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Tax hike tussle continues

Summary: A 2.2 mill (46.5 percent) property tax hike proposed by the Allegheny County chief executive in the 2025 fiscal plan does not have the support of the required "two-thirds of the seated Members" of County Council. This was made evident at the Nov. 6 budget and finance committee hearing.

The Home Rule Charter language on budget adoption states that, prior to the passage of the operating budget (balanced operating and capital budgets must be approved "no later than 25 days before the end of the fiscal year"), the council must pass a tax rate ordinance. Specifically, "such rates of taxation that, together with all other estimated revenue, shall raise a sufficient sum to meet annual budgeted expenditures."

The ordinance to raise millage from 4.73 to 6.93 was on the committee's agenda. The committee has seven members, but 13 of the 15 council members remained at the meeting and participated in a survey or poll where they were asked whether they would support the 2.2 mill increase. No formal vote of the committee was taken. Based on responses there was not enough support to meet the 10-vote threshold.

That means spending cuts. The charter states "Before adoption, County Council may add, delete, increase or decrease any appropriation item." It could also mean a smaller millage hike.

Allegheny County Millage, 2001-2024

Year	Millage	Beginning of Year Taxable Value ($, billions)	Notes
2001	4.72	$56.9	Reassessment effective, predetermined ratio of assessed to market changed from 25% to 100%
2002	4.69	$63.2	0.03 mill (0.6%) tax decrease
2012	5.69	$59.2	1 mill (21%) tax hike
2013	4.73	$78.8	Reassessment effective, millage adjusted
2018	4.73	$78.9	Ballot question for 0.25 mill (5%) tax hike defeated
2024	4.73	$85.4	2.2 mill (46.5%) tax hike proposed

A Nov. 8 memorandum written by the county manager examined how a lower increase of 1 mill would affect several departments, including Parks, Health and Police. It showed proportionate cuts to every department to reach $95 million in savings and then reassigned cuts from departments "where this level of cutting may not be legally permissible or practically feasible" (some due to matching state funds that would be affected) and concluded "a one mill increase in the County property tax is not even remotely close to being a feasible path forward to operate the county."

Council's president reacted to the memorandum as "the worst-case scenario, and I am not sure that is where we are going to end up."

On Nov. 13, the chief executive held a news conference and pushed for the budget and the tax increase by highlighting economic development spending.

Through August 2024 the county collected $380.9 million in property taxes, 96 percent of what was budgeted. Property tax refunds total $8.7 million, 81 percent above the $4.8 million budgeted. This is largely due to assessment appeals and the reduced common level ratio from a lawsuit and the length of time since the last reassessment. As of Nov.18, taxable assessed value was $84.25 billion, down 1.3 percent from what was certified in January. The administration estimated that the taxable valuation this coming January will be $83.9 billion.

The fiscal plan presentation from October projected 2024 will end with total revenue of $984.9 million, $1,066.1 million in expenditures for a deficit of $81.1 million. Use of American Rescue Plan dollars and the fund balance would result in a net surplus of just over $32,000.

Digging into the budget—the council has indicated it is preparing its own alternative—means determining what the county does, whether the state requires the function, if programs were funded by federal pandemic dollars that are expiring at the end of December and if services could be consolidated, contracted out or provided by another level of government. Much of this is presented in the sunset review reports required by the charter and prepared by the county manager.

In the last four reviews (2021-2024), opportunities for contracting, turning functions over to municipalities, the commonwealth or working toward a multi-county arrangement have been mentioned as possibilities for the departments of Administrative Services, Health, Emergency Services, Jail, Medical Examiner and Police. Were these options seriously considered when the reviews were completed?

Can the county justify spending money on Economic Development ($2.6 million in the operating budget and $100 million in total from the chief executive's news conference)? Or Children Initiatives ($6.1 million)? Could money be saved by folding Facilities Management ($27.5 million) back into Public Works ($32.5 million)? Or Information Technology ($15.4 million) back into Administrative Services ($23.6 million)? It is those types of examinations and questions that it is going to take for 2025.

Next year, the charter-mandated Government Review Commission will be appointed and, while it does not do anything for 2024 it represents a great opportunity to take another look at what county government should do. One recommendation made by the 2015 commission was to study consolidating the Police and Sheriff's offices. Both are still separate and will spend $43.8 million and $24.2 million, respectively, in the 2025 budget.

As of October, the county had 6,375 employees, of which 6,063 were classified as full-time regular employees. The remainder were elected officials, interns, part-time regular and seasonal employees. Of the total employee count, 1,757 were not members of a collective-bargaining unit. Our recent county benchmark study on 2023 audited data put Allegheny County second-highest on full-time employees per 1,000 people and above the benchmark county average.

The next few weeks will be critical in the development and approval of a budget plan for 2025 that looks like it won't include the significant 2.2 mill tax increase.

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