



Pennsylvania Municipal
League

Local Taxation Reform Advocacy Toolkit

A toolkit to assist League members in using the *It's Not 1965 Anymore: State Tax Laws Fail To Meet Municipal Revenue Needs* report to highlight local revenue issues with their House and Senate members.

The Pennsylvania Municipal League partnered with the Pennsylvania Economy League to develop and publish a report analyzing the current local taxation structure. The report, *It's Not 1965 Anymore: State Tax Laws Fail To Meet Municipal Revenue Needs*, found that the Commonwealth's municipal tax laws fall extremely short in their ability to support municipal services and budgets in modern times.

This Local Taxation Reform Advocacy Toolkit was developed to assist League members with using the report to educate General Assembly Members about the bleak financial reality of local governments across the state as a result of antiquated tax laws.

To support these advocacy efforts, League Governmental Affairs staff offers several tools and examples for your municipality's governing body to utilize.

Communications with the General Assembly

- Sample Letter to General Assembly
- Fill in the Blank Case Study

Advocacy through the Media

- Sample Op-Ed
- Examples of media coverage

Continued Advocacy Follow Up

These tools are user friendly and can easily be edited and filled in to include your municipality's information.

Please reach out to Kaitlin Errickson, Governmental Affairs Manager, at kerrickson@pml.org with any questions or issues.

Access the *It's Not 1965 Anymore: State Tax Laws Fail To Meet Municipal Revenue Needs* report [here](#).

Communications with the General Assembly

Overview

The following two documents – a sample letter and a sample case study – are intended to be used to send to both your Senator and Representative in the PA General Assembly.

Instructions

Sample Letter

The sample letter can be copied and pasted onto your municipal letterhead to send to your General Assembly members, on behalf of your municipality's governing body, by placing it directly in an email or adding it as an attachment.

The letter includes yellow highlights that require personalization before sending it. If a highlighted portion of the letter does not apply to your municipality, you can simply remove it.

The letter and case study are meant to be sent together. The last paragraph mentions the case study for the General Assembly member's review. If you do not wish to fill out and send the case study, please remove this phrase from the letter.

You may download an editable word version of the sample letter [here](#).

Fill in the Blank Case Study

The sample case study is meant to be an additional attachment to send along with the letter to your General Assembly Members. If you choose to fill out the case study, please put it on your municipality's letterhead.

Using your municipality's 2022 financial information, simply fill in the blanks for each category in the sample case study and then save the document to add as an attachment when you send the completed sample letter to your legislators.

If your community is included as a case study in the PA Economy League's report, please indicate so by replacing the highlighted section in the last paragraph. You do not need to fill out the sample case study.

You may download an editable word version of the fill in the blank case study [here](#).

If attaching the letter and case study to an email, please send them as PDFs. Also please add the report, [found here](#), as an attachment to the email.

Please download the editable version of the letter [here](#).

Dear Representative/Senator:

On behalf of your municipality I am writing to make you aware of the recent publication, [It's Not 1965 Anymore: State Tax Laws Fail To Meet Municipal Revenue Needs](#), a report written by the Pennsylvania Economy League in collaboration with the Pennsylvania Municipal League.

The same antiquated law, which is almost 60 years old, is still governing municipal taxing authority. Act 511 of 1965 was developed to support the sociopolitical environment of the Commonwealth at the time. However, population spread and migration to the more rural and suburban parts of the state have occurred over the last few decades, placing new demands for services and altering tax bases. This has especially impacted urban centers which have higher populations of older and lower income residents and are landlocked by the more residential and affluent communities. Pennsylvania's municipal tax laws have failed to keep up with changing demographics, inflation and modern realities of our communities.

The usefulness of these taxes to raise revenue in order to fund the vital services in our communities are at an all-time low. Flat taxes, requirements to share tax revenue and tax caps are squeezing local government budgets. In 2022, our revenue growth was #%, however, that was outpaced by our expenditure growth, which was #%. For this reason, many municipalities across the state have been forced to make tough decisions to keep their doors open for business. Our municipality has had to cut #% of staff and #% of services over the last five years. Our constituents, the taxpayers, are the ones who suffer from these cuts, putting their trust in our ability to serve them in jeopardy.

There are three instances in which a local government may exercise greater taxing power – when a municipality enters distressed status under Act 47, when a municipality's pension is distressed and when a municipality adopts home rule. While distressed municipalities receive greater taxation authority, we should not be waiting until a municipality is near financial ruin to provide them the financial tools they need. Additionally, municipalities should not have to be forced to take on the burdensome and uncertain home rule process in order to obtain greater taxing autonomy. Piled on top of that are inconsistent assessments and services to tax-exempt properties. The current antiquated local tax system sets up local governments for structural deficits that eventually lead to financial failure. We cannot continue to operate, let alone thrive, under the revenue limitations of the existing taxing system.

