



**1 Fourth Street
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NEWS RELEASE

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CHESTER CITY COUNCIL ADOPTS PRELIMINARY 2009 BUDGET WHICH INCLUDES BROAD BASED TAX RELIEF

Chester, PA -- Chester City Council approved its first reading of the city's \$41.2 million budget for FY 2009 earlier today which included significant tax relief even in light of tough economic conditions and rising costs. At a time when many cities are in a major struggle to make ends meet, the City of Chester is not only cutting taxes, but enhancing critical services while simultaneously investing in the future with dedicated funds for vital capital improvements. The positive results of over a decade of redevelopment have allowed the City of Chester to continue a program of lowering the tax burden on its residents and businesses while maintaining or improving services.

“The decisions, difficult as they may sometimes be, that my colleagues and I have made over the last ten years as part of an ongoing effort to promote the growth of our local economy have put us in a position where our 2009 budget reduces the resident earned income tax (EIT) rate from 2.35% to 2.25%, reduces the non-resident EIT rate from 1.35% to 1.25%, reduces the business privilege tax by 5% and provides for no increase in our real estate tax rate for the **14th straight year**,” stated Mayor Butler. “I am a firm believer that when times are tough, we ought to do everything possible to allow our taxpayers to keep more of their hard-earned dollars.” The Mayor added, “Everything else may seem to be going up in price these days, but my colleagues and I are going to make sure our tax structure does not become an ever-increasing burden on members of our community.”

With these reductions, the resident earned income tax rate of 2.25% has now been decreased by **25%** since its high of 3.0% back in 1996. These tax reductions, when coupled with the recent Homestead Credit of \$632 in direct property tax relief on school district real estate taxes as a result of gaming revenue, have saved households thousands of dollars over the last decade. Furthermore, the business privilege tax rate has gone down by nearly **20%** over this same time period allowing businesses to retain and create additional jobs and providing opportunities for them to reinvest in the community.

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The City's ongoing fiscal discipline has also allowed it to absorb a considerable amount of the new waste management fee that is being levied on all of the County's municipalities by the Delaware County Solid Waste Authority (DCSWA). Beginning in 2009, the DCSWA authority will be levying a new waste management fee of \$15.90 on every ton of residential municipal solid waste which the city estimates will result in an additional cost of \$250,000. Based on the estimated number of residential households in the City, this additional cost would equate to nearly \$23.00 per household, assuming a 100% collection rate. However, to minimize the cost, the city will only be increasing the charge for refuse removal by \$10 per household to \$130 per annum. This will be the first increase in the refuse removal fee since 1995 and is extremely modest compared to the actual costs the city will incur as a result of this new fee.

In addition, the 2009 budget calls for a \$780,000 contribution from the general fund to the capital improvement fund as part of an ongoing initiative to invest in the city's future. When combined with other available resources, such as the city's Community Development Block Grant (CDBG) program, and other state and federal grants, the city will allocate several million in 2009 for street resurfacing, inlet replacements, park improvements, blight elimination, and other capital enhancements.

The City's 2009 budget is available for public review by contacting the City Clerk's office. Final adoption is anticipated at the December 17, 2008 Council meeting.

HIGHLIGHTS OF THE 2009 CITY OF CHESTER BUDGET

TAX RATES:

- The City's preliminary budget includes **TAX DECREASES** in Resident Earned Income Taxes, Non-Resident Earned Income Taxes, and Business Privilege Taxes for the **SECOND CONSECUTIVE YEAR**. The tax rates for each category follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Resident Earned Income Tax Rate	2.25%	2.35%
Non-Resident Earned Income Tax Rate	1.25%	1.35%
BPT – Wholesale	0.2736%	0.288%
BPT – Retail	0.3648%	0.384%
BPT – Service	0.3648%	0.384%

- The City's following tax rates and subsequent burden on taxpayers have decreased significantly since their highs in 1996:

	<u>FY 1996</u>	<u>FY 2009</u>	<u>Decrease</u>
Resident Earned Income Tax Rate	3.00%	2.25%	25%
Non-Resident Earned Income Tax Rate	2.00%	1.25%	37.5%
BPT – Wholesale	0.35%	0.274%	21.7%
BPT – Retail	0.45%	0.365%	18.9%
BPT – Service	0.45%	0.365%	18.9%

- The City has once again held the line on real estate taxes with the millage remaining at 29.792. The City's administration has held the same real estate tax rate for **14 CONSECUTIVE YEARS**.

EXPENDITURES:

	<u>FY 2009</u>	<u>FY 2008</u>
• <u>General Fund Expenditures by Department:</u>		
Dept. of Public Affairs	\$15,403,375	\$13,778,341
Dept. of Accounts & Finance	\$11,677,380	\$11,452,032*
Dept. of Public Safety	\$ 6,771,059	\$ 6,951,656
Dept. of Streets & Highways	\$ 3,455,841	\$ 3,119,588
Dept. of Parks & Public Property	\$ 2,212,904	\$ 2,189,786
Totals	\$39,520,559	\$37,491,403

*Does not include Interfund Transfers

- General Fund departmental expenditures represent a **5.4%** increase in FY 2009 compared to FY 2008.
- The majority of the increase is attributed to a nearly \$500,000 increase in employee health care costs, a \$564,000 increase in the minimum municipal pension obligation, and a 3% increase in police salary/wages and overtime designed to promote the public safety.
- In FY 2009, the City will be able to transfer an estimated \$803,250 to the Reserve Fund as well as make a transfer of \$780,000 to the Capital Improvement Fund.

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