

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing ICA Board

Regular Meeting

January 24, 2024

Temple University Harrisburg, Strawberry Square, Harrisburg PA

hbgica.org

Members in Attendance	Ms. Audry Carter Mr. Doug Hill Ms. Kathy Speaker MacNett Ms. Elaine Barber	A Quorum Was Recognized
Ex-Officio Members in Attendance	Ms. Marita Kelley, City of Harrisburg Mr. Michael Wood, Office of the Budget	
In Attendance	Mr. Jeffrey Stonehill, Authority Manager Mr. Michael Cassidy, General Counsel	
Meeting Begins		3:01 p.m.
Welcome by Audry Carter, Chair	Ms. Carter opened the meeting.	
Approval of the Minutes	Ms. Carter asked for a motion to approve the minutes of the ICA Board meeting on December 20, 2023.	Motion by Ms. Speaker MacNett and a second by Mr. Hill, the minutes were approved 4-0.
Discussion by Keystone Collections Group on Tax Collection	Ms. Carter introduced Joe Lazzaro from Keystone Collections. Mr. Lazzaro introduced Mr. David Kratzenberg and Ms. Stephanie Melchert both from Keystone Collections. Ms. Carter asked Mr. Lazzaro to discuss their approach and Keystone's economic indicators. Keystone serves on behalf of Dauphin County Tax Collection Committee. Mr. Lazzaro noted tremendous Earned Income Tax revenue growth. Mr. Kratzenberg talked about next year's collection forecast.	

Ms. Melchert discussed how trends are analyzed, delinquent collection procedures, and resident versus non-resident collection trends.

Ms. Carter asked about Local Services Tax.

Mr. Lazzaro discussed non-resident tax trends.

Mr. Stonehill talked about whether Harrisburg is unique or other taxing authorities are seeing similar trends.

Mr. Kratzenberg discussed low unemployment.

Mr. Lazzaro noted all of Dauphin County is seeing large percentage increases in earned income tax remittances.

Mr. Kratzenberg noted census data.

Ms. Kelley complimented the Keystone operation.

Ms. Melchart discussed the trends in Local Services Tax remittance.

Mr. Lazzaro noted that Local Services Tax is a flat amount per employee regardless of earnings.

Mr. Kratzenberg said Keystone compares Local Services Tax to Earned Income Tax rolls to make sure the taxpayers that should be on both are identified.

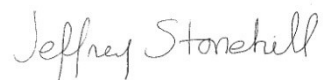
Mr. Hill asked about remote work.

Mr. Lazzaro discussed potential State legislation to address remote work. This would have an impact on non-residents tax which is not significant in Harrisburg. The rule is 90-consecutive-days to establish work location.

	<p>Mr. Kratzenberg said temporary work from home should not impact work location.</p> <p>Mr. Lazzaro said State law needs to be fixed to make taxpayers put down work addresses, which it does not.</p> <p>Mr. Barber asked to clarify the 90-day rule.</p> <p>Ms. Carter thanked everyone for the information and noted that Ms. Kelley has noted the excellent work of Keystone Collections.</p> <p>Ms. Kelley summarized how significantly tax revenue is increasing.</p> <p>Ms. Speaker MacNett asked about the County Tax Collection Committee.</p> <p>Mr. Bryan McCutcheon commented on the impact of additional tax revenue.</p> <p>Ms. Kelley noted the excellent collections process Keystone has for delinquent taxes.</p>	
<p>Discussion regarding the Mercantile Tax, Amusement Tax, the Parking Tax, and the Business Privilege Tax</p>	<p>Ms. Carter introduced Mr. Michael Hughes, Tax & Enforcement Administrator, from the City Bureau of Licensing, Taxation and Central Support.</p> <p>Mr. Hughes complimented Keystone Collections and their cooperation with his office's operations.</p> <p>Mr. Hughes provided a breakdown on the four types of taxes collected by his office.</p> <p>Mr. Hughes noted construction projects impact tax remittance positively.</p> <p>Mr. Stonehill asked about tax rates. Mr. Hughes explained.</p>	