We need to make changes now. Act 511 of 1965 needs to be updated and modernized so that local revenue can appropriately meet today's expenses and help prevent fiscal distress.

Some recommendations include:

- eliminating or raising tax rate caps on EIT
- performing regular property assessments
- allowing flat taxes to grow with inflation
- offering local/regional revenue options to all municipalities – such as a county sales tax, drink tax, payroll tax and non-resident EIT tax

Again, we request that you read the enclosed report **and review our enclosed brief case study** while considering these necessary changes to the local taxation structure. Please do not hesitate to reach out to **us/me** with any questions.

Thank you,

Municipal Governing Body or Chief Elected Official

Name of Municipality

County:

Form of Government:

2023 Annual Budget:

Population:

Median Income:

Please download the editable version of the case study [here](#).

Insert image of municipality

2022 Financial Information

Total Revenue Collected

\$\$\$

Total Revenue Growth

##%

Total Expenditure Growth

##%

Earned Income Tax Rate

##%

Property Tax Rate

mills

Percentage of Revenue Collected from...

Local Services Tax

##%

Property Tax

##%

Earned Income Tax

##%

Public Safety Makes Up **##%**
Of Total Expenditures

Last Property Tax Assessment
Conducted in **year**

City of Lancaster

County: Lancaster

Form of Government: Third Class City

2023 Annual Budget: \$71,866,347

Population: 58,039

Median Income: \$54,145



2022 Financial Information

Total Revenue Collected
from all sources

\$66,069,090

Total Revenue Growth
over 2021

1%

Total Expenditure Growth
over 2021

3%

Earned Income Tax Rate

.6%

Property Tax Rate

11.7 mills

Percentage of Revenue Collected from...

Local Services Tax

2.4%

Property Tax

45%

Earned Income Tax

12.5%

Public Safety Makes Up **64%**
Of Total Expenditures

Last Property Assessment
Conducted in **2018**

Advocacy Through the Media

Overview

The following sample Op-Ed is intended to be submitted to your local newspaper for publication. Following the sample Op-Ed are examples of media coverage regarding the *It's Not 1965 Anymore* report.

Instructions

Sample Op-Ed for Municipal Governing Body

The sample Op-Ed is meant to highlight the *It's Not 1965 Anymore* report while also providing you with the ability to edit the Op-Ed and provide examples from your community.

The Op-Ed includes yellow highlights that require personalization before submitting to your local paper. If a highlighted portion of the Op-Ed does not apply to your municipality, you can simply remove it.

We encourage forwarding the published Op-Ed to your State Senator and Representative as an additional means to advocate, either as a follow up to sending the sample letter or in addition to sending the letter.

You may download an editable word version of the sample Op-Ed [here](#).

Examples of Media Coverage

We provided a brief collection of example media coverage regarding the *It's Not 1965 Anymore* report for you to view and read.

The more stories we can share, the greater the awareness. While our legislative priority is to educate the General Assembly about the need for local taxation reform, we must also educate the public. Your constituents need to understand the financial state of their local government and how our call for local tax reform can benefit them.

It is important to share these stories.

Please download the editable version of the Op-Ed [here](#).

Title Options/Ideas

1. **1960s Era Revenue Tools Are Overshadowed by 2023 Expenses**
2. **City Council Calls on General Assembly to Provide Modern Revenue Tools**
3. **Taxpayers Deserve Better: The General Assembly Must Modernize the Local Taxation System**

Open the Op-Ed listing a few services your municipality provides your community like public safety, public works, code enforcement, recreation, etc. Here is a generic sample - Every week you expect your trash to be picked up, when it snows you expect the snowplows to clear the roads and every year you look forward to the summer fair. These are all services provided by your local municipality. If these services were to just disappear, it would negatively impact the health, safety and quality of life of our entire community. Without the proper revenue tools, our municipality may face tough choices to cut back or eliminate certain services altogether. This is a grim reality many communities in Pennsylvania face.

It is an honor to serve **as add position/title/the constituents** of **add municipality**. We aim to govern our community effectively and efficiently, but we are continually battling outdated laws and legal limitations that hamper effective governance.

One of these outdated laws is Act 511 of 1965, which is almost 60 years old, and is still governing municipal taxing authority. State law has forced local governments to operate in a taxing system with immense revenue limitations, and unsurprisingly, state officials expect municipalities to remain financially sound despite these limitations.

