

Frequently Asked Questions about Taxes

1. Why does the Borough of Chambersburg keep raising taxes?
The Borough of Chambersburg does not keep raising taxes. Perhaps you are having your taxes raised by others such as Franklin County or the Chambersburg Area School District. Prior to 2014, the Borough did not raise taxes for seven consecutive years.
2. Why do I pay so much in taxes?
In 2014, 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 the employees of the Borough and most of the equipment of the Borough is owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). Your taxes do not support any utility operations, personnel or equipment. Further, as this document reveals, the Borough's utility rates are very reasonable.
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?
All real estate taxes prior to 2014 were used exclusively to support the Police Department. No real estate taxes were used for any other purpose. Beginning in 2014, a portion of real estate taxes will also be used to support equipment and vehicles for the Emergency Services Department. No portion of real estate taxes will be used for any other purpose other than the Police Department or to support equipment and vehicles for the Emergency Services Department. Not to pay for streets, or parks, or utilities, or any other employees of the Borough; such as the Borough Manager or anything else.

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 set tax on wages earned by

those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred.

Together, along with fees and fines, these categories make up the only revenues of the Borough.

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, the Borough receives very little grant money. However, in 2012-2014, the Borough was lucky to be awarded a one-time U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER) Grant. These proceeds have really helped control costs in the General Fund.

8. Does not 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 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, these property owners add to the economic vitality of our community but 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.

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 service. 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 tax payers?

We agree that the system is broken. If not but for the painful tax increases in this budget and the 2012-2014 SAFER Grant, there would be no way the Borough could afford our police and fire services. Something must change in the next few years.

13. Why don't 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.

14. Can the Borough get rid of our Police Department or our fire department?

No, it is not practical or legal at this point. Also, an arbitrator ruled against firefighter layoffs until at least 2016. Further, we are skeptical that the Pennsylvania State Police and the dwindling number of committed volunteer firefighters will be sufficient to protect the townships or the Borough in decades to come. The best new system would be a united system of Borough paid fire fighters, Borough police officers, and regional volunteers all working in one organization; a regional effort. We support the growth of regional police and fire solutions based on an expansion of *our services into* the townships; one Chambersburg "area" force.

To that end, in the proposed 2014 budget, I 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**. I hope this new service will be a precursor of our future cooperation. I hope the public supports 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 good will.

16. If the Borough has a police tax and a fire 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 and the Recreation Department. 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. Highway construction projects are done with Highway Aid (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 and storm water drainage on Borough streets without a dedicated funding source is very challenging. Much of the Recreation Department is self-supporting with user fees; such as the Memorial Park Pool. Finally, the Land Use and Community Development programs are generally supported with fees.

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, and many others. The Borough owns most of the side streets and many of the alleys. The Borough utilities start fixing pipes in all streets about two years before a street is paved. With so many old streets, there are a lot of pipes being fixed at any one time. The Borough only has the State Aid 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 streets 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.

18. Why won't you pave my street?

Most of the streets that are being paved in the Borough are either State owned streets or paid for by grants or developers as they build adjacent projects. The Borough has no dedicated funding source beyond the Highway Aid (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. 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.

19. Why does it take so many employees to work on 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 four (4) full time employees so you are probably seeing contractors who won competitive low bids for projects rather than employees.

20. Why do township residents pay more for using the Memorial Park Pool or other Recreation Department programs?

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. Their tax money comes from both Borough and township residents. In 2009, an agreement was reached where the district stopped supporting the program in exchange for a grant, which ends 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.

21. Why do pool fees go up every year?

Just about everything it costs to run the pool goes up in cost every year. However, all fees are adopted by Town Council in a public meeting.

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 units have negotiated labor agreements with Borough Council or (in the case of the uniform employees of the police and fire service) 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 layoff 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. If you need to raise the Police Tax and start a Fire Tax, how can you afford projects like new windows in City Hall?
These taxes do not pay for things like the upkeep of property. These taxes go only to support the Police Department and to provide fire and EMS equipment and vehicles for the Emergency Services Department. Projects like restoration of our century old historic wooden windows are paid almost exclusively by the utility funds in proportion to their importance in our budget. No real estate taxes were used for this or any other similar purpose. Almost all the projects of the Borough and most of the buildings are owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). The exceptions to that rule are the parks and recreation areas, the firehouses, and the Police Department Annex on S. Second Street.
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. 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 Water or Sewer Department from making similar payments.
25. Are their 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, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services) so their sale would not help the General Fund.