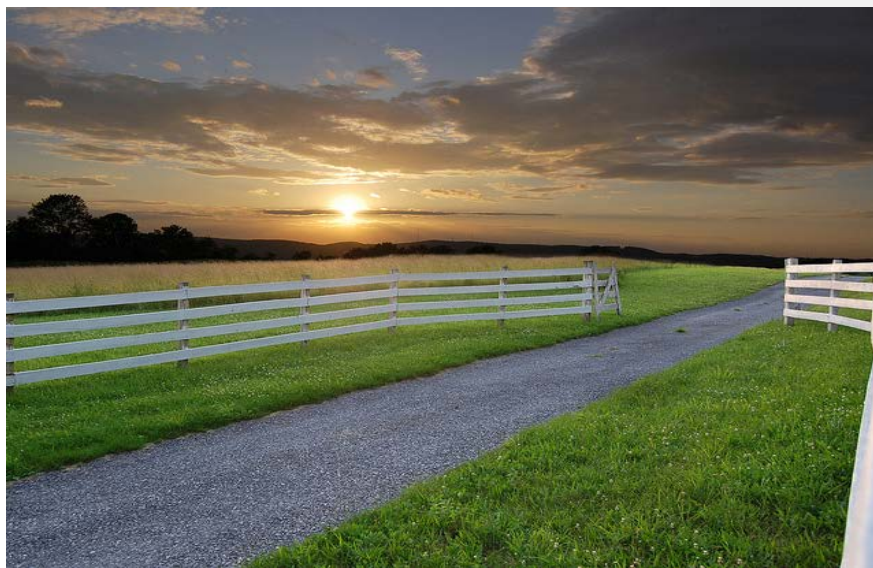
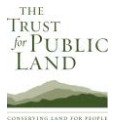


CONSERVATION FINANCE FEASIBILITY STUDY:: JANUARY 2011

UPPER SAUCON TOWNSHIP, PA



THE TRUST *for* PUBLIC LAND
CONSERVING LAND FOR PEOPLE



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TABLE OF CONTENTS

Introduction	2
Executive Summary	3
Overview	4
Local Conservation Financing Options: General Obligation Bonds, Property Taxes, Earned Income Taxes	8
Non-electoral debt	8
Voter-approved General Obligation Bond	9
Voter-approved Property Tax	12
Earned Income Tax	13
Referring Tax Measures to the Ballot	14
Voter Registration and Turnout	15
Appendix A: Recent Successful Municipal Ballot Language	16
Appendix B: Map of Upper Saucon 3 rd District	17
Appendix C: PA Local Conservation measures 2000-2010	17
Appendix D: Funding Matrix	20

INTRODUCTION

The Trust for Public Land (TPL) is a national nonprofit organization dedicated to conserving land for people to enjoy as parks, gardens, and natural areas. Since 1972, TPL has conserved almost 3 million acres of land nationwide. In Pennsylvania, TPL has helped protect almost 3,000 acres.

To help state agencies and local governments acquire land, TPL assists communities in identifying and securing public financing. TPL's Conservation Finance program offers technical assistance to elected officials, public agencies and community groups to design, pass and implement public funding measures that reflect popular priorities.

Since 1996, TPL has supported 466 state and local ballot measures that have generated nearly \$33 billion for natural area protection around the country. In Pennsylvania, TPL most recently assisted in the passage of a \$10 million bond in Adams County. The funds will be used for open space, farmland and other natural area preservation. The measure passed with 75 percent support in November 2008. TPL also assisted Buckingham Township (Bucks County) in the passage of a \$20 million bond for open space in April 2008. The measure passed with 82 percent support. Currently TPL is working with Monroe County on renewal of their land conservation funding.

Statewide, TPL was involved in the passage of the Growing Greener II bond, authorizing \$625 million for the maintenance and protection of the environment, open space and farmland preservation, watershed protection, abandoned mine reclamation, acid mine drainage remediation and other environmental initiatives. The bond passed in May 2005. TPL is currently involved in a statewide coalition working to renew funding to Growing Greener.

The objective for this study is to research the most viable local funding options for long-term conservation of open space, farmland, forests, watersheds and wildlife habitat for Upper Saucon Township.

EXECUTIVE SUMMARY

Most funding for land conservation in America comes from local governments. Across the country, between 1998-2005 there was a total of \$24 billion (annual average of \$3 billion) spent on land conservation at the local, state and federal levels of government. Sixty-seven percent of the total dollars spent came from local governments, twenty-eight percent came from state governments and only four percent was derived from the federal government.¹ Therefore, a dedicated source of local revenue often serves as the key to long-range open space preservation efforts as the stable funding source to leverage grant money offered by the state and federal programs.

Since 1996, more than 100 local ballot measures were passed in Pennsylvania that support the acquisition of land for open space, farmland and recreational purposes, generating nearly \$1 billion. The overall passage rate for local ballot measures in Pennsylvania is 81 percent. Pennsylvania voters have approved 91 percent of all 47 bond measures, 74 percent of all 74 earned income tax measures, and 85 percent of all 13 property tax measures. Over the past two years, voters approved three of three (100 percent) local conservation finance ballot measures in Pennsylvania.

Lehigh County voters overwhelmingly supported a \$30 million bond in 2002 with 71 percent support. Upper Saucon voters supported the measure with 77 percent support. In 2008, Upper Saucon voters narrowly rejected an earned income tax increase for open space by only 34 votes out of over 7,000 cast.

In Pennsylvania, at the municipal level, pay as you go taxes such as the property tax, earned income tax, or real estate transfer tax have been used, in addition to bonds, to finance land conservation by Pennsylvania townships, mostly in the southeastern portion of the state.²

There are several local finance options—from taxes to bonds—that could be considered as tools for financing parks and land conservation in Upper Saucon Township. Specifically, this report analyzes the revenue raising capacity of bonds, property taxes and the earned income tax as conservation finance mechanisms and their associated cost to taxpayers.

This feasibility report is meant to inform the township of new funding options for land conservation by identifying potential funding mechanisms and revenue raising capacity. Next steps should include matching this funding source to the needs identified by the municipality and testing voter attitudes toward a specific set of funding proposals. TPL will conduct a public opinion survey that tests funding options, ballot language, tax tolerance, and program priorities of voters.

¹ Figures are derived from TPL's LandVote and Conservation Almanac databases.

