

POTTSTOWN CITIZENS FOR Responsible GOVERNMENT

Declining tax base portends financial crisis

Earlier this week, Pottstown's Giant supermarket moved to the new Upland Square Shopping Center in West Pottsgrove Township. Several other retailers, such as TJ Maxx and Staples, are also leaving Pottstown for West Pottsgrove.

Meanwhile, several major property owners in Pottstown have successfully appealed to have their assessments lowered. Among them are the retail complex that includes Wal-Mart, the business campus that includes Gudebrod, and 152 High Street, the historic bank building that houses the Brick House Restaurant and upper story offices.

The total assessed valuation of all real estate in Pottstown has dropped more than \$10 million in just the last two years. Earlier this year, a study of borough finances by a consultant, Management Partners, projected the borough's tax base will continue to decline for at least five years. If the borough continues the same level of services it offers today, it will accumulate a deficit of nearly \$5 million during the next five years. And that does not include any pay raises employees might receive after next year.

Unless steps are taken to control costs, the borough would have to raise real estate taxes 75 percent over five years to balance its budget.

The Management Partners study only looked at borough government. It did not look at the school district, which levies 75 percent of the real estate taxes collected in Pottstown.

Last month, the school district raised taxes 5.7 percent. As a result, the school district will be collecting \$1.5 million more this year from Pottstown taxpayers than it did last year. But that still may not provide enough money to balance this year's \$53.4 million budget.

The school district assumes it will receive \$600,000 more in state subsidies than it received last year. But the state has a huge deficit of its own and has not yet passed a budget.

The state Senate has proposed a budget that would reduce Pottstown's subsidy by about \$2 million, according to an analysis by Good Schools PA, a non-profit group. And the state has tens of millions in federal stimulus money to spend now that it will not have in future years.

The district has not done a five-year forecast as the borough has done, but there is no question Pottstown faces the worst financial crisis in living memory.

Thomas Hylton, a Pulitzer Prize-winning writer and 36-year resident of Pottstown, is Web site editor of Pottstown Citizens for Responsible Government.



Commentary by
Thomas Hylton

Summary

- **Pottstown's real estate tax base is declining and will likely continue to decline for at least five more years.**
- **Borough taxes will increase 75% over the next five years if nothing is done to cut costs.**
- **No projection has been done for school taxes over the next five years.**

Pottstown's Shrinking Real Estate Tax Base

Year	Total assessed valuation
2007	\$838,545,347
2008	\$829,017,802
2009	\$826,475,792
2010*	\$820,442,376
2011*	\$816,340,164
2012*	\$812,258,463
2013*	\$808,197,170
2014*	\$804,156,185

* Projection by Management Partners

2009 Pottstown Real Estate Taxes

