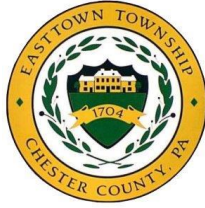


Easttown



Township

EASTTOWN CITIZEN'S ADVISORY COMMITTEE

Regular Meeting Agenda

Monday, February 13, 2023, 6:15 p.m.

- 1. Call Meeting to Order**
- 2. January 09, 2023 Minutes**
- 3. Schematic Design Discussion**
- 4. ECAC Projects 2023 – Further Discussion of Alternative Revenue Sources**
- 5. Public Comment**
- 6. Announcement**
 - A. Next regularly scheduled meeting is March 13, 2023, 6:15 p.m.**
- 7. Adjournment**

ECAC Meeting Minutes January 9, 2023 DRAFT

Present ECAC Attendees: Tom McGurk, Sarah Henry, Hal Ward (via Zoom), Pete Motel, Michael Novak, Alessandra Nicolas

Absent ECAC Members: Bob Winters

Township Staff: David Fiorenza

Present Board of Supervisors Liaison: Erik Unger

Called Meeting To Order- Tom McGurk

Regular Business

Consideration of November 14, 2022 Minutes- Approved, with minor corrections

Welcome New Member – Michael Novak

Schematic Design Discussion-

Costing of project has begun and reasoning was discussed. The numbers that were offered were \$20 million, with \$15.4 for the project itself. The original idea of contingency was a 10% variable to account for inflation. The actual variation provided was 25%.

The BOS felt that it would merit going back and analyzing different tranches of costs because the cost would be too high at that level. The supervisors also suggested revisiting prior contingency plans, and rethinking using existing office space given current market conditions.

Among the suggestions made were separating police administration and police operations, and asking for various iterations at different price points.

It was requested that HSA have a workshop to prioritize absolute needs vs wants, with police needs as primary driver. This will be presented at next week's BOS meeting, where approval will be sought for a date TBD for the workshop.

ECAC Projects 2023 – Alternative Revenue Sources

David Fiorenza identified several specific areas that could contribute to the general fund (EIT, Local Services Tax, occupation tax, per-capita tax, amusement tax, payment-in-lieu-of program) and also would make sense administratively. The goal is to be both fair and equitable, to be sensitive to bond rating considerations. David proposed requesting initiating a consulting firm to explore these contingencies. This was last done in 2009. This would not mean definitively implementing such taxes, but would fulfil the need to explore impacts. Also suggested was the need for a detailed communications effort to the public.

It was requested that the township would engage an external consulting organization to make recommendations, and the ECAC would explore options.

Fee In Lieu of Sidewalks – McMahon Report November 2018

David Fiorenza: McMahon findings report is believed to be reliable for continued use in budgeting.

Public Comment- None

Next regularly scheduled meeting is February 13 2023 at 6:15 PM

Conclusion & Adjournment

Prospective Finance Consulting for Easttown Township – Tax Issue

General:

1. What is the general form of an EIT (typical range of percentages, types of income, shared with TESD, etc.)?
2. Who implements it (typical companies in the area or nation)?
3. How is it implemented (initial, ongoing, schedule, lead time, demonstration of revenue, etc.)?
4. What is its pattern of use (nation, region, historical, etc.)?

Particular:

1. How much money can it raise in Easttown?
2. What percentage of Easttown citizens already pay it?
3. What percentage of Easttown citizens will not pay it (because they have no income)?
4. What local neighbors use it and how much do they raise?

ECAC Agenda item

February 13, 2023

Easttown Township

Public Hearing Concerning an
Earned Income Tax
October 2009

Easttown Township

Public Hearing Concerning an Earned Income Tax

Local Taxes Available to Easttown Township

- Real Property Tax levied on Real Estate Assessed Values
- Earned Income Tax levied against earned income and net profits
- Realty Transfer Tax levied on the sale value of real estate
- Occupation Tax levied on an occupation's "value"
- Amusement Tax levied on admissions to entertainment
- Mechanical Devices Tax levied on coin operated devices
- Local Services Tax levied upon employment within municipality
- Per Capita Tax levied on a per person basis with exceptions

Easttown Township

Public Hearing Concerning an Earned Income Tax

Realty Transfer Tax

The realty transfer tax is a tax on the sale price of real estate.