² <http://www.heritageconservancy.org/news/publications/pdf/pub-fin.pdf>

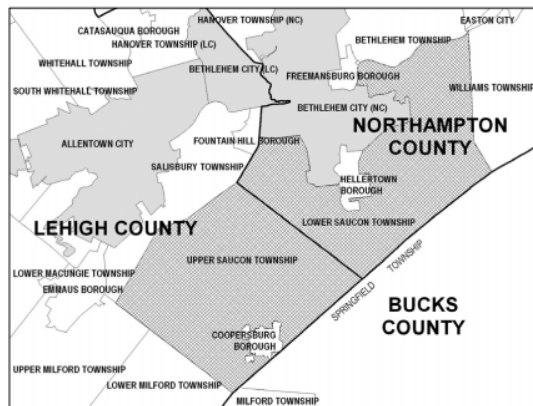
OVERVIEW

Location, Land and Demographics ³

Upper Saucon Township is situated in the southeastern corner of Lehigh County approximately 60 miles north of Philadelphia and 80 miles east of Harrisburg. The Township is bordered on the north by Salisbury Township, on the east by Lower Saucon Township (Northampton County), on the south by the Borough of Coopersburg and Springfield Township (Bucks County), and on the west by Lower and Upper Milford Townships.

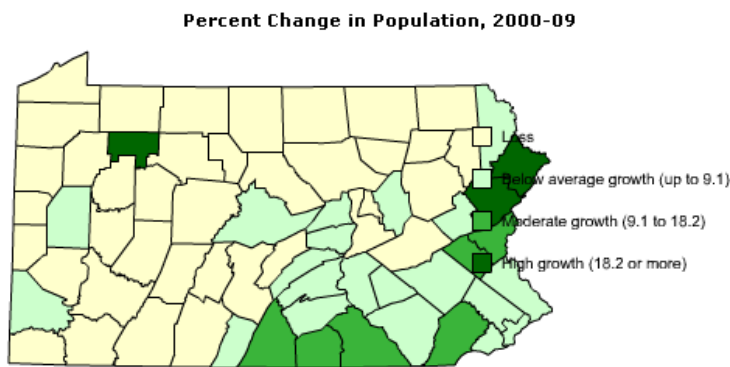
Upper Saucon Township is linked to the regional transportation network by three major highways - Interstate 78, PA Route 309 and PA Route 378. Interstate 78 traverses the northeastern section of the Township until it merges with Route 309 in the north-central area. The Interstate then swings north and shares six lanes with Route 309 until it meets US Route 22 northwest of the Township in Upper Macungie Township. Route 309 runs through the center of the Township and provides a direct link to Quakertown, Philadelphia and other Bucks County and Montgomery County communities to the South. Route 378 runs north from Route 309 in the south-central area of the Township and eventually meets US Route 22 in the City of Bethlehem.

Upper Saucon is a bedroom community for the Lehigh Valley region including the cities of Allentown, Bethlehem and Easton. The rolling hills and farmland that characterize the Township and its convenient location with easy access to PA Route 309, Interstate 78 and US Route 22 have made Upper Saucon a very attractive place to live for those wanting both a somewhat rural atmosphere but also access to metropolitan amenities.



³ Section excerpted from <http://www.uppersaucon.org/about.html>

According to the U.S. Census the current population is 14,570, an almost 20 percent increase since 2000. In addition, Lehigh County is the 9th fastest growing county in Pennsylvania. The three counties directly north of Lehigh, Northampton, Pike and Monroe, are all faster growing with Pike and Monroe being the 2nd and 3rd fastest growing counties in the Commonwealth. This indicates that the growth rate in Lehigh County could continue to climb if the population from Pike, Monroe, and Northampton migrate south.



Based on recently released U.S. Census figures, the median age of an Upper Saucon resident is almost 42 years old. The township is evenly split between males (50.2%) and females (49.8%). Of the estimated population of 14,570, over 11,000 or 77 percent are between 18 and 65 years of age. Just over 2,000 or 14% are 65 years of age or older. Owner-occupied housing units equal 4,448, or 86 percent of total housing units, while the median household income is \$91,705, far above county, state and national averages.⁴

⁴http://factfinder.census.gov/servlet/ACSSAFFacts?_event=Search&geo_id=&geoContext=&street=&county=Upper+Saucon&cityTown=Upper+Saucon&state=04000US42&zip=&lang=en&sse=on&pctx=fph&pgsl=010

Support for Preservation Funding Efforts

A review of conservation finance election results can often be helpful in gauging voter tolerance for public spending on land conservation. In May 2005, voters in Lehigh County supported the passage of the statewide Growing Greener II Bond question, authorizing \$625 million of which almost \$300 million was to preserve open space, farmland and watersheds. The amendment passed with 64 percent support in Lehigh County. In Upper Saucon Township it passed with 70 percent support. It passed statewide with 61 percent support.

Every municipality in Lehigh County has been very supportive of conservation efforts, with most voting well above 60 percent on the two most recent conservation finance efforts, the statewide Growing Greener bond in 2005, and the county open space bond in 2002. Despite this, no municipality has utilized a voter- approved open space funding mechanism. Heidelberg and Upper Saucon Townships had failed attempts to impose earned incomes taxes in 2007 and 2008, respectively. Both measures failed, however by extremely slim margins.

A 2010 survey conducted by the Lehigh Valley Planning Commission found that ninety-two percent of the respondents favor preservation of farmland. Preservation of rivers, creeks, streams and lakes are given high environmental protection priority. Development of trails for hiking, biking, rollerblading and horseback riding and development of nature preserves rank highest in terms of needed park, recreation and cultural facilities. Seventy-one percent of respondents either agreed or strongly agreed that more parks, recreation facilities and open space should be acquired. Farmland preservation and open space protection also rank high in terms of important planning issue.⁵

Local Support for Conservation Finance in Lehigh County		
Municipality	%Yes Growing Greener Bond 2005	% Yes County Conservation Bond 2002
Allentown	62%	68%
Bethlehem	69%	71%
Alburtis	74%	77%
Catasauqua	65%	64%
Coopersburg	64%	75%
Coplay	65%	73%
Emmaus	69%	77%
Fountain Hill	75%	73%
Macungie	60%	73%
Slatington	69%	65%
Hanover	61%	70%
Heidelberg	57%	69%
Lower Macungie	63%	76%
Lower Milford	71%	70%
Lowhill	60%	75%
Lynn	62%	76%
North Whitehall	55%	65%
Salisbury	65%	72%
South Whitehall	63%	71%
Upper Macungie	60%	71%
Upper Milford	67%	73%
Upper Saucon	70%	77%
Washington	59%	61%
Weisenberg	58%	76%
Whitehall	61%	65%

⁵ Excerpted from 2010 Lehigh Valley Land Use Public Opinion Survey <http://www.lvpc.org/pdf/LandUsePublicOpinionSurvey2010.pdf>. The Lehigh Valley Land Use Public Opinion Survey was mailed to a 1.25% sample of active registered voters in Lehigh and Northampton counties in January 2010. We employed the same survey method that was used in our 1974, 1988 and 1999 voter opinion surveys. Names were selected in a manner to assure that active registered voters in various geographic parts of the Lehigh Valley would be included in the sample. In addition, the LVPC offered survey participants the option to complete the survey online.

