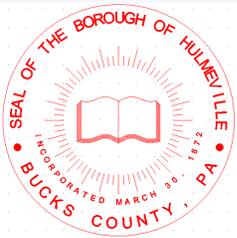


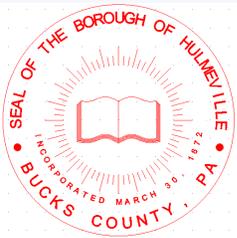
Hulmeville Borough

Consideration for an
Earned Income Tax



Topics to be covered

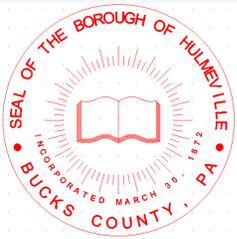
- Need for an EIT?
- Local Earned Income Tax
- EIT already being paid by Hulmeville residents
- EIT revenue projections
- Frequently asked questions



Need for an EIT

- Current budget – just covers basic, existing services

Hulmeville Borough 2017 Budget & 10 year projection						
	Expenses	Income				
		Property				
Year	Budget	taxes	Other	Total	Mills	
2017	276955	126508	150447	276955	14.5	
2018	290803	137347	153456	290803	15.4	
2019	305343	148818	156525	305343	16.4	
2020	320610	160954	159656	320610	17.4	
2021	336641	173792	162849	336641	18.4	
2022	353473	187367	166106	353473	19.5	
2023	371146	201718	169428	371146	20.5	
2024	389703	216887	172816	389703	21.6	
2025	409189	232916	176273	409189	22.8	
2026	429648	249850	179798	429648	24.0	
2027	451131	267736	183394	451131	25.2	
	0.05		0.02			
	Assumed annual increase					

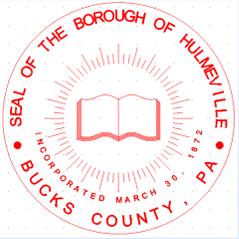


Need for an EIT (continued)

- Additional services not currently budgeted (per year)

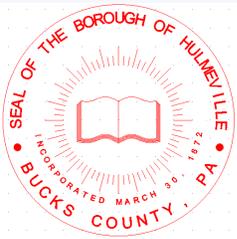
Police Department	Per year
New car (2024 - \$60,000)	8570
Bullet proof vests (1/yr)	1000
Radios	2500
Life insurance	3000
Body cameras	500
Total for police department	15570

Bldg/Capital Repairs	Per year
Roof (currently 20 yo)	2000
Windows (currently 20 yo)	6450
Exterior painting	500
Interior painting	500
Total for bldg maintenance	9450
Other	
MS4	80000
Software (Traiser)	7500
Borough Manager	30000
Road maintenance	10000
Total for other	127500
Total non-budgeted	152520



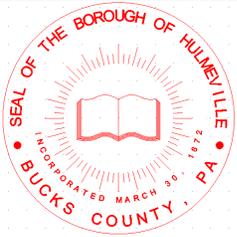
Local Earned Income Tax?

- If you are an employer
- If you are self-employed or employed outside of PA
- If you are retired
- If you are an employer in Hulmeville



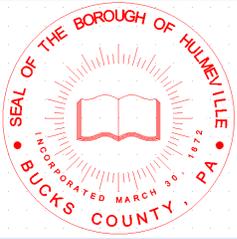
If you are an employer

- All employers in PA are required to withhold the tax on employee compensation
- Each resident completes a *Certificate of Residency* form (available from your employer or Keystone Collection Group (www.keystonecollects.com))
- To avoid interest and penalties, each individual should review their pay stubs periodically to ensure the proper withholding
- Employers can (and should) file electronically using Keystone's Business Portal
 - <https://www.keystonecollects.com/page/business>



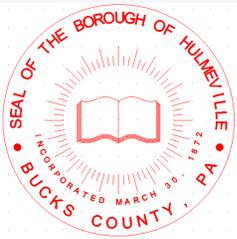
Self-employed (or employed outside PA)

- Applies to self-employed, 1099 employees, work outside PA, & employer does not/will not withhold EIT
- Register as a taxpayer and report your income and tax on quarterly basis
- Forms available from Keystone Collections Group website (www.keystonecollects.com) or by mail by calling (724-978-0300)
- File online using e-file