- The maximum levy is 1 percent of the sales price.
- If both the municipality and school district levy this tax, both must share the 1 percent.

Easttown receives 0.5% on the sale of all taxable properties in the Township.

Easttown Township

Public Hearing Concerning an Earned Income Tax

Mechanical Devices Tax

The mechanical devices tax is a tax on coin-operated machines of amusement, such as jukeboxes, pinball machines, video games, and pool tables. The tax rate is set as a percentage of the price to activate the machine.

Given the limited number of venues for such machines and the cost of collection, it seems unlikely that the Mechanical Devices Tax would generate much revenue.

Easttown Township

Public Hearing Concerning an Earned Income Tax

Local Services Tax Estimated Revenue

According to U.S. Census Bureau Data:

- Approximately 4,600 primary jobs in Easttown Township before estimating the effect of the mandatory exclusion for earnings less than \$12,000 a year.
 - The Township believes this number to be considerably less, based on a review of sanitary sewer customers the estimated number of employees at each location.
- Approximately 3,550 primary jobs in Easttown Township may be subject to a local services tax.

Easttown Township

Public Hearing Concerning an Earned Income Tax

Occupation Tax

The occupation tax is typically levied as a flat rate tax and can be shared evenly with school district.

- Every person who works pays the same amount, regardless of their occupation.

- The maximum levy at flat rate is \$10 per person.

With about 4,600 residents employed as of the 2000 census, the most Easttown could hope to receive through an Occupation Tax would be roughly \$46,000 if levied at the flat rate, less the cost of collection (2%) and delayed or uncollectible revenues (25%).

Potential revenue from an Occupation Tax in 2010: \$33,810

Easttown Township

Public Hearing Concerning an Earned Income Tax

Earned Income Tax

The earned income tax is levied only on residents' earned income (such as wages, salaries, or other reimbursements for work) and certain net profits.

- Unearned income, such as interest, dividends, pensions, and social security are exempt from the tax.
- Unlike the federal or state income taxes, the earned income tax allows no exemptions or standard deductions.
- Non-residents who work in the jurisdiction but do not pay an earned income tax in their "home" jurisdiction are subject to the local tax. Easttown residents are subject to the tax if their place of employment levies this tax.

Easttown Township

Public Hearing Concerning an Earned Income Tax

Estimated Revenue From An Earned Income Tax

- Estimated Earned Income by residents of Easttown Township:
\$368,642,832
- Estimated Earned Income by residents working in the City of Philadelphia and therefore not subject to a local Earned Income Tax (Sterling Act): \$61,187,772

Easttown Township

Public Hearing Concerning an Earned Income Tax

Estimated Revenue From An Earned Income Tax

- Estimated Earned Income by residents not already paying a City Wage Tax or a local Earned Income Tax: \$195,543,891

- Total Estimated Earned Income tax (at 1%) generated (but not necessarily collected) in calendar year 2010: \$3,074,550
 - Berkheimer: \$862,274
 - Centax: \$256,837
 - New: \$1,955,439

Easttown Township

Public Hearing Concerning an Earned Income Tax

Local Taxes Available to Easttown Township

	Tax Revenue Attributable to 2010	Tax Revenue Collected in 2010
Occupation Tax	\$46,000	\$33,810
Local Services Tax	\$180,908	\$135,681
Per Capita Tax	\$76,000	\$55,860
Earned Income Tax	\$3,074,551	\$1,341,732
Total	\$3,377,459	\$1,567,083

Easttown Township

Public Hearing Concerning an Earned Income Tax

Supporting Sources

- Letter from Berkheimer with EIT Estimates for Easttown Township
- Berkheimer report of EIT withheld from Easttown Township residents working in other municipalities serviced by Berkheimer
- Centax email and report of EIT collected from Easttown Township residents working in other municipalities serviced by Centax
- Supporting calculations (spreadsheet) regarding estimated EIT Collections, prepared by Township Staff with assistance of Pennsylvania Economy League
- Map of Commonwealth of Pennsylvania with Political Subdivisions, highlighting those municipalities without a local EIT
- Commonwealth of Pennsylvania, Bureau of Municipal, Tax Rate Summary for Calendar Year 2009