In May 2010, the township created a tax deductible open space fund to allow for voluntary contributions that would augment the township's efforts to get grants and other money for preservation of farmland, woodlands, wetlands and other open space. The fund would accelerate township efforts to protect some of the more than 50 properties it has identified as places worth preserving. In addition to buying land for open space, parks and recreation, the fund could also be used to buy development rights so a landowner could keep the land but lose the right to develop it.⁶ The voluntary fund has generated no revenue for these purposes to date.

⁶ http://articles.mcall.com/2010-05-22/news/all-a11_mc-upper-saucon-open-space-7279432may22_1_upper-saucon-open-space-thomas-beil

LOCAL CONSERVATION FINANCING OPTIONS: GENERAL OBLIGATION BONDS, PROPERTY TAXES, EARNED INCOME TAXES

Generally, there are five primary types of revenue sources available to municipalities in Pennsylvania to pay for land conservation. They can use discretionary annual spending, electoral and non-electoral debt financing, a voter-approved property tax, or earned income tax. This report will look primarily at voter-approved general obligation bonds, the property tax, and earned income tax, with brief mention of non-electoral debt. The financing options utilized by a community will depend on a variety of factors, such as taxing capacity, budgetary resources, voter preferences and political will. The ability of local governments to establish dedicated funding sources depends upon state enabling authority.

In 1996, Act 153 was enacted as an amendment to Act 442 of 1967, Pennsylvania's Conservation and Land Development Act. This law broadened the ability of local governments to acquire interests in real property, including development rights. The purposes include the provision of recreation land, as well as the conservation of scenic resources, historic resources, natural resources, farmland, forest lands and areas for pure and adequate water supply. Local governments may levy a tax on real estate or earned income above the existing limits of the Commonwealth's laws, but they must first receive referendum approval. Specific finance options available to Upper Saucon Township are described in this section.⁷

Non-electoral debt

Non-electoral debt is bonds the municipality or county issues directly, without voter approval. Non-electoral debt is limited by law. The Local Government Unit Debt Act establishes the limits for non-electoral debt by type of local unit. The amount of non-voted debt that can be issued by a county or municipality is limited to 300 and 250 percent, respectively, of their borrowing base.⁸ The Act defines the borrowing base as the average annual revenue taken over the last three years.⁹ Upper Saucon Township is not near its non-electoral debt limit. Though this is an option for land conservation, it is not ideal, as it must adhere to strict debt limits, and the alternative, voter-approved general obligation bonds, have enjoyed wide support in the Commonwealth

Requirements for borrowing¹⁰

Once a decision has been made to incur debt for a capital project, the municipality must comply with a number of requirements imposed upon it by the Local Government Unit Debt Act for non-electoral debt.

⁷ <https://www.heritageconservancy.org/images/news/publications/pdf/opportunity2.pdf>

⁸ Local Government Unit Debt Act Section 8022 (a)(2) <http://www.newpa.com/get-local-gov-support/technical-assistance/request-assistance/local-government-unit-debt-act/index.aspx>

⁹ There are some provisions for the issuance of additional debt for certain purposes.

¹⁰ Section 8102 and 8103

Before a municipality can borrow funds, the governing body must enact an ordinance or a resolution in the case of small borrowings. The ordinance is both an information tool for the municipality's citizens and a means to officially begin the process of incurring debt. Notice of the ordinance must be published both before and after its enactment. The law requires that the ordinance contain certain items, which include the following:

- an indication of the type of debt to be incurred (electoral, non-electoral, or lease rental debt);
- an indication of the form of debt (general obligation, revenue or guaranteed revenue);
- a repayment schedule and interest rates;
- a covenant;
- a notice whether the bonds will be sold at public or private sale;
- authorization for an officer of the municipality ¹¹ to prepare a debt statement (which must be submitted to the Department of Community and Economic Development), to execute and deliver the bonds or notes, and to take other official action as may be needed;
- an identification of the project/purpose for which the debt is being issued and its useful life.

As shown in the chart below, a number of counties have opted to raise open space funds without a referendum. ¹² The funding below represents, primarily, budget appropriations and non-voted debt.

Recent Non-Electoral Debt and Appropriations for Open Space		
County	Total Amount Raised	Year Approved
Adams County	\$2 million	2003
Berks County	\$30 million	1999
Berks County	\$36 million	2005
Chester County	\$50 million	1997
Chester County	\$75 million	1999
Chester County	\$60 million	2004-2007
Cumberland County	\$3 million	2004
Lancaster County	\$9 million	1992-2006
Monroe County	\$7 million	2009
Montgomery County	\$100 million	1993
Schuylkill County	\$.65 million	2000

¹¹ Counties are also considered municipalities in Pennsylvania.

¹² Opportunity Knocks, Open Space is a Community Investment; The Heritage Conservancy 2008

Voter-approved General Obligation Bond

Voter-approved general obligation bonds have enjoyed widespread support in communities throughout Pennsylvania and the rest of the country. The passage rate for land conservation ballot measures in the Commonwealth is 81 percent, which is above the national passage rate of 76 percent for such ballot measures. Bonds have an even higher success rate at 91 percent. As shown in the chart to the right, over the past two decades, 33 counties and municipalities passed land conservation funding bond measures, most with overwhelming support, generating over \$775 million for land conservation.

Issuing debt for land conservation

A general obligation bond in Upper Saucon Township would provide the means to raise a significant amount of money upfront to protect land that might not be available years down the road. A bond could provide the most readily accessible means to meet the conservation goals in the township. Bond funds may only be used for capital expenditures, including acquisition of lands or easements, and development or improvement of park and recreational facilities.