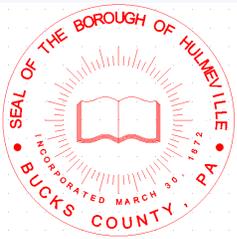
Retired Individuals

- Not subject to EIT if retired and receive no compensation from earned income
- If receive EIT payment form from Keystone, should complete the form to indicate retired status and return by due date
- Keystone will update status and no longer mail forms
- If retiree begins to earn income, he/she is responsible to contact Keystone and have their status changed, report income, and pay tax



Employer in Hulmeville

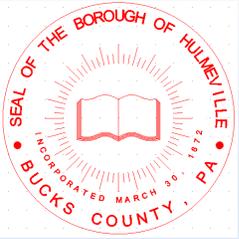
- Should register as an employer with the Earned Income Tax Administrator, Keystone Collection Group
- May register by calling the Employer Help Line (724) 978-0328
- For information and resources geared to businesses and employers, refer to the Employer Resources link on Keystone's website (www.keystonecollects.com/page/business)



EIT Currently Paid by Hulmeville Residents

(residents paying non-resident tax to other jurisdictions)

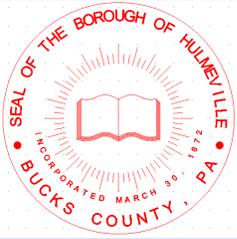
- 2016 data available from Keystone Collections Group
 - Only for those taxing authorities where Keystone is the collector
 - Does not include Montgomery County (which would be reimbursed to Hulmeville)
 - Does not include Philadelphia or Delaware (state) (which would not be reimbursed to Hulmeville)
- 291 Hulmeville residents already pay EIT to 26 municipalities outside of Hulmeville
- Total paid in 2016 - \$ 58,750 (rounded)
 - 153 pay 1%; 138 pay 0.5%
- Average paid - \$265 (at 1%)



Hulmeville EIT Projection

- Based on 1% EIT
- All EIT paid to other municipalities would return to Hulmeville
 - \$ 58,750 (based on Keystone Collections 2016 data)*
 - The 138 paying 0.5% would pay an additional 0.5% - estimated additional \$ 18,260
- \$ 77,010 total

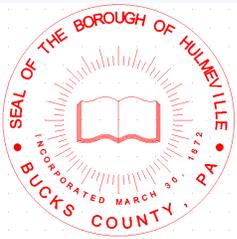
* Keystone data does not include Montgomery County



Hulmeville EIT Projection (continued)

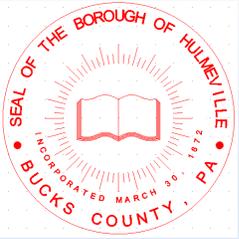
- Assume 550 residents earn income – 259 currently not paying EIT
- Assume average \$ 265 (based on those paying to other municipalities)
- Additional EIT - \$ 68,635

- Total EIT estimated - \$ 145,645 (less Keystone commission)



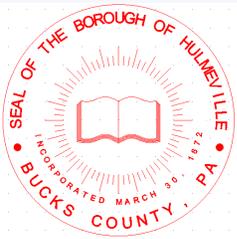
How much would I pay?

Taxable income	EIT Percentage		Taxable income	EIT Percentage		Taxable income	EIT Percentage	
	0.50%	1.00%		0.50%	1.00%		0.50%	1.00%
15000	75	150	75000	375	750	135000	675	1350
20000	100	200	80000	400	800	140000	700	1400
25000	125	250	85000	425	850	145000	725	1450
30000	150	300	90000	450	900	150000	750	1500
35000	175	350	95000	475	950	155000	775	1550
40000	200	400	100000	500	1000	160000	800	1600
45000	225	450	105000	525	1050	165000	825	1650
50000	250	500	110000	550	1100	170000	850	1700
55000	275	550	115000	575	1150	175000	875	1750
60000	300	600	120000	600	1200	180000	900	1800
65000	325	650	125000	625	1250	185000	925	1850
70000	350	700	130000	650	1300	190000	950	1900



Conclusion

- With current/10 year projected budget, expenses are outpacing income and property taxes will need to be raised to maintain status quo
- No funds available for infrastructure maintenance and other needs – no good stewardship of Borough assets or infrastructure
- EIT will allow us to
 - Budget for long range projects
 - Hire a part-time manager
 - Implement a software system to track assets, permits, borough maint, etc



Conclusion (continued)

- Borough has benefited over the last 10 years by receiving numerous grants that has provided over \$2,000,000 to the Borough and Fire Company
- This allowed Council to hold the line on taxes while getting a lot of needed work done
- We cannot count on receiving grants every year, although we will continue to apply as they come available
- The projected EIT revenue (\$ 145,645) is approximately 16.7 mills of property tax

[FAQ](#)