	Ms. Carter noted construction companies must register with the bureau to get a building permit.	
Update on City Finances	<p>Ms. Carter introduced Bryan McCutcheon, Accounting Manager, City of Harrisburg, regarding current City financial trends.</p> <p>Mr. McCutcheon discussed cash balances and trends.</p> <p>Ms. Carter asked about the trends.</p> <p>Mr. McCutcheon commented on Fund Balance Policy.</p>	
Authority Manager's Report	<p>Mr. Stonehill provided the financial report for January 2024.</p> <p>Mr. Stonehill confirmed that the ICA filed their IRS 1099 taxes.</p>	
Other Business	Ms. Carter noted that the Section 203 annual report will be drafted before the next meeting.	
Public Comments	There were none.	
Adjourn meeting at 4:12 p.m.	<p>Motion by Mr. Hill.</p> <p>A second was not required.</p>	Approved 4-0.

Respectfully submitted:



Jeffrey M. Stonehill, Authority Manager

Appendix Documents

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – January 24, 2024

Starting balance:	\$199,591.25	
• Factory 44	\$300.00	January 1, 2024
<i>Web Services</i>		
• Digital Ocean	\$12.72	January 1, 2024
<i>Website software licenses</i>		
• Digital Ocean	\$6.87	January 1, 2024
<i>Web Host</i>		
• Pursuit Co-Working Harrisburg	\$95.00	January 2, 2024
<i>Virtual Office Monthly Subscription</i>		
• PA Media Group (December Ad)	\$146.08	January 10, 2024
<i>Legal Advertisement</i>		
• 1099Online	\$37.74	January 16, 2024
<i>Tax Form Prep</i>		
• PA Media Group (January Ad)	\$150.08	January 18, 2024
<i>Legal Advertisement</i>		
• Johnson Duffie LLC	\$227.50	January 24, 2024
<i>General Counsel</i>		
• MESH PA LLC	\$5,250.00	January 24, 2024
<i>Authority Manager</i>		
Ending balance:	\$193,365.26	
• Interest earnings Y-T-D	\$0	
• Fees Y-T-D	\$0	



Our Services

Keystone performs current and delinquent government collections across Pennsylvania. Using sophisticated technology and unparalleled industry knowledge, we offer a complete solution for bill issuance, payment collection and comprehensive reporting. Let us turn your receivables into cash and help you build a better revenue stream.

Tax Collection

We provide current and delinquent collection services to support the needs of your school district or municipality.

Taxes and Fees Collected

- Earned Income Tax
- Real Estate Tax
- Local Services Tax
- Per Capita Tax
- Occupation Tax
- Business Privilege Tax
- Mercantile Tax
- Utility Fees
- Water Use Fees
- Sewage Fees
- Refuse Collection Fees

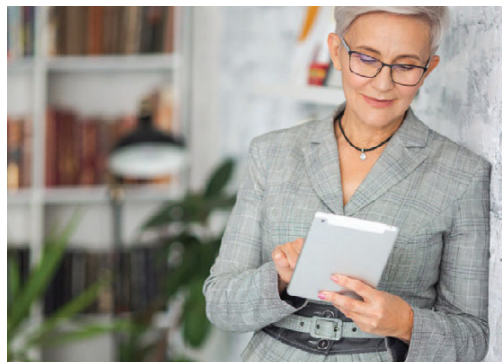


Support Services

We offer an array of services to support and enhance your collection process.

Our Support Services

- Online payments via ACH, credit/debit card, Apple Pay and Google Pay or mailed in by check
- Customer service support
- Online filing and reporting of payroll taxes
- Bill print and mailing
- Customized reporting
- Legal support of delinquent recovery actions
- Business and employer compliance enforcement





BUREAU OF LICENSING, TAXATION

About Us

The Bureau of Licensing, Taxation and Central Support is responsible for the collection and administration of Business Privilege and Mercantile Taxes and Licensing, Vendor, Special Event and General Licensing, Parking Taxes and Licensing, Amusement Taxes and Licensing, Landlord Licensing, False Alarm Billing and City of Harrisburg Dog Licensing.