The chart on the following page includes the general obligation bond projections from a range of potential debt issuances displaying the average annual household cost for each. For example, the township could issue \$5 million in general obligation bonds at a cost of about \$66 annually per \$100,000 of assessed value.¹³

Local Land Conservation Bond Measures 1990-2010						
Local Land Conservation Bond Measures 1990-2010	Jurisdiction Name	Date	Total Funds at Stake	Status	%	
			\$10,000,000	Yes		
Adams County	Adams County			Pass	75%	
Adams County	Adams County			Pass	82%	
Adams County	Adams County			Pass	77%	
Adams County	Adams County			Pass	69%	
Adams County	Adams County			Pass	82%	
Adams County	Adams County			Pass	85%	
Adams County	Adams County			Pass	82%	
Adams County	Adams County			Pass	67%	
Adams County	Adams County			Pass	74%	
Adams County	Adams County			Fail		
Adams County	Adams County			Pass	72%	
Adams County	Adams County			Fail	50%	
Adams County	Adams County			Pass	71%	
Adams County	Adams County			Pass	71%	
Adams County	Adams County			Pass	69%	
Adams County	Adams County			Pass	79%	
Adams County	Adams County			Pass	62%	
Adams County	Adams County			Pass	52%	
Adams County	Adams County			Pass	78%	
Adams County	Adams County			Pass	61%	
Adams County	Adams County			Pass	65%	
Adams County	Adams County			Pass	66%	
Adams County	Adams County			Pass	63%	
Adams County	Adams County			Pass	67%	
Adams County	Adams County			Pass	84%	
Adams County	Adams County			Pass	76%	
Adams County	Adams County			Pass	77%	
Adams County	Adams County			Pass	51%	
Adams County	Adams County			Fail		
Adams County	Adams County			Pass		
Adams County	Adams County			Pass	79%	
Adams County	Adams County			Pass	58%	
Adams County	Adams County			Fail	42%	
Adams County	Adams County			Pass	93%	
Adams County	Adams County			Pass	90%	
Adams County	Adams County			Pass	87%	
Adams County	Adams County			Pass	88%	
Adams County	Adams County			Pass	55%	
Adams County	Adams County			Fail		
Adams County	Adams County			Pass	74%	
Adams County	Adams County			Fail	65%	
Adams County	Adams County			Pass	67%	
Adams County	Adams County			Pass	77%	
Adams County	Adams County			Pass	68%	
Adams County	Adams County			Pass	80%	
Adams County	Adams County			Pass	85%	
Adams County	Adams County			Pass	65%	
Adams County	Adams County			Pass	69%	
Adams County	Adams County			Pass	66%	
Adams County	Adams County			Pass	72%	
Adams County	Adams County			Pass	72%	
Adams County	Adams County			Pass	65%	
Adams County	Adams County			Pass	70%	
Adams County	Adams County			Pass	78%	
Adams County	Adams County			Pass	78%	

¹³ Personal communication with Lehigh County Director of Real Estate. Averaged assessed home value based on current common level ratio factor of 32.2% applied to the average fair market value of a home in Upper Saucon Township of \$299,379.

Upper Saucon Township Bond Financing Costs			
<i>Assumes a 20-year bond issues at 5.0% Interest Rate</i>			
<i>Total Assessed Valuation (AV)=\$611,886,150</i>			
Bond Issue	Annual Debt Svce	Mill Levy Increase	Cost/ Ave./ Household*
\$ 1,000,000	\$80,243	0.13	\$13.11
\$ 5,000,000	\$401,213	0.66	\$65.57
\$ 7,000,000	\$561,698	0.92	\$91.80
\$ 10,000,000	\$802,426	1.31	\$131.14

**Based on assessed value of \$100,000. Does not include exemptions.*

TPL's bond cost calculations provide a basic estimate of debt service, tax increase, and cost to the average homeowner in the community for potential bond issuances for land conservation. Assumptions include the following: the entire debt amount is issued in the first year and payments are equal until maturity; 20-year maturity; and 5 percent interest rate. The property tax estimates assume that the jurisdiction would raise property taxes to pay the debt service on bonds, however other revenue streams may be used. The cost per household represents the average annual impact of increased property taxes levied to pay the debt service. The estimates do not take into account growth in the tax base due to new construction over the life of the bonds. The jurisdiction's officials, financial advisors, bond counsel and underwriters would establish the actual terms of any bond.

TPL recommends that the public opinion survey test voter support for bonds of varying amounts and to determine the annual amount that a majority is willing to pay to support a bond.

Authority ¹⁴

For all local government units, except Philadelphia, the Local Government Unit Debt Act provides the authority and procedure for issuing local government debt. There are no statutory debt limits on the amount of voter-approved (electoral) debt, or self-sustaining debt.

Procedure ¹⁵

To obtain voter approval, the governing body of the county or municipality must first adopt a resolution signifying its intent to issue electoral debt. A copy of the resolution and the form of the question must be certified to the county board of elections at least 45 days before the election. ¹⁶

The question must be phrased substantially as follows:

Shall debt in the sum of [amount] dollars for the purpose of financing [insert brief description of project] be authorized to be incurred as debt approved by the electors?

¹⁴ PA Local Government Unit Debt Act Section 8022

¹⁵ Local Government Unit Debt Act, sections 8041 through 8049 and Center for Local Government Services "Referendum Handbook"

¹⁶ Section 8043 Personal Conversation with Bernadette Barattini, Deputy Chief Counsel, PA Dept of Economic and Community Development 6/16/2008

While the description of purposes should be brief, it should also be clear to the voters and it should authorize all of the intended activities.

Notice of the referendum must be published in one or two newspapers of general circulation beginning no earlier than 21 days before the election and no later than 14 days before the election. The county board of elections shall prepare a statement in plain English, which indicates the purpose, limitations and effects of the ballot question to be included in the notice along with the date of the election and the question to be submitted to the voters.

Voter-approved Property Tax

The property tax is a familiar revenue source for local governments. Property taxes are usually measured in “mills,” where 1 mill equals \$1 of tax for every \$1,000 of assessed property value. Property taxes provide a steady annual source of revenue regardless of changes in the economy. They are relatively easy to administer at the local level, and the burden is broadly distributed. Local property tax rates have limits, requiring voter approval if these limits are exceeded. Nevertheless, voters in many communities have been willing to use a property tax increase when revenues are specifically earmarked for parks and open space protection.¹⁷ Under Act 153 of 1996, funds may be only used for the purposes of acquiring land, including development rights.

