

**College Heights Association, Greentree Association, Highlands Civic Association,
Holmes-Foster Neighborhood Association, State College South Association,
Tusseyview Neighborhood Association and Vallamont/State College Neighborhood Association**

MUNICIPAL SELF-DETERMINATION

Town Hall Meeting

August 17, 2017

AGENDA

- **Introductions**
- **Presentation**
- **Discussion and Questions**

OBJECTIVE

Provide information on an initiative to increase municipal self-determination and gauge resident interest and level of support.

MUNICIPAL SELF-DETERMINATION

The ability of local communities to have the authority to levy consumption taxes and have authorization to implement mechanical/electrical devices to support safety and ordinance enforcement.

BACKGROUND

In Pennsylvania, there are two types of municipalities:

- **Counties**
- **Municipal Organizations**

COUNTY - MUNICIPAL DESIGNATIONS

First Class Counties: > 1.5 million = Philadelphia	Municipal Designations
Second Class: 800,000 – 1,500,000 million = Allegheny	First Class Cities = Philadelphia
Second Class A (2-A): 500,000 -799,999 = Bucks, Delaware and Montgomery	Second Class Cities = Pittsburgh
Third Class: 210,000 – 499,999	Second Class A Cities = Scranton
Fourth Class: 145,000 – 209,999 = Centre	Third Class Cities = 53
Fifth Class: 90,000 – 144,9999	Boroughs (State College) = 959
Sixth Class: 45,000 – 89,999	1 st and 2 nd Class Townships = 1,546
	Towns = Bloomsburg

PA UNIFORMITY CLAUSE

Article VIII, PA Constitution:

“All taxes shall be uniform, upon the same class of subjects, within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws.”

SAFETY ENHANCEMENTS

- **Red Light Cameras (PA title 75 Sec 3116 & 3117)**
 - Philadelphia + Abington +10 municipalities within 1st – 3rd class counties.
 - Does this safety measure require such strict control?
 - Cost versus benefit?
 - Must be approved by Penn Dept of Transportation
- **RADAR/LIDAR (PA 75 Sec 3368)**
 - PA the only state that does not allow local police use of radar/LIDAR for traffic enforcement.
 - House Bill 970 sent to Judiciary Committee on March 27, 2017 would allow municipal police to use mechanical/electrical speed monitoring devices.

HOW DOES THIS IMPACT ME?

- **Why should I care?**
 - **By ONLY allowing certain class of counties/municipal organizations to have additional taxing authority + use red light cameras, the PA Assembly has given certain parts of the state more autonomy.**
 - **Less autonomy – self-determination limits local government’s control of safety and financial tools to service their constituents.**

