

Borough Manager's Proposed 2027 Fiscal Year Budget Frequently Asked Questions (FAQ)

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Frequently Asked Questions

1. Why does the Borough of Chambersburg keep raising taxes?

In 15 of the last 20 budget years, Town Council approved no real estate or Act 511 tax increase. Chambersburg rarely raises real estate taxes and generally only for Police Department and Fire Department needs. The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then, the Council was very conservative with minor increases in 2014, 2016, 2018, 2022, 2023, 2025, and 2027. In recent history, in most years Chambersburg has not raised the real estate tax rate. Furthermore, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to funding police and fire services.

No real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire, EMS and debt service. The Recreation Bond Tax does not pay to support the Recreation Department operations. The Police Station Bond Tax does not pay to support the Police Department. The Public Works Complex Bond Tax does not pay to support the Public Works Department.

2. Why do I pay so much in taxes?

In 2027, the Borough will only collect a small portion of all the taxes you pay. Most of your taxes do not go to the Borough. In fact, most of your taxes go to support other government agencies despite the fact that the Borough supplies most of your services if you live inside the Borough.

3. The Borough has so many employees, so many trucks, is that where my tax money goes?

Almost all employees of the Borough, and most of the equipment of the Borough, is owned and operated by our utility departments (Electric, Gas, Water, Wastewater, Storm Sewer and Sanitation Departments) and our utility support departments (public works services, motor equipment, administrative services, which includes information technology, finance, clerical, maintenance of buildings, and human resources). Your taxes do not support any utility operations, workers, equipment, or the support departments. Further, as the budget document reveals, the Borough's utility rates are very reasonable. Therefore, no, this is not where your tax money goes.

4. Why if I live in the township do I pay taxes to the Borough?

Unless you own property inside the Borough, or have a job inside the Borough, you pay no Borough taxes. Further, if you just have a job in the Borough, you pay only $1 per week to the Borough and nothing else. In fact, almost no township residents contribute any tax money to the Borough. For example, the Sales Tax collected at stores inside the Borough all goes to support the State, not the Borough. Finally, the Borough has no relationship with Chambersburg Area School District taxes or Franklin County taxes.

5. Why does the Chambersburg Area School District have such high taxes?

The independently elected School Board and not the Borough sets the budget and tax rates for the Chambersburg Area School District. The Borough has no say in these issues. The Borough is not planning on building new schools and the Borough is not involved in school decisions.

6. Why does Franklin County have such high taxes?

The independently elected County Commissioners and not the Borough sets the budget and tax rates for Franklin County. The Borough has no say in these issues. The Borough did not build a new courthouse and the Borough is not involved in County decisions.

7. Where do my taxes go?

Until 2014, 100% of the real estate taxes collected by the Borough were used exclusively to support the Chambersburg Police Department. In 2014, a small share was added to support the Chambersburg Fire Department. While the Police Tax rate grew in 2025, this remains the sole operational use of real estate taxes. Perhaps this explains why Greene, Guilford, Letterkenny, and Antrim townships have no local real estate tax. In 2022, the separate Police Station Bond Tax was added. This special bond tax does not cover any of the cost of the operation of the Police Department. All of the money collected by the bond taxes goes to pay for the annual debt payments.

The Borough collects about 85% of funds needed from the Police Tax to pay for the cost of operating the Police Department. Every dollar of designated revenue from the Police Tax is used wisely by the Police Department. However, the State has imposed a cap on Police Tax Statewide and the value of each mil is controlled by Franklin County. Our County, Franklin County, has failed to update the County tax rolls, the fair and equitable distribution of real estate taxes, since 1962. This is by far the oldest and most out-of-date taxation system in Pennsylvania. The practical impact of this decision by the County is to reduce the money that 1-mil of real estate tax generates.

As for traffic, street paving, code enforcement, parks, or any other employees and projects, or any other operation or utility of the Borough other than public safety, no real estate taxes are used. This was true in previous budgets as well.

