Earned Income Tax Presentation

June 25, 2025

SUPERVISOR RESPONSIBILITIES

The need for more revenue is driven by our legal requirements to provide certain **vital services** (i.e., fire, EMS, roads) as per the Second Class Township Code, our need to support day-to-day operations, and our values when planning (capital improvements and the Regional Comprehensive Plan). Presently, we have little to no discretionary income to fund programs that would be of value to the community.

SUPERVISOR RESPONSIBILITIES (CON'T)

- Under State law, supervisors are not to use a referendum to make difficult decisions.
- Decisions must be made by a majority (i.e., 3 out of 5) of the Board of Supervisors at a public meeting.
- Decisions the State gave voters to decide:
  - Allowing the sale of liquor licenses
  - Increasing the Fire Tax to >3 mills & Ambulance Tax to >.5 mills
  - Levying an Open Space Tax
  - All questions of merger (i.e., Takeover) and consolidation (i.e., New government).
    - Consolidation & Merger Act of 1994

(PSATS's *Morning News*, 5/15/2025)

FINANCIAL CONSIDERATIONS

✓ We must pay close attention to the distribution of the tax/fee burden across different groups of residents and businesses (property tax/ EIT/ business tax/ fees for services).

- *70 of the 73 townships in Chester County have implemented an EIT as a less burdensome way to generate necessary income. 94% of the 2,560 municipalities in the state have an EIT.*

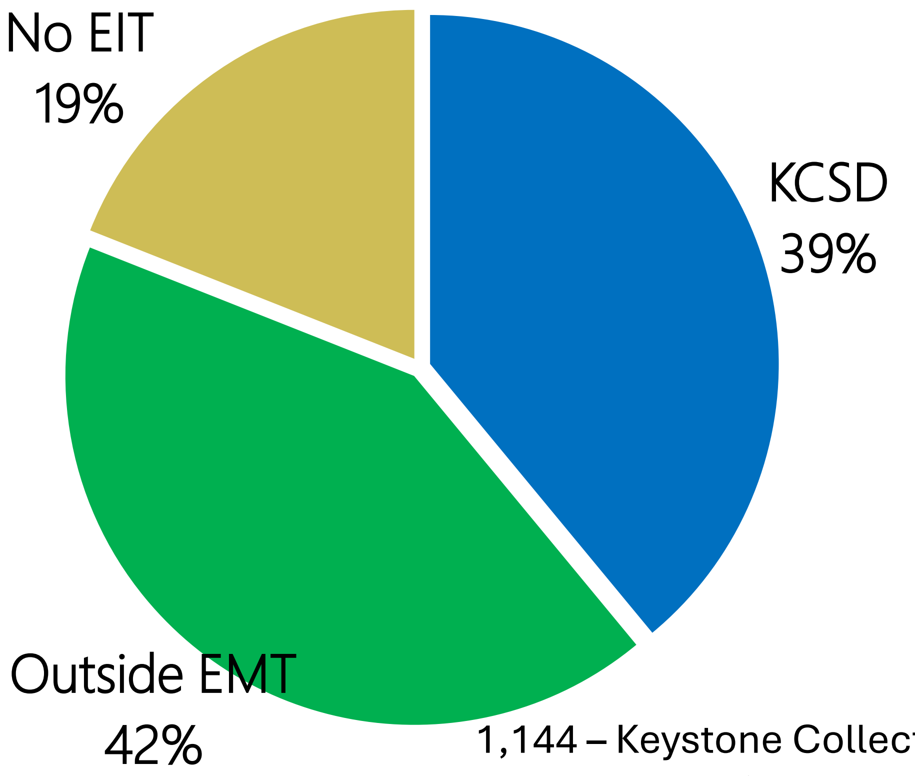
✓ With the addition of increased tariffs, a flat-rate tax on businesses' gross receipts would create an undue burden for these business owners, your neighbors.