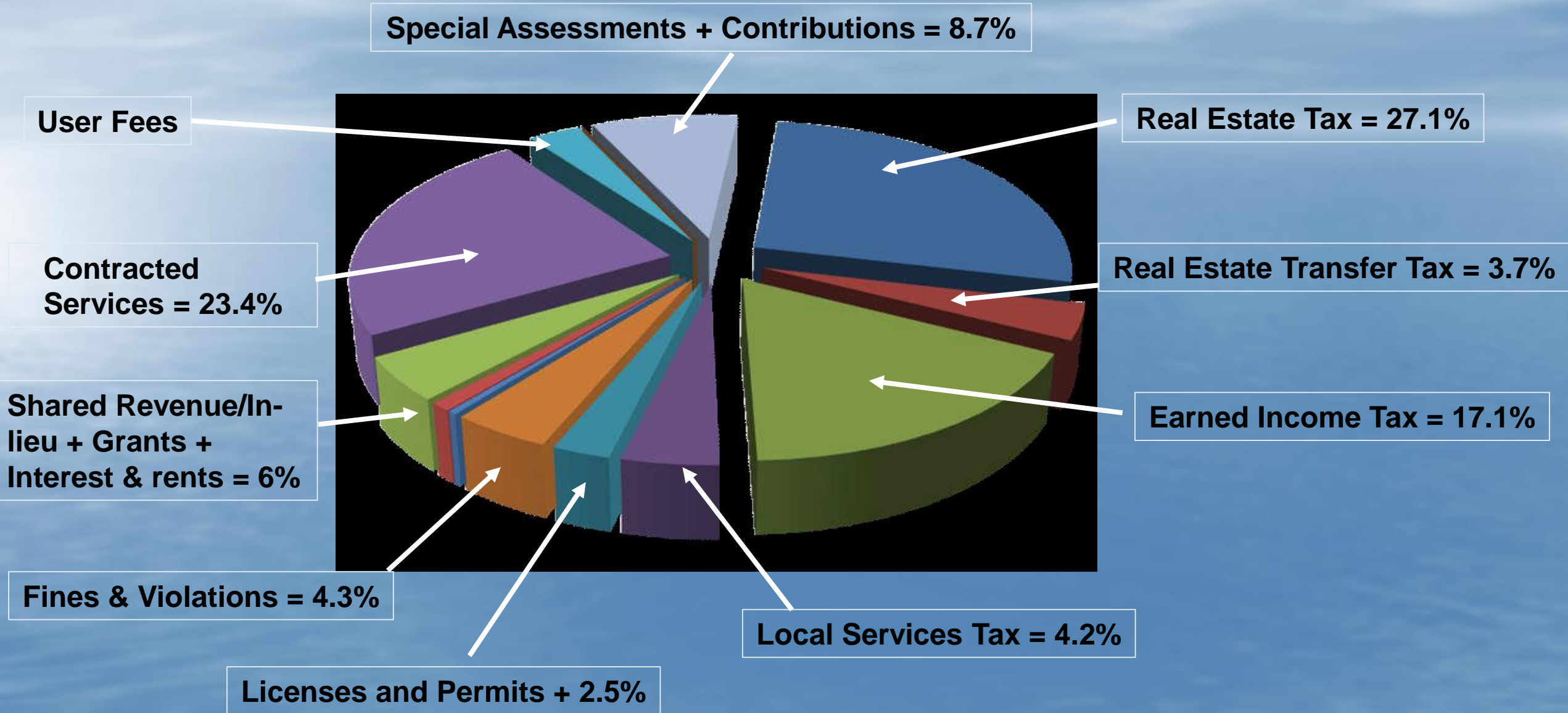
HOW DOES THIS IMPACT ME?

- **Other than 1st and 2nd class cities, all other municipal designations can only generate tax revenue via:**
 - **Property taxes**
 - **Earned income taxes**
 - **Local Services Tax**
 - **Land transfer tax**
- **In order to balance growing expenses with stagnant/decreasing revenue, Council/staff are limited on how to raise additional revenue.**

THE BOROUGH REVENUE STREAMS

- **Property taxes = 16.4 mills.**
 - **2014: 11.04 mills to 14.4 mills (+30%).**
 - **2015: 14.4 mills to 16.4 mills (+14%).**
 - **Homestead Exemption = \$25,000.**
 - **1 mill = approximately \$465K.**
- **Earned Income Tax = 2.25%.**
 - **Borough = 1.3%. School District = .95%.**
- **Local Services Tax (LST) = \$52.00/year.**
 - **Borough = \$47. School District + \$5.**
 - **Exempt < \$12,000/year.**
- **Land Transfer Tax = 1.5% (2015 increase from 1.25% to 1.5%)**

REVENUE SOURCES



BOROUGH CHALLENGES

- **4.5 square miles, limited land for development.**
 - **High density development = + real estate taxes/??? Costs**
 - **42% of Borough property is tax exempt.**
- **Demographics**
 - **Migration = Loss of earned income taxes/increased service costs?**
 - **70% of population < 24 years old.**
- **Without additional sources of revenue:**
 - **Increase property taxes --- more migration.**
 - **Change to earned income tax rate/calculation...more migration**

CONSUMPTION TAX OPTIONS

- **County-wide sales tax of 1%.**
 - Potential county revenue in excess of \$6 million.
 - SC “could” get >\$2 million.
 - “Could” support SC police services, infrastructure and/or property tax relief.
 - Philadelphia = 2%. Pittsburgh = 1%.
- **Alcohol “tax”**
 - Per SCPD, 2/3 of offenses/citations are alcohol related.
 - Point of sales alcohol tax would include state stores and restaurants and bars/taverns.
 - “Could” support police services, infrastructure, improvements to downtown and/or property tax relief.
 - Impact ??.
 - Push back from restaurants, bar and tavern owners.
 - Phil = 10%. Allegheny County = 7%.