Chambersburg does receive income beyond the property tax. Ancillary miscellaneous tax revenue available to the Borough of Chambersburg amounts to: a wage tax set to a State mandated maximum rate; a local services tax (worker tax), which is set to a State mandated maximum rate; and a deed transfer tax (for real estate transactions), which is also set to a State mandated maximum rate. These so-called Act 511 taxes are important, but cannot be adjusted year-to-year based on need or economic realities. Therefore, they are minor, appreciated, and set by the State since 1965. Together, along with fees and fines, these categories make up the only revenues.

Fortunately, the Electric Utility and the Natural Gas Utility make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth; as such, they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway maintenance, and recreation) activities.

Beginning in 2027, the Water Utility is going to start to collect and pass-through the Ambulance Fee from Borough water customers. The Borough can only charge this fee to Borough water customers but it has been suggested that if every water customer in Franklin County paid this same fee, there could be much better EMS service in our county.

Finally, the other revenue received by the General Fund is grants. In most years, most towns receive very little grant money, although we fight for a fair share. Chambersburg is uniquely successful at getting grants. However, grants cost a lot of money to administer, track, and report. So much of their dollar value is diminished by these administrative costs. Further, most require a cash (not services) contribution or match from the Borough to contribute to whatever they are funding. Finally, grants provide funds to build things and almost never to run things. You may get a grant to build a thing. However, rarely do grants pay the day-to-day operations of anything required after you build the thing paid for by the grant.

As usual, in 2027, the Borough is lucky to receive some Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels). In addition, to keep up with all highway maintenance on Borough streets money left over from the previous fiscal year is used. Street repair is extremely expensive and Highway Aid is very small in proportion.

8. Doesn't the Borough get a lot of money for all the new businesses near Norland Avenue?

The Borough utilities sell a considerable amount of utility services in this new neighborhood or as a result of any new development, increasing the size of the Borough's independent utility accounts. However, new developments generate very little additional taxes to support the Borough. Most of the revenue they create is in the form of Sales Tax and in Pennsylvania, local municipalities receive no Sales Tax share. Further, the sale of alcohol generally provides almost zero income to the host municipality. The developments are very good for our community and create lower unemployment, but they do not generate income proportional to the responsibilities they create for police, fire, and traffic.

9. Doesn't the Borough get a lot of money from all the development and businesses in the townships?

No, the Borough utilities sell some utility services in the township either directly to customers or through township authorities. However, just as with individual taxpayers, businesses and industry in the townships pay no taxes to support the Borough of Chambersburg, or Police Department, Fire Department, or EMS services. No financial benefit from any development outside the borough limits aid the Borough of Chambersburg other than some utility sales in some cases.

10. Doesn't every property owner contribute real estate taxes for police and fire?

No, many types of properties are exempt under State law from paying real estate taxes. Those exempted properties include schools, colleges, churches, charities, and other government agencies. Therefore, while these property owners add to the economic vitality of our community, they do not necessarily contribute any money to support police or fire services. However, some of these agencies (Chambersburg Hospital is a good example) make a voluntary contribution in support of the Borough's public safety services regardless of their tax-exempt status. We encourage all tax-exempt property owners to donate to the police and fire services every year through a letter writing campaign each spring.

11. Why can't you bill people directly for police and fire instead of using real estate taxes?

State law prohibits the levy of taxes as a fee on persons (called per capita taxes). Instead, the law allows us only to use property as the sole means to determine how much tax to collect. Therefore, if you rent your property, your property owner will pay the real estate tax, and it will be reflected in the rent you pay. There is no other system allowed. The Ambulance Club is not a tax; rather, it is more like a gift to support the Ambulance service. The annual Ambulance Club is optional, although it is recommended.

Beginning in 2020, Council created a "per month per water utility invoice ready-to-serve Ambulance Fee" to support the Ambulance services. Nothing under the law prevents a fee in support of the Ambulance service but the Borough cannot collect a fee for general Fire Department operations. Further, this is a Borough operation utilizing Borough employees and Borough equipment. This may feel like a tax but it is a Water Utility fee. If it were a tax, it could not be associated with water service and many customers would be exempt.

The Borough cannot create a fee that works like a tax. If it does, it would be a tax.

