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Forks projects 10 percent tax increase, its second hike in 2 years

Budget cuts are being made, but real estate bust is taking its toll.

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Taxes in Forks Township could increase by 10 percent next year despite efforts to reduce expenses and freeze capital projects, according to preliminary projections.

Officials suggested cutting \$49,000 in spending at a budget hearing Wednesday, including cuts to athletics and recreation funding, canceling the township Christmas party and rolling back the local newsletter. They also recommended putting \$345,000 of capital projects on hold.

Those cost-saving measures, plus the tax increase, would balance the roughly \$7.1 million budget.

"I don't think any of this makes us comfortable," Richard Schnaedter, township manager, told the board of supervisors. "But I think the economy makes it a necessity. We've identified what's most feasible and what causes the least amount of disruption."

The 2009 plan would increase the tax rate for the second straight year, from 5.1 mills to 5.6 mills. At the new rate, the owner of a home assessed at \$100,000 would pay \$560 in property taxes, \$50 more than last year.

The budget moves were necessary to close a more than \$400,000 shortfall, the result of the weak housing market. Revenue from the real estate transfer tax has fallen from about \$800,000 two years ago to about \$400,000 this year, said Jim Farley, finance manager.

Building permit revenue has also decreased significantly, Farley said.

Under the proposed budget, frozen capital projects would include:

\$200,000 for a new fire truck for 2011;

\$47,000 for other fire equipment;

\$40,000 for two police motorcycles;

\$30,000 for a new police car.

Officials recommended reducing funds for legal fees -- which have cost taxpayers more than \$200,000 so far this year -- and for the engineer by \$10,000 each.

They also suggested cutting \$14,000 from recreation and athletics funding, which helps pay for field maintenance and league fees, as well as uniforms and equipment.

"We'll have to take a look at that," said Supervisor Robert Egolf. "I wouldn't want people to see a significant reduction in recreation and athletic funds and be hit with a tax increase."