Our business license application packet also includes the appropriate forms for zoning approval (if your business will be based in the City), home occupation agreement and the Health license application. If you are interested in becoming a Vendor, all of the appropriate forms/applications are contained within the Vendor packet including the permission slip.

Our applications may be downloaded from the website and mailed to our office, or you may drop the application off in person. A check or money order is necessary to accompany a newly submitted application.

Important Documents & Links

[Landlord License Application](#)

[Register Your Business](#)

[View all Documents](#)

Frequently Asked Questions

As a Non-Profit company am I required to obtain a Business Privilege/Mercantile License?

Yes. However, you may not be required to pay the mercantile tax depending on your Non-Profit status.

How do I become a Special Event Vendor?

The best option is to email buslicense@harrisburgpa.gov with your inquiry. Alternatively you can fill out the [Vendors/Special Events License form](#) and return it to the Bureau of Licensing, Taxation and Central Support. The packet includes appropriate forms for the Vendor License as well as the Health License.

**CITY OF HARRISBURG
GENERAL FUND SUMMARY
12/31/2023**

<u>DESCRIPTION</u>	<u>2023 Projection</u>	<u>2023 Actual</u>	<u>2023 Budget</u>	<u>2023 Diff Bud to Actual</u>
Total revenue	76,665,476	76,846,167	78,898,778	(2,052,611)
Total expenditures	80,614,606	80,348,402	90,538,665	(10,190,263)
Net	(3,949,130)	(3,502,235)	(11,639,887)	8,137,652
BOY Cash Fund Balance	23,145,504	23,145,504	23,145,504	-
EOY Cash Fund Balance	19,196,374	19,643,269	11,505,617	8,137,652
Open encumbrance balances	(3,238,865)	(4,982,416)	(3,238,865)	(1,743,551)
EOY Budgetary Fund Balance	15,957,509	14,660,853	8,266,752	6,394,101
<u>Additional Reconciliation</u>				
Revenue	76,665,476	76,846,167	78,898,778	
Expenditures	(80,614,606)	(80,348,402)	(90,538,665)	
Open encumbrance balances	(3,238,865)	(4,982,416)	(3,238,865)	
Actual budgetary use of beginning cash fund balance	(7,187,995)	(8,484,651)	(14,878,752)	
Appropriation of estimated use of beginning cash fund balance	(14,878,752)	(14,878,752)	(14,878,752)	
Savings resulting from actual budgetary use of beginning cash FB	7,690,757	6,394,101	-	

CITY OF HARRISBURG
GENERAL FUND SUMMARY - REVENUE, EXPENDITURES, AND CHANGE IN CASH FUND BALANCE
For the Month ended December 31, 2023

<u>DESCRIPTION</u>	<u>QTD Three Months ended thru 03/31/23</u>	<u>QTD Three Months ended thru 06/30/23</u>	<u>QTD Three Months ended thru 09/30/23</u>	<u>Month ended 12/31/23</u>	<u>QTD Three Months ended thru 12/31/23</u>	<u>YTD Twelve Months ended thru 12/31/23</u>
Beginning cash basis fund balance	23,145,504	23,851,252	22,918,755	26,183,755	24,125,106	23,145,504
 <u>Revenue</u>						
Total revenue	24,498,647	14,076,700	21,615,700	4,378,702	16,655,120	76,846,167
 <u>Expenditures</u>						
General Government	558,975	509,493	653,705	184,246	555,598	2,277,771
Administration	14,082,951	6,466,951	6,285,563	7,137,922	11,697,282	38,532,747
Building and Housing	329,481	283,634	343,268	134,620	353,132	1,309,515
Public Safety	6,991,161	6,019,222	10,723,146	2,480,622	6,275,982	30,009,511
Public Works	1,341,221	969,929	1,317,500	611,019	1,386,261	5,014,911
Parks and Recreation	489,110	759,968	1,086,167	370,759	868,702	3,203,947
Total expenditures	23,792,899	15,009,197	20,409,349	10,919,188	21,136,957	80,348,402
Net Revenue Over (Under) Expenditures	705,748	(932,497)	1,206,351	(6,540,486)	(4,481,837)	(3,502,235)
Ending cash basis fund balance	23,851,252	22,918,755	24,125,106	19,643,269	19,643,269	19,643,269