The chart below includes projections for various potential mill increases in Upper Saucon Township displaying the cost per average household. For example, the township could increase its property tax by 0.5 mills, which would generate almost \$306,000 for land conservation, while costing about \$38 annually for a home assessed at \$75,000. The cost would be \$50 annually for a home assessed at \$100,000.

Estimated Revenue and Cost of Additional Mill Levy				
Mill Increase	Taxable Valuation*	Annual Revenue	Cost /Year/ \$75K Assessed Household **	Cost /Year/ \$100K Assessed Household **
0.10	\$611,886,150	\$61,189	\$7.50	\$10.00
0.20	\$611,886,150	\$122,377	\$15.00	\$20.00
0.25	\$611,886,150	\$152,972	\$18.75	\$25.00
0.30	\$611,886,150	\$183,566	\$22.50	\$30.00
0.40	\$611,886,150	\$244,754	\$30.00	\$40.00
0.50	\$611,886,150	\$305,943	\$37.50	\$50.00
0.60	\$611,886,150	\$367,132	\$45.00	\$60.00

*Total assessed valuation for 2011.

** Does not include exemptions.

¹⁷ Excerpted from the Heritage Conservancy's <http://www.heritageconservancy.org/news/publications/pdf/pub-fin.pdf>

Earned Income Tax

The earned income tax (EIT) is an important source of revenue for local governments. The EIT may be more acceptable than the property tax in communities with a large population of retired seniors, since the tax is only applied to earned income, not to real estate assets or pensions. Pennsylvania law caps the EIT at 1.0 percent, and in most jurisdictions the local school district lays claim to half of this amount. Act 153 of 1996 authorizes voters to approve the levy of an increased earned income tax beyond the 1.0 percent limit, exclusively for the purpose of financing purchases of land or development rights. The amount of the additional tax is set by the voters in a referendum.¹⁸

In November 2008 a narrow majority of voters in the township rejected the following earned income tax question:

Do you favor the imposition of an additional Earned Income Tax at the rate of 0.25% by Upper Saucon Township to be used to finance the acquisition of real property or interests in real property to preserve open space; provided that the revenue generated by this tax may not be used to acquire real property or interests in real property through condemnation?

Upper Saucon Township Open Space EIT Results 11/2008			
District	Yes Votes	No Votes	%Yes
Upper Saucon 1st District	815	552	59.6%
Upper Saucon 2nd District	587	541	52.0%
Upper Saucon 3rd District	989	1,366	42.0%
Upper Saucon 4th District	1,137	1,103	50.8%
Total	3,528	3,562	49.8%

If the measure had passed it would have generated approximately \$1.25 million annually for open space in Upper Saucon Township.¹⁹ If the township were to place the same measure on the ballot in 2011, a .25 percent increase would generate over \$1.33 million for land conservation and cost the average home \$229 annually or about \$4.41 a week.^{20 21}

Estimated Revenue and Cost of Additional EIT			
EIT Increase	Annual Revenue	Cost /Year/ \$50K Income	Cost /Year/ Avg. Household *
0.05%	\$266,217	\$25.00	\$45.85
0.10%	\$532,434	\$50.00	\$91.71
0.15%	\$798,651	\$75.00	\$137.56
0.20%	\$1,064,868	\$100.00	\$183.41
0.25%	\$1,331,085	\$125.00	\$229.26

**Based on median household income of \$91,705*

¹⁸ Excerpted from the Heritage Conservancy's <https://www.heritageconservancy.org/images/news/publications/pdf/pub-fin.pdf>

¹⁹ http://articles.mcall.com/2008-05-13/news/4078399_1_open-space-space-preservation-plan-tax-increase

²⁰ Figures provided by Upper Saucon Township.

²¹ Calculation derived from Upper Saucon Township Newsletter, Special Referendum Issue 2008

Although the amount that a majority of voters are willing to pay on an annual basis can vary significantly by community and region, TPL has found from polling around the nation that the range is typically \$30-50 annually. It can be significantly higher in more affluent communities. In this context, the cost of the failed 2008 EIT measure may have been too high for a majority of voters.

TPL recommends that the public opinion survey gauge voter support for varying levels of property and EIT tax increases, with information on the annual cost to the average household, to determine how much voters are willing to pay, and their preferences for different funding mechanisms.

Referring Tax Measures to the Ballot

The method for placing an earned income or property-tax referendum question on a ballot is set forth in the Pennsylvania Election Code (P.L. 1333, No. 320). First, the governing body must pass an ordinance to have the question placed on the ballot. For tax measures, the ordinance is then filed with the county board of elections at least 13 Tuesdays before the next primary or general election. The question for approval of a dedicated tax must be phrased in the following words:

*“Do you favor the imposition of a [describe the tax in mileage or rate] by [local government unit] to be used to [purpose]?”*²²

²² <https://www.heritageconservancy.org/images/news/publications/pdf/pub-fin.pdf>

VOTER REGISTRATION AND TURNOUT

As of November 2010, Upper Saucon Township had approximately 9,510 registered voters.²³ There were 4,316 registered Republicans (45%); 3,615 registered Democrats (38%), and 1,579 undeclared or other party registered voters (17%). On November 2, 2010, the township supported Republican Governor Tom Corbett and Republican Senator Pat Toomey with 63 and 61 percent support, respectively. In November 2008, the township supported John McCain for president with 53 percent of the vote.

Upper Saucon Township Voter Turnout			
Date	Regist. Voters	Ballots Cast	% Turnout
Nov-10	9,510	5,317	56%
May-10	9,402	2,220	24%
Nov-09	9,489	1,827	19%
May-09	9,398	644	7%
Nov-08	9,505	7,350	77%
Apr-08	9,112	3,014	33%
Nov-07	8,816	2,584	29%
May-07	8,701	2,582	30%

Voter turnout in Nov. 2011 would likely be similar to voter turnout in Nov. 2007 (approximately 30%).

It should be noted to gauge voter support on public finance mechanisms, that in the two most recent elections the 2008 municipal EIT for open space and the statewide \$400 million bonds for water and sewer infrastructure, Upper Saucon's 3rd District did not support either measure despite support by the other three districts. A map of Upper Saucon's 3rd District is located in Appendix B.

