

POTTSTOWN CITIZENS FOR Enlightened LEADERSHIP

Ruthless downward spiral

Earlier this month, Pottstown Borough Manager Mark Flanders told Council that without cuts in services, Pottstown real estate taxes will need to increase 23 percent in January to cover a projected \$2.4 million budget shortfall.

This situation is inevitable.

For years, borough expenses have been growing above the rate of inflation while its tax base has been steadily declining.

Back in 2009, the state paid for a consultant, Management Partners, to evaluate the borough's fiscal situation. The consultant correctly predicted the borough's tax base would continue to decline, and it forecast the borough would accumulate a deficit of \$5 million by 2014.

The consultant's 131-page report contained a raft of suggestions to cut costs by increasing efficiency.

Some of the suggestions were taken, and some not, but with the appointment of borough manager Flanders and finance director Janice Lee, the borough straightened out its finances and actually created surpluses in some of its funds as it avoided tax increases for several years.

But more than a year ago, finance

director Lee published a detailed budget which predicted rising deficits in future years.

Lee also noted Pottstown has had hundreds of successful property assessment challenges in recent years that were continually lowering the borough's tax base.

Even so, nobody anticipated that Pottstown's biggest taxpayer, the Pottstown Memorial Medical Center, would be sold to the non-profit Reading Health Systems, which will take effect Oct.

1. The new owners are already seeking tax-exempt status for PPMC.

The borough and school district will lose nearly \$1.5 million in annual tax revenues, most likely starting Jan. 1, 2018.

Pottstown cannot afford to raise taxes. That will just continue to reduce property values and generate more assessment appeals, leading to an even lower tax base.

We must cut services — and that means employees. There are very few employees in the private sector with pensions — as borough employees enjoy — and continuous raises above the rate of inflation. We simply can't afford all the people we now have on the payroll.

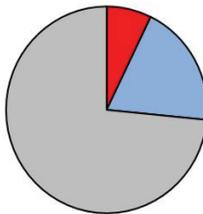
And that applies to the school district as well, which collects nearly 70 percent of our local taxes.



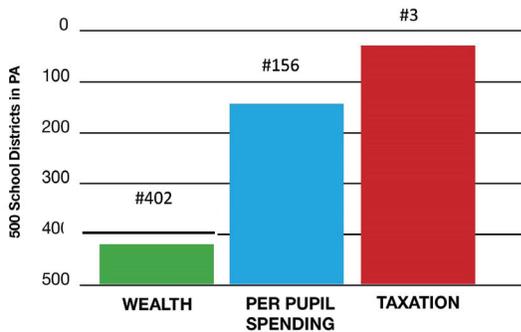
Commentary by
Tom Hylton

Nearly 70 percent of Pottstown's real estate taxes go to the school district.

County = 3.85 mills
Borough = 10.34 mills
Schools = 39.25 mills



Pottstown School District spending and taxation levels: Statewide rankings



Tom Hylton is a member of the Pottstown School Board. However, the views expressed are his alone and not the board's.

Pottstown's Tax Base	
Year	Total assessments
2009	\$826,475,792
2010	\$817,728,017
2011	\$817,767,813
2012	\$812,279,226
2013	\$813,227,426
2014	\$813,390,719
2015	\$810,387,119
2016	\$805,577,279
2017	\$803,730,299
2018	\$780,000,000