- The 3 Largest Employers and the Largest Landowners are:
  - Longwood Gardens (>676 ac.) – $7,000 property tax paid (*LWG revenue*)
  - Unionville-Chadds Ford School District (>330 ac.) – No property tax paid
  - UPenn, New Bolton Ctr (>360 ac.) – $105 property tax paid (*UPenn rev.*)
  - >1,370 acres tax-exempted or significantly credited as Not-For-Profit

✓ Fees for Service (Permits/ Sewer/ Impact Fees) by law may *not* generate general revenue for the township.

EIT SNAPSHOT

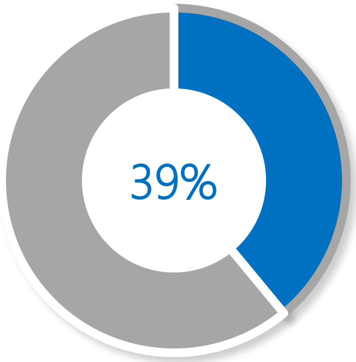
Property Tax Breakdown
(Per Berkheimer 2025 tax bills)



1,144 – Keystone Collections collects
129 – Berkheimer collects
64 – Lancaster Co. Tax Bureau collects
1,333 taxpayers pay EIT outside of EMT

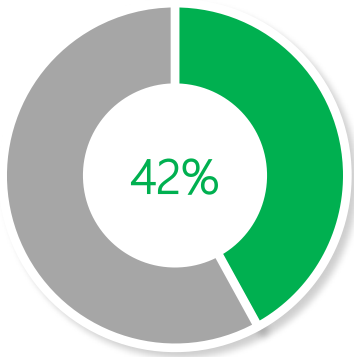
	PERCENTAGES
1,248 taxpayers pay KCSD 1% EIT	39%
1,333 taxpayers pay EIT outside EMT	42%
620 taxpayers do not pay EIT	19%
3,201 tax bills sent by Berkheimer	100%

EIT SNAPSHOT
VER. 2



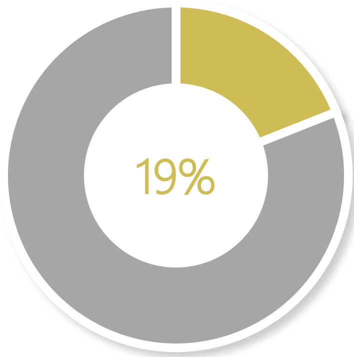
Pay KCSD 1% EIT

Of the 3,201 Berkheimer Real Estate Taxpayers, **1,248** already pay a 1% EIT to Kennett Consolidated School District (KCSD).



Pay EIT Outside of Twp.

Of the 3,201 Berkheimer Real Estate Taxpayers, **1,333** already pay EIT to a taxing authority outside of the Township that does not go to KCSD.

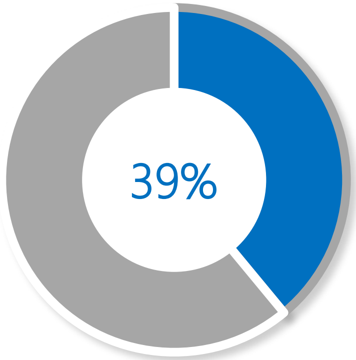


Do Not Pay EIT

Of the 3,201 Berkheimer Real Estate Taxpayers, **620** do NOT pay an EIT.

EMT TAXPAYERS CURRENTLY PAY 1% EIT TO KCSD

Number of taxpayers	1,248
Percent of Taxpayers	39%
EIT that would be paid to EMT	$444,912
<u>Average</u> payment per taxpayer to EMT	*No Change* *$713*



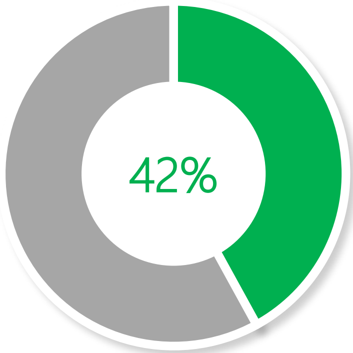
Pay KCSD 1% EIT

Of the 3,201 Berkheimer Real Estate Taxpayers, 1,248 already pay a 1% EIT to Kennett Consolidated School District.

