

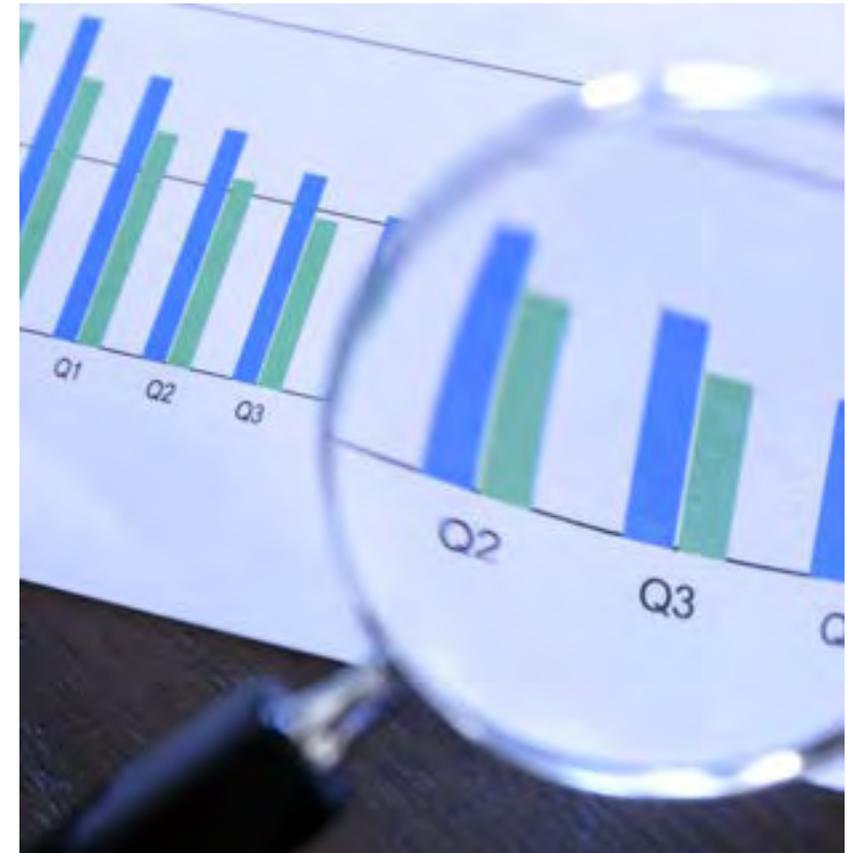
City of Hazleton

2026 Budget Proposal Presentation

November 13th, 2025

2026 Budget Summary

- The 2025 Hazleton Budget proposes a real estate tax increase of 2.308 mils or 25.3% Increase to Real Estate tax.
- This recommended increase is attributable to both decreases in forecasted expected revenues as well as normal cost increases including a large increase to healthcare costs and other normal cost increases
 - The city must account for an expected \$1,016,204 drop in total revenue.
 - No millage from Debt Service can be returned because of level debt funding for new bond.
 - Remaining personnel and contractual costs, including a 16.2% increase to healthcare costs. Over \$800,000 alone.
- The breakdown of this proposed millage is 10.49 for General Fund, 0.19 for the recreation fund and 0.76 for the Debt Service Fund.





Expected Decrease In Revenue

- PPT tax line must be reduced \$300,000. A large taxpayer overpaid PPT tax by approximately \$300,000/year for 3 years while Berkheimer inquired with them multiple times. Administration is still in discussions about an arrangement for return of funds but could potentially be repaid at the rate it was erroneously paid. Akin to a 600k negative swing in revenue.
- The City's expected healthcare distribution reimbursement is expected to be lower than normal in 2026. Misc. Revenues were lowered \$252,204. This revenue includes offsetting expenses for the GSC commission costs. The city did receive a reduced match on the application for about \$100,000 of the GSC costs will be directly covered.
- To date no follow on agreement of funding arrangement with the HCA has been negotiated and 2025 marked the end of the previous agreement (with the last payment made a year early in 2024). Though there is some funding owed the city, as shown in the budget.

Revenue

- There are some other minor adjustments increasing or decreasing based on actual collections but two large changes drive it.
- The net loss in expected revenue is \$1,016,204.
- If covering this with RE revenue we are at 1.11 mils before even contemplating expense increases.