CITY OF HARRISBURG
GENERAL FUND SUMMARY - REVENUE AND EXPENDITURES, YEAR-TO-DATE COMPARISONS
12/31/23

<u>DESCRIPTION/MONTH</u>	<u>Current Year 2023</u>	<u>Prior Year 2022</u>	<u>Change Increase (Decrease)</u>	<u>Attribution Comments</u>
<u>YTD Revenue</u>				
thru January	2,651,976	2,211,191	440,785	change appears reasonable based on relative materiality
thru February	10,273,443	8,045,686	2,227,757	increase is mostly attributed to more occurring discount period real estate tax receipts, as a result of the prior year budget not being approved until mid-February 2022 with the new Mayoral and administration changes last year; such approval delayed the real estate tax billing for 2022
thru March	24,498,647	16,047,342	8,451,305	same explanation as per above for the month of February; \$12.68 million in discount RE taxes for the first quarter of 2023 vs. \$5.35 million for the first quarter of 2022
thru April	28,407,195	27,367,958	1,039,237	notable year-to-date revenue increases over the prior year include \$544,000 in earned income tax collections, \$611,000 in medical stop loss recovery payments, and \$313,000 in interest/investment income with periodic increases in interest rates occurring recently
thru May	34,598,871	32,657,037	1,941,834	notable year-to-date revenue increases over the prior year include \$860,200 in earned income tax collections, \$611,100 in medical stop loss recovery payments, \$381,200 in interest/investment income with periodic increases in interest rates occurring recently, and \$57,700 in occurring easement fee related revenue
thru June	38,575,347	36,412,849	2,162,498	notable year-to-date revenue increases over the prior year include \$940,349 in earned income tax collections, \$611,095 in medical and liability stop loss recovery payments, \$410,443 in interest/investment income with recent periodic increases in interest rates, and \$503,593 in occurring easement fee related revenue
thru July	41,252,864	47,244,870	(5,992,006)	decrease from the prior year is comprised of \$8.9 million in ARPA funds for revenue replacement occurring in July 2022 and 2023 offsets of notable year-to-date revenue increases over the prior year including \$1,114,407 in earned income tax collections, \$687,524 in medical and liability stop loss recovery payments, \$527,103 in interest income, and \$503,593 in easement fee related revenue
thru August	47,376,877	57,476,685	(10,099,808)	decrease from the prior year is largely due to the \$8.9 million in ARPA funds for revenue replacement transferred from the Federal Grants Fund in July 2022
thru September	60,191,047	63,709,377	(3,518,330)	decrease from the prior year is comprised of \$8.9 million in ARPA funds for revenue replacement occurring in July 2022 and 2023 offsets of notable year-to-date revenue increases over the prior year including \$1,343,244 in earned income tax collections, \$686,229 in medical and liability stop loss recovery payments, \$553,077 in interest income, \$502,493 in easement fee related revenue, \$1,190,000 in additional secured ARPA funds appropriated for revenue replacement, \$350,000 more in received pension system State aid, and \$478,625 in resulting insurance reimbursements for occurring damage losses
thru October	62,027,908	67,718,604	(5,690,696)	decrease from the prior year is comprised of \$8.9 million in ARPA funds for revenue replacement occurring in July 2022 and 2023 offsets of notable year-to-date revenue increases over the prior year including \$1,422,000 in earned income tax collections, \$500,000 in easement fee related revenue, \$1,190,000 in additional secured ARPA funds