In summary, Upper Saucon Township is fortunate to have multiple viable funding options for land conservation and parks that can generate significant revenues at a reasonable cost to taxpayers. Township voters as a whole strongly supported state and county bond measures to fund land conservation efforts. The 2008 EIT measure only failed narrowly and this may have been due to the relatively high annual cost to the average household, among other factors. The next step is to conduct a public opinion survey to gauge voter preferences and support.

²³ <http://www.lehighcounty.org/Portals/0/PDF/Voter/campaignFinance/2010%20General%20Registration%20Figures.pdf>

APPENDIX A: RECENT SUCCESSFUL MUNICIPAL BALLOT LANGUAGE

East Coventry Township, Chester County, November 2, 2010

"Do you favor the imposition of an additional Earned Income Tax at the rate of one quarter of one percent (0.25%) by East Coventry Township to be used for the purpose of; financing the acquisition of open space; acquiring agricultural conservation easements; and/or, acquiring recreation or historic lands?"

EIT passed 53% to 47%

Pennsbury Township, Chester County, November 3, 2009

"Do you favor the imposition of a tax on real estate of 0.79 mills to be used to acquire real property for the purpose of preserving open space and securing open space benefits under the Open Space Lands Acquisition and Preservation Act?"

Property tax passed 62% to 38%

Plumstead Township, Bucks County, November 3, 2009

"Shall debt be authorized to be incurred as debt approved by the electors in one (1) or more increments over a ten (10) year period, and not to exceed the sum of four million five hundred thousand dollars (\$4,500,000.00) in the aggregate, for the purpose of acquiring and developing parklands for active and/or passive recreational use?"

Bond passed 51% to 49%

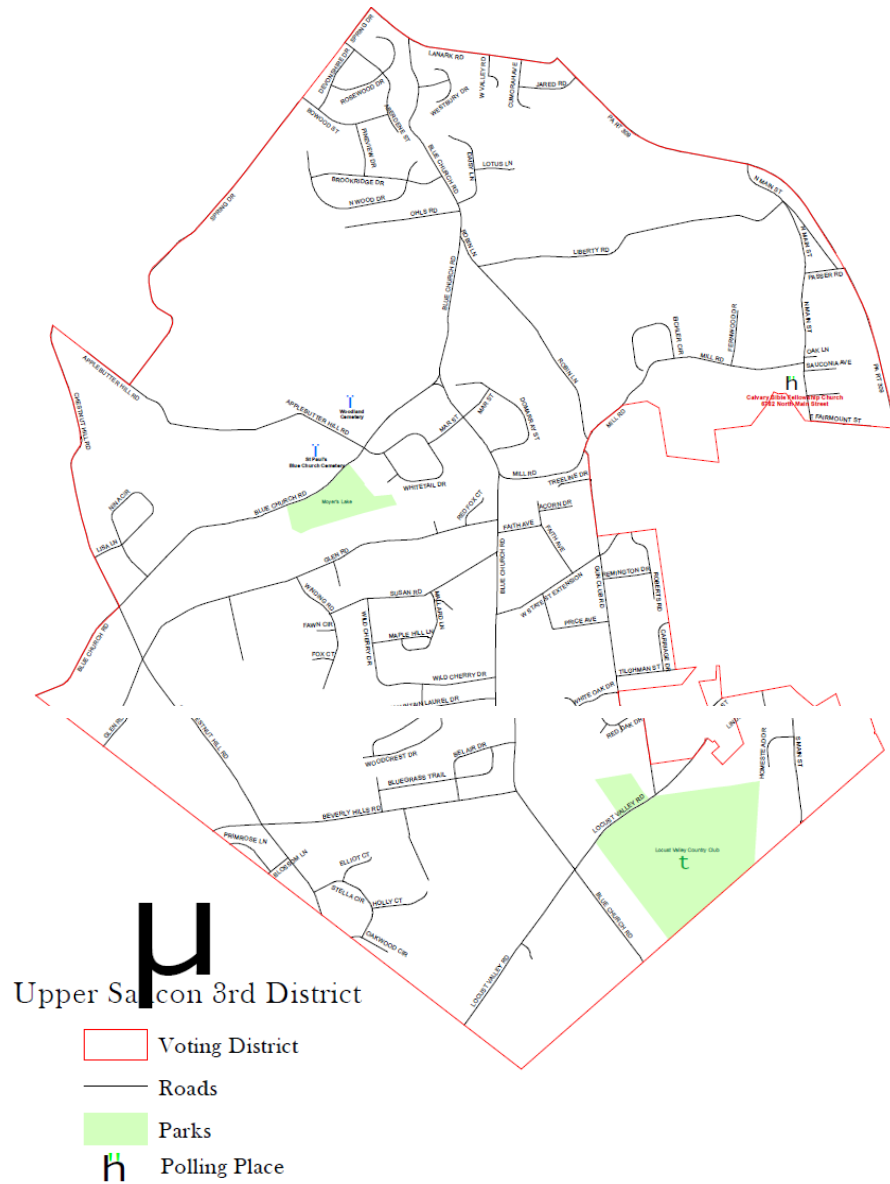
Adams County, November 4, 2008

Adams County Water and Land Protection Bond Referendum

Shall debt in a sum not to exceed 10 million dollars be authorized for the purposes of financing land conservation and preservation efforts, including protection of drinking water sources, stream water quality, wildlife habitat, farmland, open space and recreation lands, all for future generations, to be incurred as debt approved by the electors of Adams County, with lands preserved solely in cooperation with willing sellers, and ensuring that an annual independent audit evaluates program success?

