

Why is Langhorne Manor Borough considering adopting a one half of one percent (.005) Earned Income Tax (EIT).

The Council of Langhorne Manor Borough is proposing that we adopt the Earned Income Tax to help us offset the continued rising cost of maintaining the borough services. The major essential expenses that your taxes pay for in the 2025 budget are:

- Police: \$111,900 and borough Office salaries \$45,900. Total **\$157,800**
- Payment of debt incurred to resurface the borough roads (that will be paid off on 10/1/2029) **\$73,992**
- Road maintenance: Maintenance was deferred in 2024. In Nov. 2024 we received a grant for **\$50,000** for 2025 road maintenance.
- Trash pickup: **\$135,000**
- Insurance **\$29,000**
- Storm water management annual consulting fees to prepare DEP Compliance Reports **\$35,000**
- Storm water management Construction of over \$600,000 (Comly Ave & Pine St) paid by grants, **but not for engineering or consulting fees**

Except for the debt repayment, which is fixed, borough costs continue to increase each year. The biggest unidentifiable cost is storm water management, for which the borough has incurred unbudgeted engineering costs of over \$200,000 in the last four years. Prior to 2020, there were no significant storm water management expenses.

However, storm water management is an ongoing mandatory requirement of the Pa Dept of Environmental Protection with which the borough must comply. Future costs are difficult to budget for, as is knowing what future grants will be available. If it were not for the grants, we would have had to borrow the funds to pay for the storm water management construction costs which would have put significant additional pressure on our budget.

Why are you considering an Earned Income Tax. Why not raise real estate taxes as you did this year?

The real estate tax increase was the first increase in at least 20 years and cost our residents an average of \$100 per year per home owner. It was a stop gap measure that was needed because our cash reserves were low and were not enough to pay the budgeted borough expenses in 2025. By itself it would not be enough to cover future cost increases starting in 2026.

Council considered the Earned Income Tax the most painless way of increasing revenue with the lowest cost to our residents. How is that possible? According to Keystone Collections Group, 384 residents are already paying the Earned income tax to other municipalities where they work. Keystone estimates they are paying collectively approximately \$158,000 to other municipalities that now will go to Langhorne Manor Borough and that money will cover our budget for a significant number of years to come. That means the majority of residents will not have any EIT increase at all. The money they now pay to Middletown Township, Pennedel, Hulmeville Borough, Tullytown and other municipalities would now go to Langhorne Manor Borough. Those who work in Philadelphia would be exempt from the EIT because they already pay the Phila City Wage tax. The only residents who would pay additional taxes are those who work and live in Langhorne Manor Borough

Residents on pensions, social security or living off investment income are not taxed. The following is a partial list of income that is exempt from paying the EIT tax:

- Pensions,
- Social Security
- Interest
- Investment Income and Capital gains

Please go to our website and you will see additional details about EIT as presented by Keystone Collections Group, the tax administrator. Please come to the September 9 Council meeting where Council will be voting on adopting the EIT. You could also call me directly to discuss this in more detail. My personal cell phone is **215-375-2037**.

Respectfully submitted

Nick Pizzola
President, Langhorne Manor Council