EMT TAXPAYERS CURRENTLY PAYING EIT TO A JURISDICTION OTHER THAN KENNETT AREA SD

Number of taxpayers	1,333
Percent of Taxpayers	42%
EIT that would be paid to EMT	$908,453
Average payment per taxpayer to EMT	$682

**If the taxpayer is already paying 1%, there will be no change; however, if they are paying 0.5%, they could see an increase.*

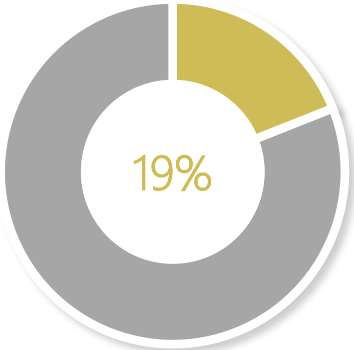


Pay EIT Outside of Twp.

Of the 3,201 Berkheimer Real Estate Taxpayers, 1,333 already pay EIT to a taxing authority outside of the Township that does not go to KCSD.

DO NOT PAY EARNED INCOME TAX

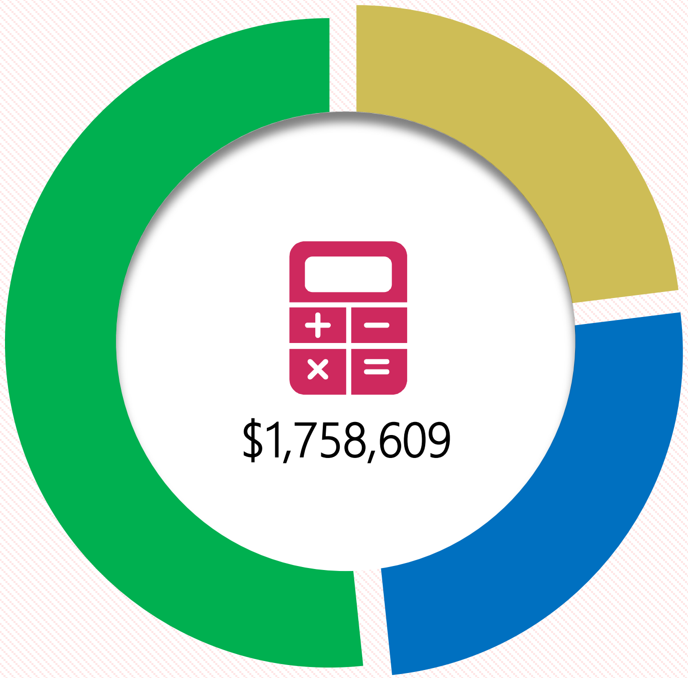
Number of taxpayers	620
Percent of Taxpayers	19%
EIT that would be paid to EMT	$405,244
Average payment per taxpayer to EMT	$654



Do Not Pay EIT

Of the 3,201 Berkheimer Real Estate Taxpayers, 620 do NOT pay an EIT.

BREAKDOWN OF POSSIBLE EIT COLLECTION



- $444,912 – Kennett Consolidated SD
- $908,453 – Pay EIT to Outside Jurisdiction
- $405,244 - Do Not Pay EIT that has a Tax Bill