Debt Service to Remain For Level Debt Funding

- The city's 2018 borrowing will see the final payment made in 2026.
- It's a smaller payment in 2026 of 102k.
- The budget calls for debt service to remain level at the current 0.76 mils.
- With our bond wrap financing, the bulk of this millage will be not be available for the 2026 GF budget due to bond financing payments.

Other Determining Factors

- Normal Contractual Pay increases
- A need to increase funding for legal expenses and engineering support expenses
- A 16.2% increase to healthcare costs. This is the highest cost increase in PHMIC's 34 year history.
 - This increase is over \$800,000, the budget can absorb a small amount but the budgeted increase is roughly \$600,000.

Previous Years

- In 2024 the City Raised Real Estate taxes 1.369 in part due to a need to address a funding requirement of ACT 205
- The city also reduced ACT 205 taxes by 50% reducing the rates to 0.50 and 0.625% (residents) respectively. This should have lowered the overall tax burden of a vast majority of working city households
- In 2025 the City raised Real Estate taxes 0.983 mils.
 - This was again driven primarily by revenue losses.
 - Loss of HCA funding via the early agreement payment.
 - Loss of COPS Grant funding.

Upper Quarter Home and Higher Income

Hazleton Tax Complilation Work Sheet										
	RE Tax Millages			Total RE	EIT Taxes			Total EIT		
Year	Gen. Fund	Recreation	Debt Service		ACT 205	ACT 511	ACT 47			
2018	4.35	0.09	1.41	5.85	0.0065	0.005	0.006		0.0175	
2019	4.46	0.09	1.41	5.96	0.0065	0.005	0.006		0.0175	
2020	4.68	0.09	1.41	6.18	0.01	0.005	0.0025		0.0175	
2021	5.28	0.09	1.41	6.78	0.0115	0.005	0.001		0.0175	
2022	6.38	0.19	0.21	6.78	0.0125	0.005	0		0.0175	
2023	6.38	0.19	0.21	6.78	0.0125	0.005	0		0.0175	
2024	7.389	0.19	0.57	8.149	0.00625	0.005	0		0.01125	
2025	8.182	0.19	0.76	9.132	0.00625	0.005	0		0.01125	
2026	10.49	0.19	0.76	11.44	0.00625	0.005	0		0.01125	
Median Value Home Median Household										
	Home Val	Income		RE Tax	EIT Tax		Total Tax Paid	Services	Debt	
2018	117100	87000		685.04	1522.50		2207.54	0.677	0.323	
2019	117100	87000		697.92	1522.50		2220.42	0.679	0.321	
2020	117100	87000		723.68	1522.50		2246.18	0.56	0.44	
2021	117100	87000		793.94	1522.50		2316.44	0.525	0.475	
2022	117100	87000		793.94	1522.50		2316.44	0.563	0.437	
2023	117100	87000		793.94	1522.50		2316.44	0.563	0.437	
2024	117100	87000		954.25	978.75		1933.00	0.717	0.283	
2025	117100	87000		1069.36	978.75		2048.11	0.723	0.277	
2026	117100	87000		1339.62	978.75		2318.37	0.759	0.241	
				\$2,892.72	inflation adjusted 2018 total tax					

History of Proposed Vs. Actual Real Estate Tax

2019 -- 0.33 Proposed ----- 0.11 Passed

2020 -- 0.30 Proposed ----- 0.22 Passed

2021 -- 2.07 Proposed ----- 0.60 Passed

2022 – 0 Proposed and Passed

2023 – 0 Proposed and Passed

2024 – 1.15 Proposed and Passed*

2025 – 1.531 Proposed and 0.983 passed

57% of proposed RE Tax increased passed by council. Difference of 2.318 mils

2022 Early Payment of Debts

For the 2022 Budget Year, Council and Mayor elected to pay down and pay off existing debt service debt in order to move the associated mils to the General Fund.

This resulted in the ability to move 1.2 mils from debt service.

Effectively acting as an investment allowing the defraying of a real estate tax increase.