The Borough Fire Department does invoice insurance companies for auto and home damages after an event. However, they will never bill the car-owner or the homeowner if the insurance does not reimburse them for firefighting expenses.

12. If Borough non-exempt real estate owners pay for the police and fire, why do they respond to police and fire calls in the townships?

State law requires that emergency services respond to all dispatches for health and safety. The Borough's emergency services will always support our township neighbors regardless of money issues. We also enjoy the support of the various volunteer fire companies from the townships and the Pennsylvania State Police. Mutual aid is a very important principle in public safety.

13. How can the Borough afford police officers and fire fighters when the money to pay for them can only come from such a small group of taxpayers?

We agree that the system is broken. We can envision nothing but painful tax increases in the future to pay for growing police and fire expenses. Something must change in the next few years.

14. Why don't most of the townships have local real estate taxes?

The local townships do not have police departments. They rely on the Pennsylvania State Police. They do not have township-employee Fire Departments. They rely on the generosity of volunteer firefighters. All of the Borough's local real estate taxes go for these functions. Moreover, while some wish the Borough did not have paid police and Fire Departments, unfortunately, we cannot go back.

15. Can the Borough get rid of our Police Department or our paid Fire Department?

No, it is not practical or legal at this point. Further, Council agreed to add additional paid firefighters in the last labor agreement. The truth is we would be skeptical to rely exclusively on the shrinking ranks of volunteers alone. Further, we are worried that the Pennsylvania State Police or the dwindling firefighters in the townships will not be sufficient to protect the townships alone. Not to mention, there are insufficient volunteers for our Borough alone. The best new system would be a regional system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort. We support the growth of our police and Fire Departments and providing our services expanded into the townships; one Chambersburg "area" force.

For many years, the Borough has requested that the townships take the first step and consider allowing the Chambersburg Fire Department to do fire safety code inspections at commercial businesses in the townships. This new service would have been a precursor of our future cooperation. So far, there has been no public support for this first important step, despite the fact that no one is doing fire safety inspections outside the Borough at this point.; and, that is really dangerous. Perhaps we need to recognize that Chambersburg is more than a neighbor to the townships but rather a place township residents and businesses can pay for emergency services.

16. What is the Franklin Fire Company? Are they a township fire company?

No, the Franklin Fire Company is Station 4 of the Borough of Chambersburg. It is our best-staffed and best-equipped volunteer fire company. By agreement, we have encouraged the Franklin Fire Company to provide fire services both inside the Borough and in the townships. All the Borough contributes to their operation is some fuel and lots of goodwill.

17. If the Borough has a Police Tax and a Fire Tax, what pays for streets?

We use the miscellaneous taxes and revenue of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department operations and the Recreation Department operations. The Sanitation Utility is a separate utility (not unlike the Electric, Gas, Water, or Wastewater utilities) and they keep the streets clean, free of leaves, and well swept. The Chambersburg Aquatic Center is run like a

separate business. Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) funds highway paving projects. Our grant only pays for street construction made to Borough-owned streets. Keeping up with all highway maintenance on Borough streets without a dedicated funding source is very challenging. Finally, generally, fees support the Land Use & Community Development programs. The truth is we have very little revenue, very few opportunities to increase revenue, and many general government responsibilities.

18. Why are Borough streets in such bad shape?

First, it is important to recognize that the Borough does not own or maintain many of the streets inside the Borough. The Pennsylvania Department of Transportation (PennDOT) maintains most of the major streets such as Main Street, Memorial Square, Lincoln Highway, Second Street, Loudon Street, Wayne Avenue, Scotland Avenue, Philadelphia Avenue, and many others. Of course, if the Borough utility operations cut a State-owned street, then PennDOT makes the utility fix the street. However, when others cut the street, PennDOT and the Borough both watch to make sure contractors repair their cuts. The Borough owns most of the side streets and many of the alleys. When the Borough plans to pave a street, the Borough utilities start fixing pipes under those particular streets about two-years before. With so many old streets, the Borough, and contractors, fix many pipes at any one time. On most streets, and in most situations, whoever makes the cut pays the Borough for the installation of a temporary patch in advance of either a permanent patch or an upcoming street paving. Therefore, that temporary patch might be there for a year or two in the case of street paving. What you think of as a badly paved street might be a street undergoing a multi-year repair. If you see bumpy, uneven patches on streets, it is likely still undergoing multiyear repairs. That is not a fixed street, but rather a temporarily patched street awaiting a permanent fix.