Total potential revenue redirected to EMT
$1,758,609

CAPTURED EIT DOLLARS

SNAPSHOT

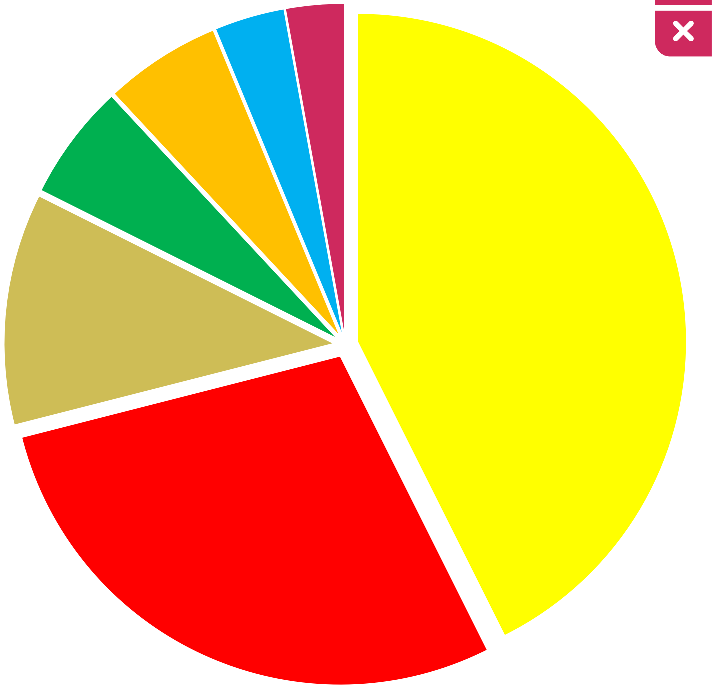
$3.34 returned from existing EIT payees for every $1.00 paid by a new EIT payee

- $444,912 – Kennett Consolidated SD*
- $908,453 – Pay EIT to Outside Jurisdiction*

*=$1,353,365 already paid by property owners

- $405,244 - Do Not Pay EIT that has a Tax Bill

EIT DISTRIBUTION BREAKDOWN
BY CAPITAL IMPROVEMENT PLAN



$1,758,609

		PERCENTAGES
$750,000	Roads & Bridges (20 Yr. Road Maintenance & 8 Twp Bridges)	43%
$500,000	Fleet Management (Public Works & Police)	28%
$200,000	Wastewater (Conveyance Upgrades, New Bonds)	11%
$100,000	Buildings & Properties (Parking, HVAC, Workspace Analysis)	6%
$100,000	Parks & Recreation (Master Plan, Maintenance, Equipment)	6%
$60,000	Stormwater Management (Per DEP Approved Permitted Plan)	3%
$50,000	Technology & Innovation (File Digitization, Online Permitting, Website)	3%

Fleet Replacement Thru 2033 (2025 dollars)

2026	2027	2028	2029	2030	2031	2032	2033
$ 400,000	$ 300,000	$ 300,000	$ 227,000	$ 400,000	$ 600,000	$ 350,000	$ 400,000

Total Fleet Replacement = $3 Million

Capital Improvement Projects Thru 2029 (2025 dollars)

SUBTOTALS	2023	2024	2025	2026	2027	2028	2029	2023-2029 TOTAL	2025-2029 REMAINING TOTAL
Total - Wastewater	$ 1,490,000	$ 43,000	$ 362,000	$ 25,000	$ 100,000	$ 100,000	$ 100,000	$ 2,220,000	$687,000
Total - Fleet Management	$ 172,300	$ 390,000	$ 336,000	$ 400,000	$ 300,000	$ 300,000	$ 227,000	$ 2,125,300	$1,563,000
Total - Buildings & Properties	$ 1,405,575	$ 162,075	$ 105,575	$ 25,000	$ 25,000	$ 60,000	$ 60,0000	$ 1,843,225	$275,575
Total - Roads & Bridges	$ 1,600,000	$ 440,000	$ 360,000	$ 360,000	$ 360,000	$ 360,000	$ 360,000	$ 3,840,000	$1,800,000
Total - Parks & Recreation	$ -	$ -	$ 12,000	$ 12,000	$ 40,000	$ 100,000	$ 100,000	$ 264,000	$264,000
Total - Stormwater	$ 140,000	$ 131,000	$ -	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 391,000	$120,000
Total - Technology & Innovation	$ 5,000	$ 10,000	$ -	$ 20,000	$ 60,000	$ 20,000	$ -	$ 115,000	$100,000
CIP Budget 2023-2029	$ 4,812,875	$ 1,176,075	$ 1,175,575	$ 872,000	$ 915,000	$ 970,000	$ 877,000	$ 10,798,525	$4,809,575

Township Board of Supervisors

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