Departments Vs. Inflation over the years

- Police Department
 - 2019 Budget \$4,866,880
 - Adjusted for inflation to a 2025 value of \$6,377,463
 - Actual 2026 requested budget is \$6,991,659.
 - This represents 9.6% over inflation averaging 1.37% over 7 years.
- Improvements include:
 - Department Expansion
 - Fleet System
 - Flock System
 - Cadet/Recruiting initiatives

Continued

- Fire Department
 - 2019 Budget \$2,212,775.
 - Inflation adjusted to 2025 \$2,899,576.
 - 2026 Budget request \$3,237,097.
 - 11.6% over inflation averaged to 1.66% Over 7 years
- Improvements Include:
 - Department Expansion
 - Maintenance Budget Expansion

Public Works Department

2019 Budget \$1,738,067.

2025 Inflation Adjusted \$2,277,528.52

2026 Budget Figure \$3,405,659

49.5% Over inflation, averaging 7.07%/year

Major Investments In DPW

- General Fund Paving funding
- Personnel expansion
- Raised operational budgets
- Equipment

Code/Parking/Zoning

2019 Budget \$594,916.

2025 Inflation adjusted \$779,566.13.

2026 Budget Figure \$1,163,322.

49.2% over inflation averaging 7.03% per year

Improvements Include

- Establishment of a zoning office
- Hiring of an internal Inspector
- Expansion of the office
- Fleet Program and technological investments

Other Investments and Cost Savings



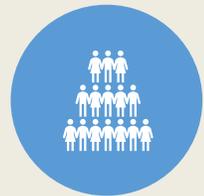
Rebuild of IT infrastructure and IT third party support.



Reduction in worker's compensation costs reducing mod factor, training, return to work policies.



All labor unions made concessions during the ACT 47 process to create savings, reductions in Longevity, increased copay premium share.



Currently across all employee groups, average copay share is 7.2% which would be about \$4,000/yr.



A historically high number of health care opt outs – Savings but risk!



Hazleton Tax Base Information

- The city has a total taxable assessed value of \$1,012,898,700.
- The proposed budget assumes a collection rate of 90%
- The value of 1 mil at this rate is \$911,609.





Tax Base cont.

- There are 9926 unique parcels in the city
- The median assessed value for city properties is \$76,600
- At the millage rate of 11.44 the median tax bill for the city is \$876.30 or \$73.03 per month.
- This Breaks down as \$803.57 for General Fund, \$14.54 for recreation and \$58.06 for debt service.

Breakdown of City Revenue (GF)

\$10,298,778 from real estate including delinquent taxes, 56.2% of all revenue. Up 5.5% from 2025.

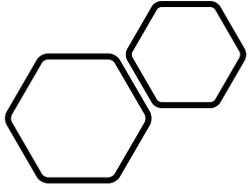
\$3,300,000 from earned income tax, 18% of all revenue

\$1,300,000 from other 511 taxes, 7.1% of all revenue

\$1,714,000 from licenses and permits, 9.4% of revenue

Revenue cont.

- Building permit revenue is raised with the projection of one major project budget at \$1,150,000.
- \$365,000 from Fines, 2.0% of revenue
- Remaining revenue sources include parking, grants, misc revenue and funding owed from the HCA outside of normal the previous agreement.