What you may think are poor street conditions are really just **streets in a multiple step process of being fixed with all the pipes and connections being fixed by the different utilities.**

For example, in 2026 the Gas Utility is replacing all the pipes under South Second Street, near Garfield and McKinley Street. We have received a dozen complaints that the street needed to be paved. Of course it does. We are in the process of an 18-month cycle of replacing underground infrastructure. For months the street will bumpy and uneven. Then, in the summer of 2027, a new surface covered all the scars of the repairs. That was always the plan. So if you see a really bumpy or uneven road, ask yourself if the Borough is in the process of fixing the street and the infrastructure. That might be the case.

The Borough does not pay to fix State-owned streets, County-owned bridges, private streets, or township roads. This year we received tons of complaints about Commerce Street, a sewer project being done by Hamilton Township in Hamilton Township, but dozens of people called the Borough to complain.

In a normal year, we try to spend between $1 million and $2 million on paving side streets. Unbelievably, that is not much money and does not take care of many of our over 60 miles of public streets. In the 2027 Budget, the Borough will spend almost $2.8 million in street paving and patching including over $600,000 in alley fixes.

19. Why won't you pave my street?

We pave streets in the Borough every year. Again, in 2026 we will pave about 8 blocks of side streets. We spend about a year or two fixing pipes and then we top it off with a new layer of pavement. In addition, developers build streets as they build adjacent projects. Finally, if a utility department digs up a street not a part of the paving program, they must fix it. The Borough has no dedicated funding source beyond the Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) to pave your Borough-owned street. One suggestion is that the Borough invoice adjacent property owners to pay for

their share of street paving; at least for alley work; as done for curbs and sidewalks. The biggest complaint against that idea is that most folks feel their taxes should pay for street paving. However, as the budget details, taxes paid now do not cover any of the cost of paving streets or alleys. In 2026, the Sanitation Utility and the Storm Sewer Utility will contribute $200,000 towards alley patching associated with wear and tear from trash trucks or stormwater conveyance. This is enough to patch five or six alleys per year.

20. Why does it take so many employees to work on construction or street projects?

Often seen, for many reasons including safety and the handling of large construction equipment, the Borough utility and highway workers congregate in large numbers. However, the Borough Highway Department only has seven (7) full time employees, so you are probably seeing contractors who won competitive low bids for projects, rather than employees. We do not pay them by the employee or by the hour. We pay contractors by the project, and therefore the incentive is to do as much work as fast as possible to do a project; that usually means they bring many employees.

21. Why will township residents pay more for using the Chambersburg Aquatic Center or other Recreation Department programs?

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. The school tax money comes from both Borough and township residents. According to a 2009 agreement, the district stopped supporting our programs in exchange for a grant, which ended in 2014. Therefore, township residents, who are residents of the Chambersburg Area School District, are no longer contributing to support the Borough Recreation Department operation. As such and only being fair, township residents pay a little more than do Borough residents. It is not permissible to deny access to our recreation programs based upon residency. However, there is no prohibition on having a two-tier fee system. If the townships' boards wanted to contribute directly to the Recreation Department with a cash subsidy, their residents could enjoy the lower tier rates.

The Aquatic Center, all the Borough-owned tennis courts, and playgrounds, and the Recreation Center roof, were replaced using money from the 2016 Recreation Bond, which is like a mortgage. The Recreation Bond Tax pays for the mortgage on the facilities, but not their operation.

Continuing in 2027, the Borough's Aquatic Center will have two separate rates for Borough residents and non-Borough residents. Borough taxes do not go to support the operation of the Aquatic Center. It costs over a million dollars per year to run the Aquatic Center. Finally, property owners pay no taxes towards the operation of the Aquatic Center or any Recreation Department program. Fees must cover the program costs, not real estate taxes.