CONSUMPTION TAX OPTIONS

- **Hotel Tax**
 - **Centre County tax = 2.5%. State authorization = 5%.**
 - **Earmarked to local visitor/convention bureaus to support tourism initiatives.**
 - **Grants to local municipalities.**
 - **2016 County-wide Hotel Tax Revenue = \$1,910,790.**
 - **2016 SC hotel tax revenue = \$839,323 @ 2.5%.**
 - **Add 1% for the Borough = \$335,729. 2% = \$671,458.**
 - **Philadelphia**
 - **Hotel Occupancy Tax = 1% city + 6% state.**
 - **City Hotel Room Rental Tax = 8.5%.**
 - **Pittsburgh**
 - **Sales and Use Tax = 1% city + 6% state.**
 - **Transient Occupancy Tax = 7%.**

CONTINUING AND CURRENT INITIATIVES

- **Borough**
 - **Direct lobbying to Senator Corman and Reps Benninghoff and Conklin.**
 - **Issue of PA Municipal League.**
 - **Results = ??**
- **Borough + Coalition**
 - **PA Municipality Sustainable Revenue Sources Steering Committee**
 - **Boroughs of State College, Indiana, Millersville, Kutztown and West Chester + Town of Bloomsburg**
 - **First Meeting on July 11th. Next meeting scheduled for Sept 15th.**

WHAT IS NEXT?

- **Is this issue of local self-determination something that I as a resident feel strongly about?**
 - **Yes – more local autonomy is a good thing.**
 - **No – more ways to fine and tax are not good things.**
- **If this issue is to gain traction, resident involvement is crucial.**
- **Must impress our local legislators that this is a priority – demand action.**
- **Next step = coordinated Borough Council/staff + residents + legislators
Town Hall Meeting to articulate our concerns and voice our demands for action.**

COMMENTS & QUESTIONS

STATE COLLEGE BOROUGH

- **Size:** 4.5 square miles. **Population in 2010:** 42,034
- **Daytime Population:** 60,000 **Student population:** 27,000 (70%)
- **Density:** ~9,500 people per square mile
- **Students Living Off Campus:** > 31K
- **University enrollment:** > 46K
- **University employees:** >11,000
- **9,500** rental permits **2,600** single-family homes
- **465** single-family rentals (19% of all single family homes)
- **204** single-family homes registered as student homes

