

Joint Committee Meeting Mt. Penn Borough and Lower Alsace Township



September 2012
Pennsylvania Economy League, Inc.

Major Issues to be Considered



- Differences between merger and consolidation
- General governance issues
- Relationships between and among the municipalities, police commission, authorities, boards, etc.
- Pro forma budget and tax consequences
- Assets, debt and infrastructure review
- Transition issues and policies
- Final process for referendum

September Meeting



- Differences between merger and consolidation
- General governance issues and existing tax structure

Merger or Consolidation

- Merger
 - One municipality joins the other
 - One municipality “goes out of business”
 - Name, structure and class of the remaining municipality is unchanged
 - Uniformity in taxation must apply to remaining municipality

Merger or Consolidation



- Consolidation
 - Both municipalities “go out of business”
 - New municipality is formed
 - Name, structure and class of the new municipality to be determined by the joint committee
 - Uniformity in taxation must apply to remaining municipality

Merger



If merger results in a Borough form:

- Seven member council, elected at-large
- Four-year terms of office
- Elected Mayor, Council has most powers
- Name will be Borough of Mt. Penn

Merger



If merger results in a Township form:

- Three Supervisors, elected at-large
- Six-year terms of office
- Supervisors are both legislative and executive
- Name will be Lower Alsace Township

Consolidation

Different Forms Available

Borough Council

- Seven member council
- Elected by ward or at-large
- Limits under Borough Code
- Elected Mayor, Council has most powers
- Name = ?

Township Supervisors

- Three Supervisors, at-large
- Five Supervisors by referendum
- Limits under Second Class Township Code
- Supervisors are both legislative and executive
- Name = ?

Governance



Differences in government structure and taxes

- Borough
 - Real Estate Millage limit of 30 mills
 - Act 511 Tax limits apply
 - Earned income tax, real estate transfer, per capita, local services, business privilege and mercantile
 - Other Borough Code taxes available
 - Special purpose millage
 - Not exactly the same special purpose taxes as Township

Governance

Differences in government structure and taxes

- Second Class Township
 - Real Estate Millage limit of 14 mills
 - Act 511 Tax limits apply
 - Earned income tax, real estate transfer, per capita, local services, business gross receipts
 - Other Second Class Code taxes available
 - Special purpose millage
 - Not exactly the same special purpose as in Borough

2012 Tax Rates

	Lower Alsace		Mount Penn	
General Purpose Real Estate Tax	5.7500	Mills	6.400	Mills
Debt Service Real Estate Tax	0.6800	Mills	--	Mills
Fire and Equipment Tax	0.2500	Mills	1.0000	Mills
Total Real Estate Tax Millage	6.6800		7.4000	
Fire Hydrant Tax	0.6990	Mills	Not Authorized	Mills
Earned Income Tax (EIT)	0.5000	%	0.5000	%
Local Services Tax (LST)	52.00	\$	52.00	\$
Realty Transfer Tax	0.5000	%	0.5000	%
Per Capita Tax	5.00	\$	5.00	\$
Mercantile/Business Privilege Tax				
Retail Maximum Rate	Not Authorized		1.500	Mills
Wholesale Maximum Rate	Not Authorized		1.000	Mill

Source DCED

2012 Tax Revenue Comparison

	Lower Alsace		Mount Penn	
General Purpose Real Estate Tax	5.7500	Mills	6.400	Mills
Debt Service Real Estate Tax	0.6800	Mills	--	Mills
Fire and Equipment Tax	0.2500	Mills	1.0000	Mills
Total Real Estate Tax Millage	6.6800		7.4000	
Assessed Valuations				
Lower Alsace	\$	166,512,900	64.5%	
Mt. Penn	\$	91,722,000	35.5%	
Merged	\$	258,234,900	100.0%	
Total Real Estate Tax Revenue				
Lower Alsace	\$	1,112,306	At 2012 Rates	
Mt. Penn	\$	678,743		
Merged	\$	1,791,049		
Total Real Estate Tax Revenue			At Lowest Rate	
Lower Alsace	\$	1,112,306		
Mt. Penn	\$	612,703		
Merged	\$	1,725,009		
Difference Between Merged and Separate	\$	(66,040)	-3.7%	