				appropriated for revenue replacement
thru November	72,467,464	73,067,382	(599,918)	change appears reasonable based on relative materiality
thru December	76,846,167	77,121,963	(275,796)	change appears reasonable based on relative materiality
<u>YTD Expenditures</u>				
thru January	4,093,882	4,667,136	(573,254)	change appears reasonable based on relative materiality
thru February	8,382,119	9,415,749	(1,033,630)	decrease is largely comprised of less in occurring healthcare/medical benefit claim expenditures
thru March	23,792,899	15,369,648	8,423,251	increase is attributed to the City fully paying off the final remaining balance of \$8.3 million in bond insurance forbearance liability
thru April	29,793,217	18,801,727	10,991,490	when including and adding in \$2,139,611 in disbursements, during the first four months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$18,801,727, the resulting adjusted total then goes to \$20,941,338 which is \$8.85 million less than that noted for 2023's year-to-date total of \$29,793,217; this still large increase over the prior year is mostly attributed to the above noted \$8.3 million in payoff of the Ambac bond insurance forbearance liability
thru May	34,105,302	22,738,165	11,367,137	when adding in \$2,217,002 in disbursements, occurring during the first five months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$22,738,165, the resulting adjusted total then goes to \$24,955,167 which is \$9.15 million less than that noted for 2023's year-to-date total of \$34,105,302; this still large increase over the prior year is mostly attributed to the above noted \$8.3 million in payoff of the Ambac bond insurance forbearance liability
thru June	38,802,096	26,562,130	12,239,966	when adding in \$2,387,957 in disbursements, occurring during the first six months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$26,562,130 the resulting adjusted total then goes to \$28,950,087, which is \$9.85 million less than that noted for 2023's year-to-date total of \$38,802,096; this still large increase over the prior year is mainly attributed to the March 2023 \$8.336 million payoff of the Ambac bond insurance forbearance liability and approximately \$1 million more in capital expenditures mostly benefiting both the Bureaus of Fire and Information Technology
thru July	43,825,450	31,142,874	12,682,576	when adding in \$2,439,087 in disbursements, occurring during the first seven months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$31,142,874 the resulting adjusted total then goes to \$33,581,961 which is \$10.25 million less than that noted for 2023's year-to-date total of \$43,825,450; this still large increase over the prior year is mainly attributed to the March 2023 \$8.336 million payoff of the Ambac bond insurance forbearance liability and approximately \$1 million more in capital expenditures benefiting the departments of Information Technology, Fire, and Parks, Recreation, and Facilities
thru August	50,709,857	35,340,835	15,369,022	when adding in \$2,563,935 in disbursements, occurring during the first eight months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$35,340,835 the resulting adjusted total then goes to \$37,904,770 which is \$12.8 million less than that noted for 2023's year-to-date total of \$50,709,857; this still large increase over the prior year is mainly attributed to the March 2023 \$8.336 million payoff of the

thru September	59,211,445	53,234,402	5,977,043	Ambac bond insurance forbearance liability, approximately \$1.1 million more in capital expenditures benefiting the departments of Information Technology, Fire, and Parks, Recreation and Facilities, and as well three payrolls and check runs occurred within August 2023 whereas only two payrolls and check runs occurred within August 2022 when adding in \$2,587,302 in disbursements, occurring during the first nine months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$53,234,402 the resulting adjusted total then goes to \$55,821,704 which is \$3.4 million less than that noted for 2023's year-to-date total of \$59,211,445; this still large increase over the prior year, at this point of the current fiscal year, is mostly attributed to a noted increase in personnel costs of \$2.9 million including medical claim expenditures
thru October	63,964,604	57,329,309	6,635,295	when adding in \$2,653,135 in disbursements, occurring during the first ten months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$57,329,309 the resulting adjusted total then goes to \$59,982,444 which is \$3.98 million less than that noted for 2023's year-to-date total of \$63,964,604; this still large increase over the prior year, at this point of the current fiscal year, is mostly attributed to a noted increase in personnel costs of \$2.98 million including medical claim expenditures plus approximately \$800,000 in costs associated with the incinerator records subpoena and litigation matter
thru November	69,429,213	61,833,485	7,595,728	when adding in \$2,740,864 in disbursements, occurring during the first eleven months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$61,833,485 the resulting adjusted total then goes to \$64,574,349 which is \$4.85 million less than that noted for 2023's year-to-date total of \$69,429,213; this still large increase over the prior year, at this point of the current fiscal year, is mostly attributed to a noted increase in personnel costs of \$3.9 million including medical claim expenditures plus approximately \$800,000 in costs associated with the incinerator records subpoena and litigation matter
thru December	80,348,402	78,202,674	2,145,728	when adding in \$2,835,923 in disbursements, occurring during the twelve months of 2022 for prior year 2021 encumbered amounts, to the 2022 year-to-date total here of \$78,202,674 the resulting adjusted total then goes to \$81,038,597 for a change difference of \$690,195, which is deemed reasonable based on relative materiality

