

**REVENUES**

GENERAL FUND  
EARNED INCOME TAXES



	2006 Actual	2007 Actual	2008 Budget	2008 Estimate	2009 Budget
Total Earned Income Taxes	\$ 6,742,917	\$ 7,209,380	\$ 7,672,975	\$ 7,323,450	\$ 7,370,000

**EARNED INCOME TAXES OVERVIEW**

In 1965, Act 511 commonly known as the “Local Tax Enabling Act” was enacted into law to provide Pennsylvania municipalities and school districts a means of funding their operations by levying certain types of taxes as defined by the Act. The Earned Income and Net Profit Tax is one of the taxes defined in Act 511, and under its authority, Upper St. Clair Township can levy a tax at the rate .50% on all employee compensation of its residents and net profits earned by its residents from unincorporated businesses and professions. The definitions of earned income and net profits were amended in 2002 through Act 166 to conform to the definitions found in the Pennsylvania personal income tax law. The Upper St. Clair School District also taxes the same type of income at the same rate of .50% on the aforementioned income. Also, there is a credit provision up to the full 1% combined rate for earned income and net profits taxes paid to other taxing bodies.

In 1979, the Township, a Home Rule municipality, adopted an additional tax on the same income base that has been detailed above, and it is commonly called the “Home Rule Tax”. This tax is levied under the authority of Act 62 of 1972 which is known as the ‘Home Rule Charter and Optional Plans Law’. Currently, the Home Rule tax rate is .30% on the defined income, but there is **no** credit provision for the earned income and net profits taxes paid to other taxing bodies. Thus, the overall current Earned Income and Net Profits tax rate for an Upper St. Clair resident is 1.3%, but the revenue shown in this account represents only the .80% levied for municipal purposes.

In 1999 the Township contracted with Jordan Tax Service for the collection of all Township and School District taxes. As a part of their tax auditing program, their staff reviews earned income tax accounts for compliance with tax regulations; and through shared information from the Pennsylvania Department of Revenue, compares earned income sections submitted by a resident to the State to the amount declared on a resident's local tax return. The program has generated much additional tax revenue since its inception, and the Township plans to continue the program for 2009.

Each year, refunds are issued to taxpayers that have overpaid their tax liability. In 2007, earned income tax refunds amounted to \$172,525 and an estimate of \$150,000 reserve for refunds is noted as a potential offset to current revenue.

