



# Per Capita Tax Information

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## ► Definition

- The Per Capita Tax is a flat rate local tax payable by all adult residents living within a taxing jurisdiction. For most areas “adult” is defined as 18 years of age and older, though in some areas the minimum age may differ. This tax is due yearly and is based solely on residency, it is NOT dependent upon employment or property ownership. Municipalities and school districts were given the right to collect a \$10.00 per capita tax under ACT 511, and School Districts an additional \$5.00 under ACT 679 - School Tax Code.

# 2018-2019 Summary

- ▶ 2018-2019 Collections **\$294,834.37**
- ▶ Costs to Process Collection of Funds **\$30,372.01**
  - ▶ \$20,160.75 or 7% for billing
  - ▶ \$10,211.26 or 3% for postage
- ▶ Net revenue amount to School District: **\$264,462.36**



# Townships Cost-sharing Option

- ▶ Current costs are 10% of the total revenue.
- ▶ Worcester Township collects \$1 & Lower Providence collects \$5 with no costs to either township.
- ▶ Costs decrease to 7.7% if the Townships helped in the payment of the costs to collect, bill, and mail invoices.
  - ▶ Worcester would pay 1/16<sup>th</sup> of the costs.
  - ▶ Lower Providence would pay 1/3 of the costs.
- ▶ This cost sharing option would increase the net revenue to the school district by **\$7,775** for 2018-2019.



# Operational Questions & Answers

- ▶ How does Berkheimer handle the management of addresses?
  - ▶ The files are reviewed annually prior to the next year's billing. This allows Berkheimer to remove individuals that moved out of the district and add those that have moved into the district.
- ▶ How do you handle Shannondell?
  - ▶ Shannondell agreed in 2017 to begin to supply Lower Providence Township with a list of all new residents that move in each quarter. The township, in turn, forwards this information to Berkheimer who then updates their records.



# Operational Questions & Answers

- ▶ How do you find the individuals to bill?
  - ▶ The district's Earned Income Tax rolls are checked throughout the year for new residents that have moved into the district. These additions are added based on the township they reside in and sent the bill for the current period.



# Operational Questions & Answers

- ▶ What is the process for waiving the tax for students?
  - ▶ Individuals billed for Per Capita Tax are not required to provide proof that they are a student if they are noted as such on the Earned Income Tax system. The bill is cleared for the year and the account left active to be billed the following year. They would need to notify Berkheimer that they are still a student the next year to have it cleared once more. Berkheimer can require the taxpayer provide proof of enrollment in a program of higher education if Methacton School District directed.
  - ▶ Total of waived invoices:
    - ▶ Worcester - 75 student exonerations
    - ▶ Lower Providence - 251 student exonerations



# Operational Questions & Answers

- ▶ To reduce mailing costs, can Berkheimer send the invoices in one envelope?
  - ▶ Berkheimer does not combine mailings, as this would be exposing another person's personal information to someone else. This is a violation of ACT 50 the Taxpayers Bill of Rights, which is punishable by required loss of position as a tax officer, fines and/or imprisonment. It is for this reason Berkheimer does not send multiple Per Capita Tax bills in a single envelope.



# Conclusion

- ▶ Board Concerns
  - ▶ Costs are 10% of the actual collections.
  - ▶ Could save the tax payers \$30,000 in costs if we added to Real Estate Tax
  - ▶ Townships can back fill the \$5.00 the school district forgoes.
  - ▶ The amount of the tax will be made up potentially through the real estate taxes, which shifts the tax from the population to those that own real estate that is taxable.