Figure 2: Number of Family Households in Centre Region Municipalities 1970-2010

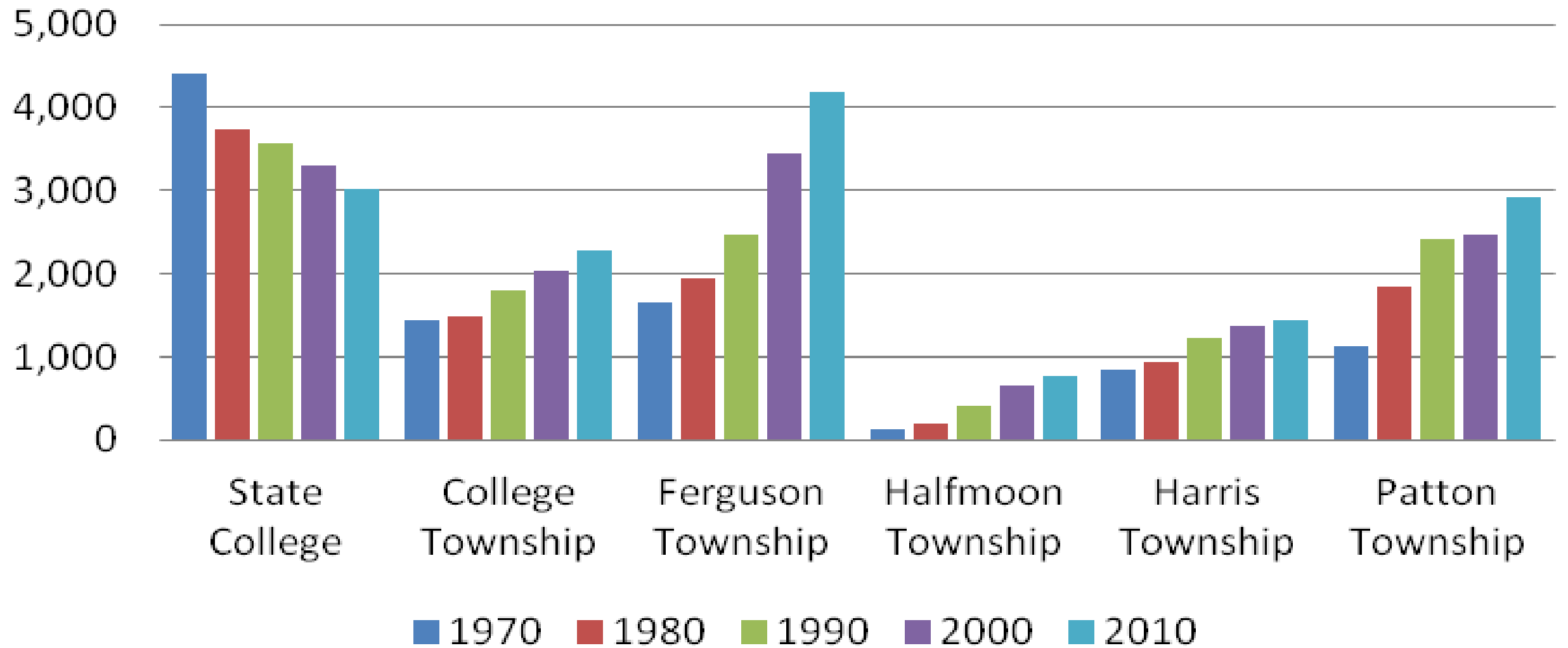
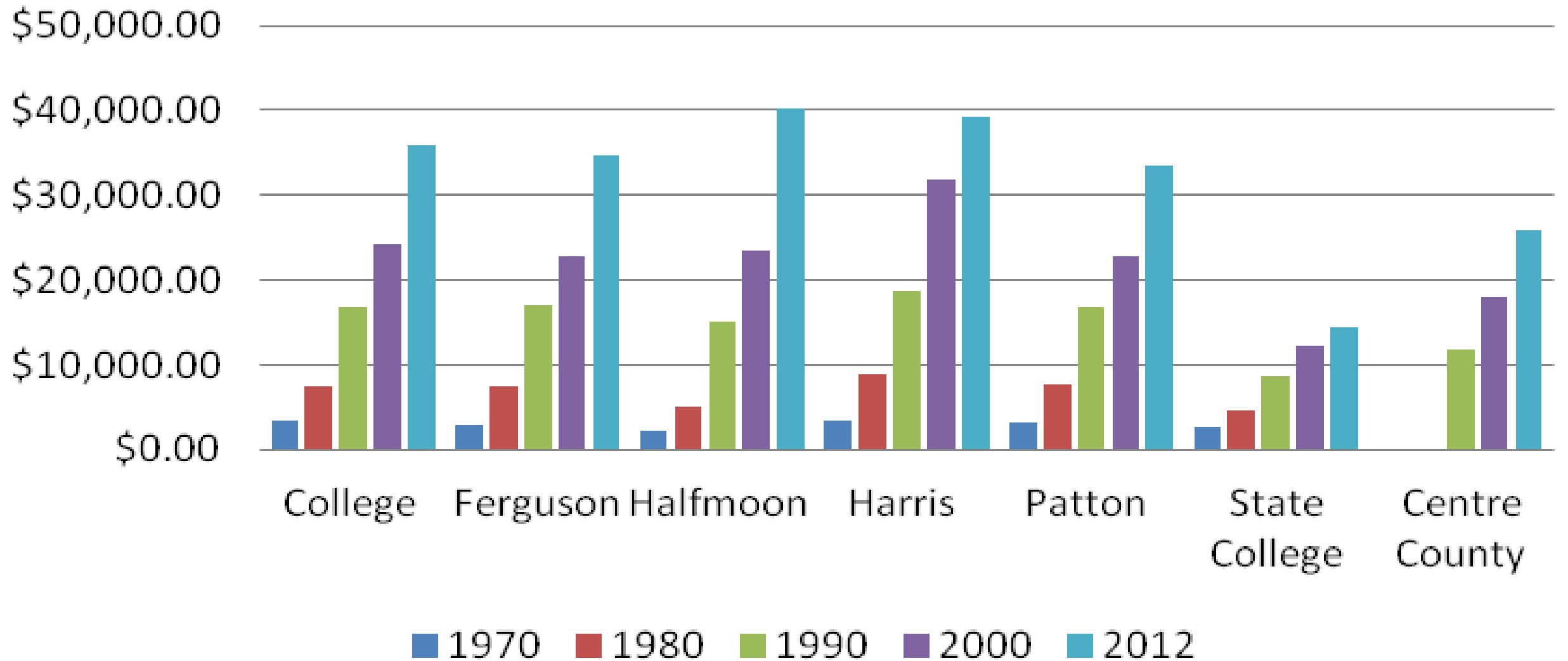
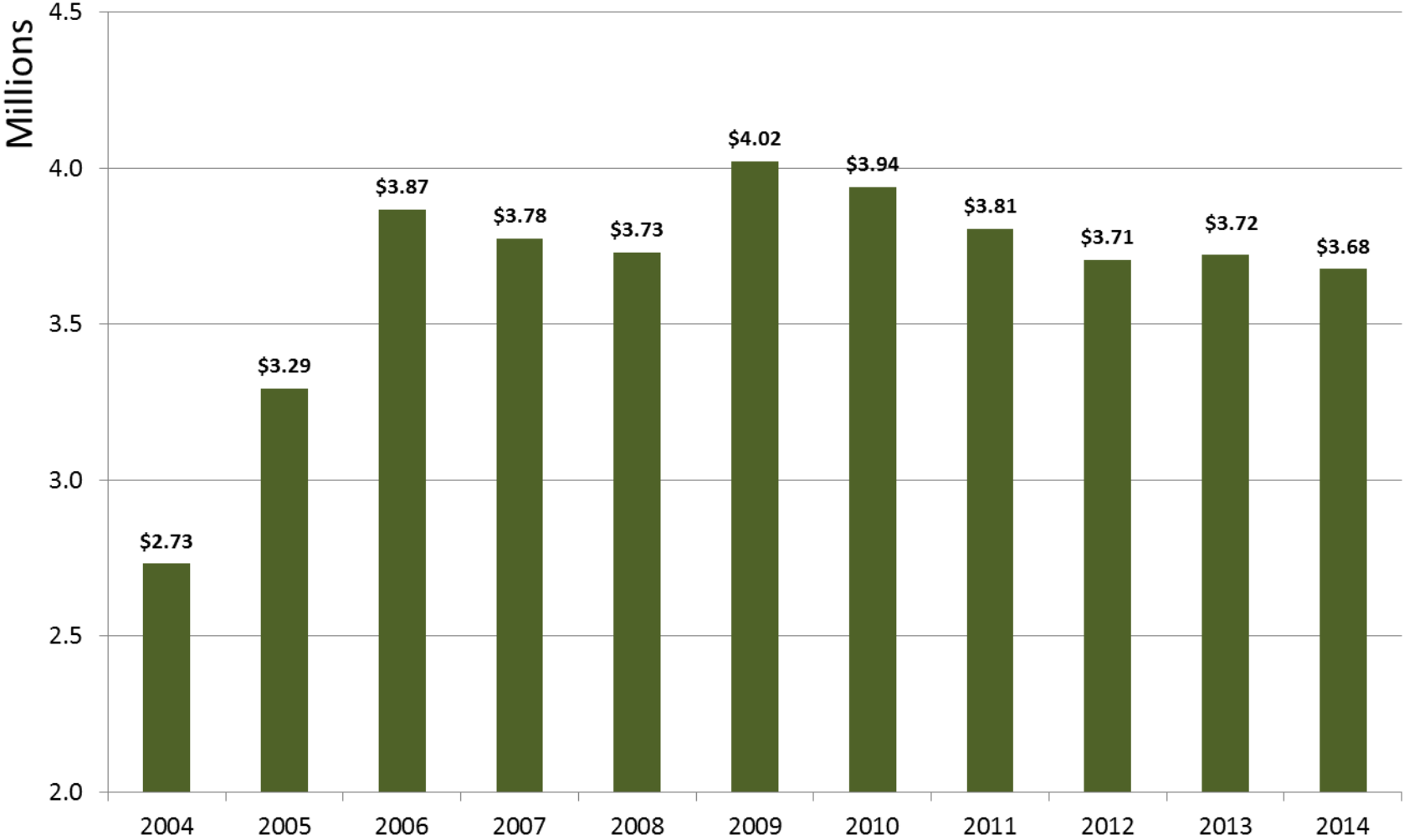


Figure 4: Per Capita income in Centre Region Municipalities 1970-2012



Real Estate Tax Revenue

(constant dollars)



SOURCE: State College Borough Annual Financial Reports