Pennsylvania's municipal tax laws have failed to keep up with changing demographics, inflation and modern realities of our communities. These limitations have made local governments over reliant on property taxes; **## percent** of our total tax revenue is generated from property taxes alone. We cannot continue to overly tax our older and lower income populations through the regressive property tax. **Add other examples from your community highlighting the tax limitations, tough decisions you had to make resulting from these limitations, discrepancies between revenue and expenditure, staff and services cuts, etc.**

On top of that are inconsistent property assessments and tax-exempt properties. **Add information about your county's last reassessment and percentage of tax-exempt properties in your community.** These discrepancies create a large disparity in property tax revenue and its impact on our budget.

The current antiquated local tax system sets up local governments for financial failure. We cannot continue to operate, let alone thrive, under the revenue limitations of the existing taxing system. The Pennsylvania Municipal League and Pennsylvania Economy League partnered to

publish a report, [*It's Not 1965 Anymore: State Tax Laws Fail To Meet Municipal Revenue Needs*](#), highlighting the many shortfalls of Act 511.

The report provides several case studies of municipalities across the Commonwealth revealing the very grim financial realities our communities face if we do not modernize Act 511. The report also offers recommendations to improve the law to decrease our over reliance on property tax and increase fairness among taxpayers. The report emphasizes the need to diversify and modernize the revenue options available to the Commonwealth's municipalities.

The recommended taxing options in the report currently exist for fiscally distressed municipalities under Act 47 to ease the financial woes of the community. These tools have proven to be helpful, and several communities that have exited Act 47 have been granted special taxing authority because without the tools, they would never be able to leave distressed status. So why are we waiting until a municipality is near financial ruin to provide them the financial tools they need?

We must be proactive and provide all local governments with diverse and flexible revenue streams that can grow with the changing times and demographics of both the municipalities and the greater Commonwealth. Taxpayers deserve a modern and more equal system.

While **add municipality** received federal funding through the American Rescue Plan Act, it is just a one-time appropriation. All municipalities – cities, boroughs, and townships – are feeling the pressure. Even the most financially healthy municipalities are facing projected deficits in the coming years. **In fact, (add your municipality's projected deficit if relevant).**

Every year **add municipality** faces budgetary concerns, but we still have to find a way to function. The system is broken. It has been broken for years now, but perhaps no one has noticed due to our dedication to continue to serve our community in the best way possible.

Soon dedicated officials will not be enough if we don't have the funds to stay afloat.

We can no longer ignore this problem.

We are honored to represent **add municipality** and its residents, and it would be a shame for our community to suffer from the inability for us to update a 60-year-old law. Our communities and taxpayers deserve better. They deserve a fairer and more equal local taxation system. It is way past due for the General Assembly and local governments to partner to pass local taxation reform. Together we can update the law producing financially stronger municipalities and a fairer taxation system for all.

Examples of Media Coverage

Pennsylvania Economy League study suggests local tax changes

Pittsburgh Post-Gazette

December 18, 2022

<https://www.post-gazette.com/news/state/2022/12/18/pennsylvania-economy-league-study-suggests-local-tax-changes/stories/202212180046>

Time to change antiquated Pa. tax system, municipal league says

TribLIVE

January 17, 2023

<https://triblive.com/local/westmoreland/time-to-change-antiquated-pa-tax-system-municipal-league-says/>

Tax caps leave many Pa. municipalities with few ways to raise revenue

Spotlight PA

January 25, 2023

<https://www.spotlightpa.org/statecollege/2023/01/pennsylvania-property-tax-revenue-bradford-mckean/>

The City of Lancaster proposes home rule, but it really needs taxation reform from the Pennsylvania Legislature [editorial]

LNP | LancasterOnline

February 1, 2023

https://lancasteronline.com/opinion/editorials/the-city-of-lancaster-proposes-home-rule-but-it-really-needs-taxation-reform-from-the/article_2fdc15ce-a1cf-11ed-9ffc-e32a3bee7c16.html

Continued Advocacy Follow Up

Continued advocacy follow up is needed to keep an issue at the top of the minds of your General Assembly Members.

When the General Assembly does not hear from their constituents, they assume there aren't any issues. We must continue to advocate on local taxation reform to express its importance to locally elected and appointed leaders and continue to educate members on new information and developments at the local level.

After you have sent your letter and case study to the General Assembly and published the sample Op-Ed in your local newspaper, maintain communication with your General Assembly Members.

For example, provide your Senator and Representative with updated data and financial information as you plan for and adopt next year's budget.

While follow up advocacy is important, it is also important to not overdo it. Be strategic when you communicate with your legislators and always be purposeful.



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