This is why residents get a discount on Recreation Department activity fees.

22. Why do fees go up every year?

The cost of just about everything goes up every year. However, it is not permissible for the Town Council to make any profit on any fee for any service; and, all fees are adopted at a public meeting. Covering actual costs are the best we can do under the law.

23. Why do Borough employees get such good wages and benefits; can't they be reduced?

No, most Borough employees are represented by collective bargaining unions and those unions have negotiated labor agreements with Town Council or (in the case of the uniform employees of the police and fire service) could have had those labor agreements imposed on the Borough. The Town Council cannot unilaterally change the terms and conditions of employment. Nor can Town Council necessarily lay off employees. Certainly, we think we have great employees, and in a lot of cases, their compensation is in

proportion to what municipal workers across the Commonwealth are paid. Regardless, there is no reason to blame the employees themselves, who are generally good workers, and our friends, and neighbors. Most of the employees are also customers of the Borough, and they pay for utilities and programs just like everyone else.

24. With limitations on the Police Tax and the Fire Tax, how can you afford projects like the new Public Works Complex on Wayne Avenue?

Chambersburg real estate taxes remain earmarked only for police and fire operations. Real estate taxes are not the source of funding for any other department or employee. In fact, the three bond taxes now levied in this budget are not changing in 2027:

- The Recreation Bond Tax, a bond to pay off the 2016 Recreation Bond (bonds refinanced in 2021), a bond to pay for the construction (but not operation) of the Aquatic Center, renovations to all Borough playgrounds in 2018, and all Borough tennis courts in 2018;
- The Police Station Bond Tax, a bond to pay off the 2022 Police Station Bond(s), for the renovation and expansion of the Borough Police Station on S. Second Street, but no police operations; and
- The Public Works Complex Bond Tax, a bond to pay for the 2025-2026 construction of about 24% of the cost of the new Public Works Complex. A second bond is scheduled for sale in January 2026 to complete this construction project financing. The balance of funding comes from the utilities.

In 2027, the Public Works Complex Bond Tax is scheduled to go from 1-mil to 2-mil. The cost of the taxes (24%) to build this facility will be $35.40 per year per average household. It now appears that no third increase, or additional taxes are needed to fund this project. The $35.40 per year price tag appears to be the final cost to the average single-family homeowner.

These three bond taxes are similar to mortgages. Therefore, one can reliably say, “No real estate tax will pay for any “operation” of the Borough of Chambersburg other than police and fire.” It is important to acknowledge that real estate taxes are not used in support of most departments’ operations or employees; not parks or street maintenance or the Borough administration, are paid for using real estate taxes. The only use of these taxes are police and fire, and to pay off the Recreation Bond, the Police Station Bond(s), and the Public Works Complex Bond. This has always been our financial plan for the Borough’s use of taxes. These three mortgages pay for no operations, no employees, no operating expenses.

This project, just like the previous Recreation Capital Improvements Projects and the Police Station Renovation and Expansion Project will be funded in part by a dedicated real estate tax. Unlike those other projects, the dedicated real estate tax will not pay all of the cost of the debt issuances. In fact, the tax levied is calculated to only cover approximately 24% of the annual cost of the debt. This is because 74% of the cost of the Public Works Complex project is being funded by the various Borough utility operations. Only that portion of the cost attributable to General Fund or governmental operations (i.e., police, fire, EMS, highway, recreation, community development, etc.) is being paid for by the dedicated real estate tax. The balance is being paid for by interfund transfers from the various utilities.

The Public Works Complex is a very important project for the future of our community. It might not be exciting, but it is desperately needed to replace the aging facility on Loudon Street.

25. How can the Borough afford so many cars and trucks?

Borough vehicles are paid for in a unique system. The Motor Equipment Fund buys the vehicles (everything from dump trucks to police cars to fire engines) and rents them to the departments. The rental fees cover gas, insurance, maintenance, and depreciation. The Motor Equipment Fund holds the

depreciation and when the vehicle needs to be replaced, if calculated correctly, there should be sufficient cash-on-deposit to buy a replacement vehicle. This has been working well for generations. The Borough is able to save millions of dollars by not borrowing or leasing any vehicles through this unique motor pool system.

