire/EMS apparatus per State law),

2019 General Fund Revenues (Excerpt)

	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 PROPOSED BUDGET
POLICE TAX (rose to 24 mil in 2018)	\$4,233,887	\$4,137,872	\$4,714,503	\$4,632,500	\$4,706,641	\$4,991,750
AMBULANCE TAX (0.5 MIL)	-	-	-	-	\$95,100	\$98,960
FIRE TAX (0.5 MIL)	-	-	-	-	\$101,000	\$104,300
LOCAL SERVICES TAX ON WORKERS	\$789,710	\$803,153	\$825,063	\$820,032	\$832,500	\$835,000
DEED TRANSFER TAX ON REAL ESTATE SALES	\$283,627	\$607,440	\$860,004	\$452,331	\$450,000	\$500,000
WAGE & EARNED INCOME TAX ON RESIDENTS	\$1,836,344	\$1,930,546	\$2,043,473	\$1,986,887	\$2,000,000	\$2,055,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC	\$1,060,580	\$1,100,000	\$1,100,000	\$1,250,000	\$1,350,000	\$1,350,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS	\$400,000	\$410,000	\$415,000	\$514,000	\$555,000	\$570,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - WATER	-	-	-	-	-	-
POLICE FINES & FEES	\$173,245	\$174,840	\$162,140	\$173,500	\$159,579	\$159,000
AMBULANCE FEES & CHARGES	\$1,166,040	\$1,142,512	\$1,193,438	\$1,291,000	\$1,710,865	\$1,219,000
SAFER GRANT	\$622,143	-	-	-	-	-
MOTOR EQUIPMENT FUND REBATE (INCLUDES 2.5 MIL OF FIRE TAX)	\$530,000	\$530,000	\$520,000	\$537,400	\$542,900	\$559,350

The 2019 Budget calls for an increase in the Payments in Lieu of Gross Receipts Taxes from the Gas Department, but not the Electric Department. This is not a preferred funding method