Bond passed 75% to 25%

APPENDIX B: MAP OF UPPER SAUCON 3RD DISTRICT



APPENDIX C: PA LOCAL CONSERVATION MEASURES 2000-2010

Jurisdiction Name	Date	Finance Mechanism	Total Funds Available	Total Funds Approved	Status	% Yes
Adams County	11/24/2008	Bond	\$10,000,000	\$10,000,000	Pass	75%
Amity Township	7/17/2002	Income Tax	\$5,000,000	\$5,000,000	Fail	62%
Barrett Township	10/6/2008	Property Tax	\$2,000,000	\$2,000,000	Pass	77%
Bedminster Township	10/6/2008	Bond	\$2,500,000	\$2,500,000	Pass	69%
Bedminster Township	10/6/2008	Income Tax	\$2,500,000	\$2,500,000	Pass	81%
Bedminster Township	10/6/2008	Bond	\$2,500,000	\$2,500,000	Pass	81%
Buckingham Township	11/7/2005	Income Tax	\$10,270,000	\$10,270,000	Pass	74%
Bucks County	4/29/2006	Bond	\$20,000,000	\$20,000,000	Pass	66%
Bushkill Township	4/29/2006	Property Tax	\$8,000,000	\$8,000,000	Pass	72%
Chadds Ford Township	5/6/2009	Property Tax	\$2,500,000	\$2,500,000	Pass	71%
Charlestown Township	4/25/2006	Income Tax	\$20,000,000	\$20,000,000	Fail	34%
Chestnut Hill Township	10/6/2008	Income Tax	\$40,000,000	\$40,000,000	Pass	68%
Concord Township	10/6/2008	Income Tax	\$6,000,000	\$6,000,000	Pass	53%
Derry Township	10/6/2008	Income Tax	\$5,000,000	\$5,000,000	Fail	48%
East Bradford Township	10/6/2008	Income Tax	\$6,000,000	\$6,000,000	Pass	41%
East Brandywine Township	10/6/2008	Income Tax	\$3,500,000	\$3,500,000	Pass	50%
East Coventry Township	10/6/2008	Income Tax	\$7,500,000	\$7,500,000	Pass	68%
East Hempfield Township	10/6/2008	Income Tax	\$2,000,000	\$2,000,000	Fail	30%
East Nantmeal Township	10/6/2008	Income Tax	\$2,000,000	\$2,000,000	Pass	55%
East Nottingham Township	11/7/2006	Income Tax	\$2,500,000	\$2,500,000	Fail	62%
East Nottingham Township	11/7/2006	Property Tax	\$8,800,000	\$8,800,000	Pass	70%
East Pikeland Township	10/6/2008	Income Tax	\$5,000,000	\$5,000,000	Pass	42%
East Rockhill Township	10/6/2008	Income Tax	\$3,000,000	\$3,000,000	Fail	43%
East Vincent Township	10/6/2008	Income Tax	\$1,800,000	\$1,800,000	Fail	49%
East Vincent Township	10/6/2008	Property Tax	\$1,800,000	\$1,800,000	Pass	39%
East Vincent Township	10/6/2008	Income Tax	\$4,000,000	\$4,000,000	Pass	62%
Elk Township	10/6/2008	Income Tax	\$2,500,000	\$2,500,000	Pass	67%
Franconia Township	10/6/2008	Income Tax	\$8,500,000	\$8,500,000	Pass	74%
Franklin Township	10/6/2008	Income Tax	\$2,400,000	\$2,400,000	Pass	76%
Hamilton Township	11/7/2006	Bond	\$1,000,000	\$1,000,000	Pass	71%
Hatfield Township	10/6/2008	Property Tax	\$2,200,000	\$2,200,000	Pass	63%
Hatfield Township	10/6/2008	Income Tax	\$1,000,000	\$1,000,000	Fail	49%
Heidelberg Township	10/6/2008	Income Tax	\$1,480,000	\$1,480,000	Fail	31%
Hellam Township	10/6/2008	Income Tax	\$1,800,000	\$1,800,000	Fail	63%
Highland Township	10/6/2008	Income Tax	\$2,000,000	\$2,000,000	Pass	76%
Hilltown Township	10/6/2008	Income Tax	\$42,000,000	\$42,000,000	Pass	61%
Honey Brook Township	10/6/2008	Income Tax	\$40,000,000	\$40,000,000	Pass	60%
Jackson Township	10/6/2008	Income Tax	\$8,000,000	\$8,000,000	Pass	44%
Kennett Township	10/6/2008	Bond	\$14,000,000	\$14,000,000	Pass	79%
Lehigh County	5/24/2009	Bond	\$30,000,000	\$30,000,000	Pass	62%
London Britain Township	11/6/2008	Income Tax	\$7,200,000	\$7,200,000	Pass	55%
London Grove Township	10/6/2008	Bond	\$5,295,000	\$5,295,000	Fail	61%
London Grove Township	10/6/2008	Income Tax	\$5,500,000	\$5,500,000	Pass	67%
Londonderry Township	10/6/2008	Income Tax	\$1,540,000	\$1,540,000	Pass	61%
Lower Makefield Township	10/6/2008	Income Tax	\$15,000,000	\$15,000,000	Pass	60%
Lower Mount Bethel Township	10/6/2008	Income Tax	\$3,000,000	\$3,000,000	Pass	77%
Lower Oxford Township	10/6/2008	Income Tax	\$6,000,000	\$6,000,000	Pass	69%
Lower Saucon Township	10/6/2008	Income Tax	\$3,500,000	\$3,500,000	Pass	72%
Middle Smithfield Township	11/6/2008	Bond	\$2,500,000	\$2,500,000	Fail	63%
Middle Smithfield Township	11/6/2008	Property Tax	\$5,000,000	\$5,000,000	Pass	62%
Middle Smithfield Township	11/6/2008	Income Tax	\$2,600,000	\$2,600,000	Fail	60%
Middletown Township	5/17/2006	Bond	\$8,500,000	\$8,500,000	Pass	67%
Milford Township	5/24/2009	Income Tax	\$5,000,000	\$5,000,000	Pass	42%
Montgomery County	10/6/2008	Bond	\$10,000,000	\$10,000,000	Pass	60%
Moore Township	10/6/2008	Bond	\$10,000,000	\$10,000,000	Pass	77%
Mount Joy Township	10/6/2008	Bond	\$2,000,000	\$2,000,000	Pass	51%
New Britain Township	10/6/2008	Property Tax	\$6,900,000	\$6,900,000	Pass	64%
New Britain Township	10/6/2008	Bond	\$6,900,000	\$6,900,000	Pass	70%
New Hanover Township	10/6/2008	Income Tax	\$3,000,000	\$3,000,000	Pass	56%
Newtown Township	11/4/2008	Income Tax	\$13,600,000	\$13,600,000	Pass	61%
Nockamixon Township	11/2/2004	Income Tax	\$3,800,000	\$3,800,000	Pass	60%
North Coventry Township	5/21/2002	Income Tax	\$8,000,000	\$8,000,000	Pass	77%
Northampton County	11/5/2002	Bond	\$37,000,000	\$37,000,000	Pass	65%
Northampton Township	4/27/2004	Income Tax	\$20,000,000	\$20,000,000	Fail	49%