26. Why can you not just take utility money and pay for police officers and firefighters?

The Borough cannot wholesale move funds from utilities, kept in separate accounts, to the General Fund to pay for fire, police or parks. Nor would this be fair to utility customers. In addition, the Electric Utility and the Gas Utility already make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth. However, as such, they are tax exempt, so instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. State law does not allow the Wastewater Utility to make similar payments. Beginning in 2027, we have converted the monthly Ambulance Fee into a PILOT payment from the Water Utility so that is the third type of PILOT. Also, all the utilities pay their fair share of operating expenses for the internal services such as personnel, accounting, information technology, and more.

27. How can the Borough buy the Southgate Shopping Center without affecting taxes?

In 2027, the Borough's partner, the Chambersburg Area Municipal Authority (CAMA), will likely begin the process to return the shopping center to private ownership with a recent deal approved by all the parties.

The project's goal is to create a new sustainable neighborhood that promotes a mixture of uses to include housing, recreation, employment, retail and business services into the neighborhood adjacent to downtown and to therefore increase utility sales from this neighborhood. On April 7, 2022, the Chambersburg Area Municipal Authority (CAMA) purchased Phase 1 of the Shopping Center. On August 24, 2022, the Chambersburg Area Municipal Authority (CAMA) reached an agreement to sell the former Gold's Gym building at the Southgate Shopping Center to Keystone Health. On October 13, 2022, the Chambersburg Area Municipal Authority (CAMA) purchased Phase 2, or the balance of the shopping center. No local taxpayer money is involved in this plan as the American Rescue Plan Act provided a $7,763,037 non-competitive, federal formula grant from the U.S. Treasury Department to the Borough to help the community respond and recover from the COVD-19 pandemic. Of that amount, Town Council allocated $4,151,857 to purchase the Southgate Shopping Center. When the parts of the shopping center are resold, Council can reuse the resulting proceeds from the sale for other investments. In the meantime, store rents more than cover interim operations until the shopping center is resold by CAMA. No local tax money is being used for the Southgate project.

In 2023, the Borough received a grant from the US Army Corps of Engineers to replace underground utilities in the amount of $3.3 million with a match of $1.3 million from the Borough in storm sewer fees.

In 2024, the Borough received two more grants to replace Water Street with a new linear park. Also, construction on the Keystone Health Community Healthcare Facility has progressed well. That is the new anchor to the redeveloped neighborhood.

At their regular meeting on Monday, November 2nd, Chambersburg Town Council endorsed the sale of the remainder of the Southgate Shopping Center to Inch and Co. of York, Pennsylvania.

The project conceived and proposed by Inch and Co., would bring six market rate apartment buildings to the site, demolish the former Big Lots department store, preserve the existing retail at the location, and end the six-year-long project where Chambersburg Borough and the Chambersburg Area Municipal

Authority (CAMA) bought a code deficient rundown local shopping center in downtown Chambersburg to turn it around as a catalyst for redevelopment.

The deal has rules and covenants including a prohibition on subsidized housing, certain types of retail, such as adult oriented businesses or smoke shops, and no data centers.

To be constructed in three phases over the upcoming three years, the first phase should begin as early as January or February 2027, as Joe Eisenhauer, VP of Development, Inch & Co., explained to Town Council.

On October 28, 2026, the Southgate Neighborhood Advisory Committee and the Chambersburg Area Municipal Authority, who owns the shopping center, met and formally endorsed the development plan.

Much of the presentation focused on the history of the project including comments about the land seizures decades ago that led to the shopping center's construction, Chambersburg's move to use federal COVID money from the American Rescue Plan Act to acquire the facility from Paran Management, and the planning process that identified a new mixed-use neighborhood of stores, healthcare, parks and homes for this location. No local tax money was ever used to buy or operate the shopping center. Only state and federal grants and the revenue from store rents paid the full cost of buying and managing the facility.