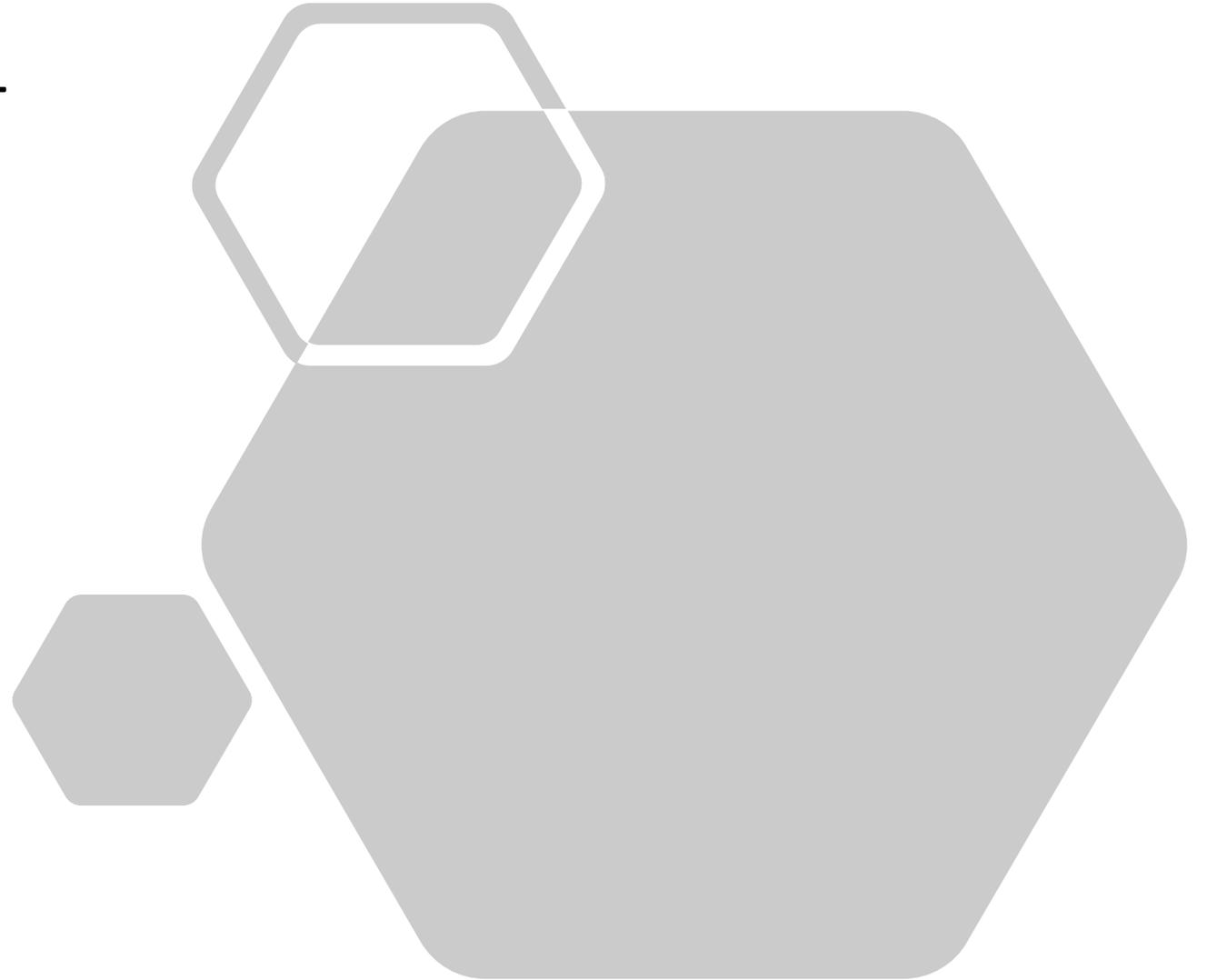
Breakdown of City Expenses

- General Administration makes up 12.3% of city expenses.
 - Council – 1.1%
 - Executive – 2.3%
 - Financial Administration – 2.8%
 - Tax Collection – 0.1%
 - Legal Services – 1.5%
 - City Clerk – 0.6%
 - Engineering – 1.2%
 - Building and Grounds – 2.7%



Expenses continued – The Big 3

- Police Department – 38.2%
- Fire Department – 17.7%
- Public Works including
Garage – 18.6%
- 74.5% of total budget





Other Expenses

- Parking – 1.3%
- Code Department – 3.3%
- Planning and Zoning – 1.7%
- Insurance (General Liability) – 1.6%

The Breakdown of \$1 of Real Estate tax

- 92 cents go to the General Fund
- ~1 cents go to recreation
- ~7 cents go to debt service





Breakdown of \$1 in General Fund

- Of the \$0.92 headed to General Fund
 - \$0.10 for general Admin
 - \$0.38 for Police
 - \$0.18 for Fire
 - \$0.20 for DPW
 - \$0.14 for Parking, Code, Planning & Zoning, Insurance.
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Conclusion

- The City has worked to defray potential tax increases.
- Each subsequent reduction of a proposed increase makes it more likely a further increase at a later date.
- In 2017 the council neglected to properly fund the budget and passed a fatally flawed budget that required state intervention and led to the city entering ACT 47 in 2018.
- The city of Hazleton over the preceding 25 years, has spent Millions of dollars in current Real Estate tax dollars and interest stemming from emergency unfunded borrowing due to a refusal to fund budgetary needs.
- I am hopeful, that next year on the final payment of the 2018 loan, that the city does not need to do it again.
- Questions?