UPPER SAUCON TOWNSHIP:: CONSERVATION FINANCE FEASIBILITY STUDY :: JANUARY 2011

Paradise Township	5/16/2006	Income tax	\$2,000,000	\$2,000,000	Pass	72%
Patton Township	11/6/2001	Bond	\$2,500,000	\$2,500,000	Pass	63%
Pennsbury Township	11/3/2009	Property tax	\$5,000,000	\$5,000,000	Pass	62%
Perkiomen Township	11/2/2004	Income tax	\$4,500,000	\$4,500,000	Pass	69%
Pike County	11/8/2005	Bond	\$10,000,000	\$10,000,000	Pass	67%
Plainfield Township	5/16/2006	Income tax	\$6,000,000		Fail	42%
Plainfield Township	11/6/2007	Income tax	\$6,000,000	\$6,000,000	Pass	60%
Plumstead Township	11/6/2001	Bond	\$6,000,000	\$6,000,000	Pass	76%
Plumstead Township	11/8/2005	Bond	\$8,000,000	\$8,000,000	Pass	77%
Plumstead Township	11/3/2009	Bond	\$4,500,000	\$4,500,000	Pass	51%
Pocopson Township	5/16/2006	Property tax	\$5,500,000	\$5,500,000	Pass	64%
Radnor Township	11/7/2006	Bond	\$20,000,000	\$20,000,000	Pass	79%
Richland Township	11/5/2002	Income tax	\$3,000,000	\$3,000,000	Pass	56%
Richland Township	11/5/2002	Bond	\$4,000,000	\$4,000,000	Pass	58%
Schuylkill Township	11/8/2005	Bond	\$20,000,000		Fail	42%
Schuylkill Township	11/7/2006	Income tax	\$18,000,000	\$18,000,000	Pass	64%
Skippack Township	11/6/2001	Income tax	\$8,955,208	\$8,955,208	Pass	57%
Solebury Township	11/5/2002	Bond	\$12,000,000	\$12,000,000	Pass	87%
Solebury Township	11/8/2005	Bond	\$18,000,000	\$18,000,000	Pass	88%
South Abington Township	11/4/2003	Bond	\$1,250,000	\$1,250,000	Pass	55%
South Middleton Township	11/8/2005	Income tax	\$13,000,000		Fail	44%
Springfield Township	11/7/2000	Bond	\$3,000,000		Fail	
Springfield Township	11/7/2002	Income tax	\$4,650,000	\$4,650,000	Pass	
Springfield Township	11/7/2006	Bond	\$5,000,000	\$5,000,000	Pass	74%
Stroud Township	11/6/2001	Income tax	\$3,600,000	\$3,600,000	Pass	53%
Tinicum Township	11/5/2002	Income tax	\$5,000,000	\$5,000,000	Pass	65%
Upper Dublin Township	11/7/2006	Bond			Pass	65%
Upper Dublin Township	11/4/2008	Bond	\$30,000,000	\$30,000,000	Pass	67%
Upper Makefield Township	11/7/2000	Bond	\$15,000,000	\$15,000,000	Pass	68%
Upper Makefield Township	11/8/2005	Bond	\$10,000,000	\$10,000,000	Pass	80%
Upper Merion Township	5/16/2006	Bond	\$5,000,000	\$5,000,000	Pass	85%
Upper Mount Bethel Township	5/15/2007	Income tax	\$5,650,000	\$5,650,000	Pass	68%
Upper Oxford Township	11/4/2003	Income tax	\$3,423,020	\$3,423,020	Pass	54%
Upper Pottsgrove Township	11/7/2006	Income tax	\$2,720,000	\$2,720,000	Pass	60%
Upper Providence Township	5/20/2003	Bond	\$6,000,000	\$6,000,000	Pass	65%
Upper Saucon Township	11/4/2008	Income tax	\$24,000,000		Fail	50%
Upper Southampton Township	5/21/2002	Bond	\$2,000,000	\$2,000,000	Pass	69%
Wallace Township	11/8/2005	Income tax	\$5,026,860		Fail	37%
Warwick Township	5/20/2003	Income tax	\$1,700,000	\$1,700,000	Pass	56%
Warwick Township	11/7/2006	Bond	\$7,000,000	\$7,000,000	Pass	72%
West Brandywine Township	11/4/2003	Income tax	\$4,000,000	\$4,000,000	Pass	54%
West Pikeland Township	11/6/2007	Income tax	\$11,000,000	\$11,000,000	Pass	61%
West Rockhill Township	4/4/2000	Income tax	\$2,159,124	\$2,159,124	Pass	59%
West Rockhill Township	4/27/2004	Income tax	\$5,000,000	\$5,000,000	Pass	55%
West Sadsbury	11/4/2003	Income tax	\$1,420,000	\$1,420,000	Pass	53%
West Vincent Township	5/21/2002	Property tax	\$2,900,000	\$2,900,000	Pass	63%
West Vincent Township	5/16/2006	Income tax	\$3,700,000	\$3,700,000	Pass	70%
Whitemarsh Township	11/7/2006	Income tax	\$20,000,000	\$20,000,000	Pass	62%
Williams Township	11/2/2004	Income tax	\$4,500,000	\$4,500,000	Pass	70%
Wrightstown Township	5/21/2002	Income tax	\$2,650,000	\$2,650,000	Pass	59%
Wrightstown Township	5/21/2002	Bond	\$1,500,000	\$1,500,000	Pass	70%
Wrightstown Township	11/7/2006	Bond	\$1,500,000	\$1,500,000	Pass	78%

APPENDIX D: FUNDING MATRIX

Upper Saucon Conservation Options					
Funding Mechanism	Rate/ Amount	Annual Debt Service	Prop Tax Increase	Annual Revenue	Cost /Year/ Average Household *
Bond	\$1,000,000	\$80,243	\$0.13	n/a	\$13.11**
	\$5,000,000	\$401,213	\$0.66	n/a	\$65.57**
Property Tax	\$0.25	n/a	\$0.25	\$152,972	\$25.00**
	\$0.50	n/a	\$0.50	\$305,943	\$50.00**
Earned Income Tax	0.05%	n/a	n/a	\$266,217	\$45.85***
	0.10%	n/a	n/a	\$532,434	\$91.71***

*Does not include exemptions.

** Based on average assessed home value of \$100,000

*** Based on median household income of \$91,706

FOR ANY QUESTIONS OR MORE INFORMATION
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