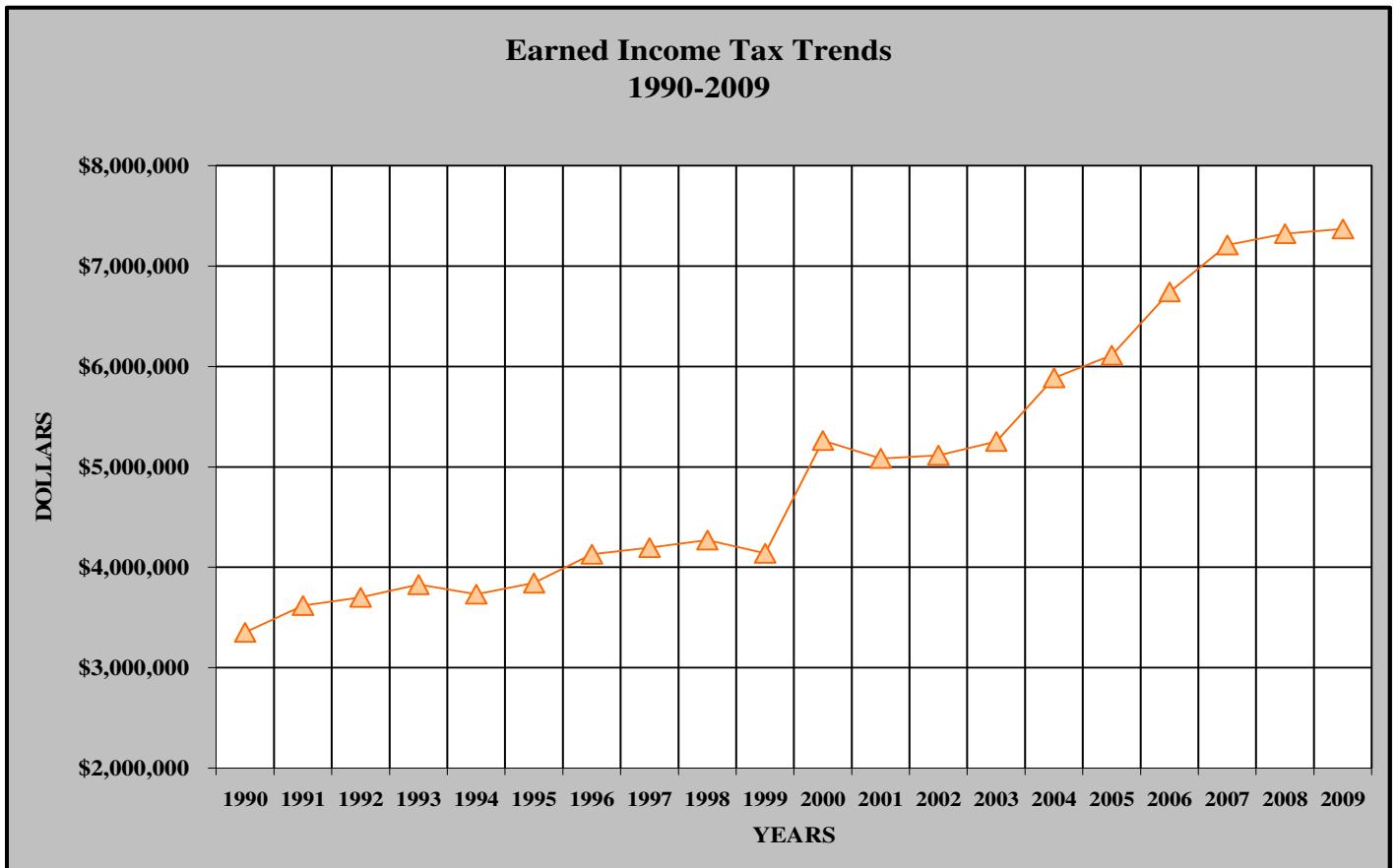
Township of Upper St. Clair Earned Income Tax 10 Year History									
Year	EIT Collection	Township Tax Rate	Sch. Dist. Tax Rate	Total EIT Tax Rate	Year	EIT Collection	Township Tax Rate	Sch. Dist. Tax Rate	Total EIT Tax Rate
2000	\$ 5,261,152	0.70%	0.50%	1.20%	2005	\$ 6,112,019	0.75%	0.50%	1.25%
2001	\$ 5,085,053	0.70%	0.50%	1.20%	2006	\$ 6,742,917	0.75%	0.50%	1.25%
2002	\$ 5,114,898	0.70%	0.50%	1.20%	2007	\$ 7,209,380	0.80%	0.50%	1.30%
2003	\$ 5,253,585	0.75%	0.50%	1.25%	2008	\$ 7,323,450	0.80%	0.50%	1.30%
2004	\$ 5,885,288	0.75%	0.50%	1.25%	2009	\$ 7,370,000	0.80%	0.50%	1.30%

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**GENERAL FUND  
EARNED INCOME TAXES**



Earned Income Taxes 01-00-000-310???-000	2006 Actual	2007 Actual	2008 Budget	2008 Estimate	2009 Budget
<b>001 Earned Income Tax Current Year</b>	\$ 3,975,370	\$ 4,308,032	\$ 4,744,355	\$ 4,402,483	\$ 4,600,000
<b>002 Earned Income Tax Prior Year</b>	\$ 2,380,371	\$ 2,625,119	2,778,620	2,681,911	2,670,000
<b>003 Earned Income Tax Previous Years</b>	387,176	276,229	300,000	239,056	250,000
<b>Gross Earned Income Taxes</b>	\$ 6,742,917	\$ 7,209,380	\$ 7,822,975	\$ 7,323,450	\$ 7,520,000
<b>Reserve for Refunds</b>	-	-	(150,000)	-	(150,000)
<b>Total Earned Income Taxes</b>	<b>\$ 6,742,917</b>	<b>\$ 7,209,380</b>	<b>\$ 7,672,975</b>	<b>\$ 7,323,450</b>	<b>\$ 7,370,000</b>



**EARNED INCOME TAXES PER AVERAGE INDIVIDUAL EARNED INCOME**

<b>Average Individual Income</b>	<b>\$88,000</b>
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<b>Earned Income Taxes</b>		
<b>Taxing Authority</b>	<b>2009 EIT Rate</b>	<b>EIT Tax</b>
Township of Upper St. Clair (Act 511 Tax)	0.50%	\$ 440
Township of Upper St. Clair (Act 62 Tax)	0.30%	\$ 264
Upper St. Clair School District (Act 511 Tax)	0.50%	\$ 440
<b>Total Earned Income Tax</b>	<b>1.30%</b>	<b>\$ 1,144</b>

**EARNED INCOME TAX RATES - SURROUNDING MUNICIPALITIES**

