BILL NO. 81-2013

AN ORDINANCE

AN ORDINANCE AMENDING THE RECOVERY PLAN FOR THE CITY OF READING (PA) ADOPTED THROUGH ORDINANCE NO. 26 OF 2010 (ENACTED JUNE 11, 2010) AS AMENDED.

THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The Municipalities Financial Recovery Act Plan for the City of Reading (PA) shall be and is hereby amended as set forth in Exhibit A attached hereto and made a part hereof.

SECTION 2. All other items, parts, sections, etc. of the Recovery Plan for the City of Reading (PA) shall remain in effect unchanged and likewise are ratified.

SECTION 3. This ordinance shall be effective ten (10) days after its adoption and approval by the Mayor, or repassage by City Council over the Mayor's veto, in accordance with Section 219 of the City of Reading Home Rule Charter, or as set forth in Section 221 of the City of Reading Home Rule Charter.

Enacted Dec 9, 2013

President of Council

Attest:

City Clerk

I, LINDA A. KELLEMER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Bill passed by the Council of the City of Reading, on the 9 day of Dec A. D. 20 13. Witness my hand and seal of the said City this 10 day of Dec A. D. 20 13

CITY CLERK

Submitted to Mayor:
Date: 12/10/13
Received by the Mayor's Office:
Date: 12/10/13
Approved by Mayor:
Date: 12/10/13
Vetoed by Mayor:
Date:

EXHIBIT A

Plan Amendment
With the exception of the amendment noted below, the Recovery Plan as filed May 28, 2010 shall continue in full force and effect.
RE08. Temporarily expand earned income tax
Target outcome: Increased revenue
Responsible party: Finance Department
To assist in addressing the structural imbalance, the City shall enact a temporary increase in the Earned Income Tax (EIT) rate for residents and a temporary earned income tax on non-residents who work in the City (i.e. "commuters").
For residents the City shall increase its earned income tax rate by 0.4 percent in 2011, bringing the City's levy to 2.10 percent. In 2012 the City shall reduce its EIT rate on residents to 1.9 percent.
In 2013 the City shall increase its EIT rate on residents by 0.20 percent to 2.10 percent with the associated revenue from the 0.20 percent increase restricted to helping the City make its annual required contributions to the employee pension funds. In 2014 the City shall keep the EIT rate on residents at 2.1 percent.
The additional amount of tax revenue associated with this initiative shall not be subject to sharing with the Reading School District or any other governmental entity. The table below summarizes these changes and shows the total earned income tax rate for residents based on the current School District levy of 1.5 percent.
Earned Income Tax Rate - Residents

2010 1.70% 1.50% 3.20%
2011 2.10% 1.50% 3.60%
2012 1.90% 1.50% 3.40%
2013 2.10% 1.50% 3.60%
2014 2.10% 1.50% 3.60%
For non-residents, the City shall petition the Court of Common Pleas of Berks County, pursuant to Section 141 of Act 47, to increase the rate of earned income taxation upon non-residents by 0.3 percent in 2011. The crediting provisions of Act 511 provide for the home jurisdiction of nonresidents to have first preference on the tax imposed on their residents up to their amount so imposed. The additional amount of tax revenue resulting from the City's non-resident EIT rate shall not be subject to sharing with the Reading School District or any other governmental entity.
In 2012 the City shall reduce its EIT rate on non-residents to 0.1 percent. In 2013 the City shall increase its EIT rate on non-residents by 0.20 percent with the associated revenue from the 0.20 percent increase restricted to helping the City make its annual required contributions to the employee pension funds.

While the City intended to eliminate the non-resident EIT rate by 2014, the rising pension contributions necessitate that it be extended through December 31, 2014. In 2014 the City's EIT rate on non-residents shall be 0.30 percent with the associated revenue restricted to helping the City make its annual required contribution to the employee pension funds. The table below summarizes these changes assuming that the non-resident's home jurisdiction has an earned income tax rate of 1.0 percent.
Earned Income Tax Rate – Non-Residents

2010 0.00% 1.00% 1.00%
2011 0.30% 1.00% 1.30%
2012 0.10% 1.00% 1.10%

2013 0.30% 1.00% 1.30%
2014 0.30% 1.00% 1.30%
Every other provision from the Recovery Plan as filed on May 28, 2010 remains in full force and effect.