A portion of the land was carved off for Keystone Health to build their new community healthcare building which opened last year. Much of the original land will be retained by the Borough for two new parks, a community plaza and a new street. The sale of the balance is about 69% of the original purchase. The purchase price is $1.45 million to be paid in installments, including interest to CAMA over the next decade. The purchase price may turn out to be more. An upcoming designation as a Federal Opportunity Zone may provide the developer with additional savings and the agreement calls for splitting that tax savings with CAMA.

The developer also plans to demolish the old JCPenney store, most recently a Big Lots, at their own expense. A recent grant for that demolition will be reprogrammed with the cooperation of the State for another use in the area.

There is no money to repay for the purchase and operations of the shopping center, so all the money earned is found money for the Borough and CAMA. The Borough and CAMA can now use this new money as an economic development revolving loan account to address other needs in the community.

The next step, according to Mr. Eisenhauer, is the formal submission of a land development plan for Borough approval.

An economic impact study prepared for the Borough indicated a combined recurring fiscal and utility impact of $421,720 annually ($151,720 in estimated Borough EIT and occupation tax revenue plus $270,000 in estimated gross utility sales) as a result of the development project.

28. Are there assets the Borough can sell, such as parks, to avoid tax increases?

No, in general, there is a prohibition on the sale of most Borough assets. For example, our parkland is usually deed restricted to remain as public parks. Further, most of the assets are owned and operated by our utility departments (Electric, Gas, Water, Wastewater, Storm Sewer, and Sanitation utilities) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance, and personnel); so, their sale would not help the General Fund anyway, or pay for police or fire expenses.

29. Can we raise a different tax, such as a sales tax or a hotel tax?

No, in general, the Commonwealth of Pennsylvania does not allow us the right to raise any other type of taxes. In 2014, the Town Council requested that the General Assembly allow Franklin County to raise the county hotel tax and share proceeds with Chambersburg for the Police Department. The State failed to approve the proposal. In addition, sales tax, liquor taxes, business taxes, and other local taxes are not an option under State law. For example, in 2015, the State proposed an increase in the hotel taxes across the State, for tourism only, with a prohibition on using them by any local town for anything else such as police expenses, as Chambersburg had suggested the year before.

30. Can we buy fewer trucks, do less construction, or lower the number of employees?

No, in general, the Motor Equipment Fund owns all Borough vehicles and rents them to the utilities, not the General Fund. The only vehicles rented by the General Fund are police vehicles, fire vehicles, and recreation equipment. Your taxes do not pay for vehicles for the utilities. Your taxes go only to support the Police Department equipment and vehicles and to provide fire and EMS equipment and vehicles for the Fire Department. Almost all the construction projects of the Borough, other than street paving projects (and some of those too) are completed by our utility departments (Electric, Gas, Water, Wastewater, Storm Sewer and Sanitation utilities); or, our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel). Therefore, really, when it comes down to the budget gap, it is a police, fire, recreation or street paving issue.

31. What is the long-term answer, other than taxes, to pay for these functions?

There is currently no answer in Chambersburg or any other municipality that has police or paid fire services. Every municipality in Pennsylvania with police or paid fire services is in the same or much worse situation. If Chambersburg did not have our utility departments (Electric, Gas, Water, Wastewater, Storm Sewer, and Sanitation utilities) or our utility support departments (Public Works Services, motor equipment, administrative services, which includes information technology, finance, and personnel); Chambersburg would be destitute.

Just remember, we are lucky to have strong, well operating, local utilities, which are paying Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth instead.

Tax Equivalent of Electric and Gas Utility PILOT Payments

The Value of the Electric & Gas PILOT Payments	2027	Property Tax Equivalent
Electric Department Payment in Lieu of Gross Receipts Tax	$2,550,000	11.71 mils
Gas Department Payment in Lieu of Gross Receipts Tax	$1,001,116	4.6 mils
Subtotal	$3,551,116	16.3 mils*
Percent of General Fund Budget Supported by PILOT Payments (2027)	10.2%	
How much more would the avg. single family house pay without PILOT	$283.25	More per year in taxes

*State law limits tax levy to 3 more additional mils so this is impossible