Bureau of Licensing Taxation & Central Support

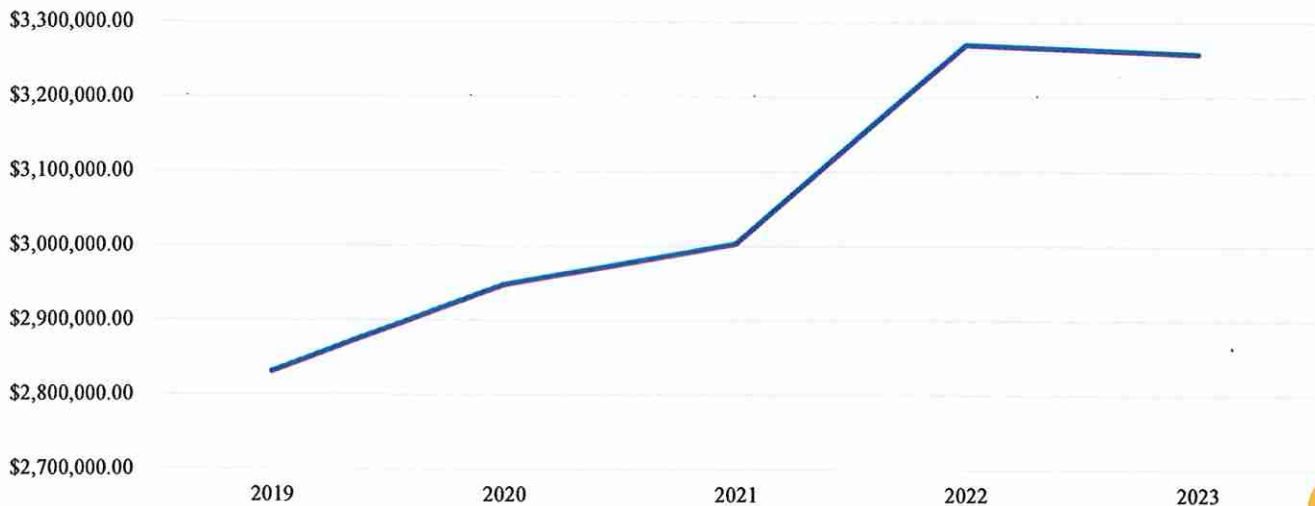
Historical Overview of Revenue

	2019	2020	2021	2022	2023
Mercantile Tax (Current Year)	\$ 2,830,498.19	\$ 2,947,359.51	\$ 3,002,403.14	\$ 3,269,860.28	\$ 3,257,750.04
Mercantile Tax (Prior Years)	\$ 178,596.15	\$ 159,689.83	\$ 522,223.99	\$ 223,405.43	\$ 250,902.44
Penalty	\$ 134,756.64	\$ 125,596.68	\$ 223,802.44	\$ 166,159.80	\$ 184,291.84
Interest	\$ 38,287.21	\$ 31,580.44	\$ 80,822.82	\$ 50,354.52	\$ 43,694.88
Amusement Tax	\$ 329,110.28	\$ 205,111.24	\$ 124,446.52	\$ 289,242.89	\$ 356,430.01
Parking Tax	\$ 4,262,293.86	\$ 3,444,125.35	\$ 3,316,175.05	\$ 3,674,152.84	\$ 3,797,755.67
	\$ 7,773,542.33	\$ 6,913,463.05	\$ 7,269,873.96	\$ 7,673,175.76	\$ 7,890,824.88

1

Mercantile Tax (Current Year)

2019	2020	2021	2022	2023
\$2,830,498.19	\$2,947,359.51	\$3,002,403.14	\$3,269,860.28	\$3,257,750.04

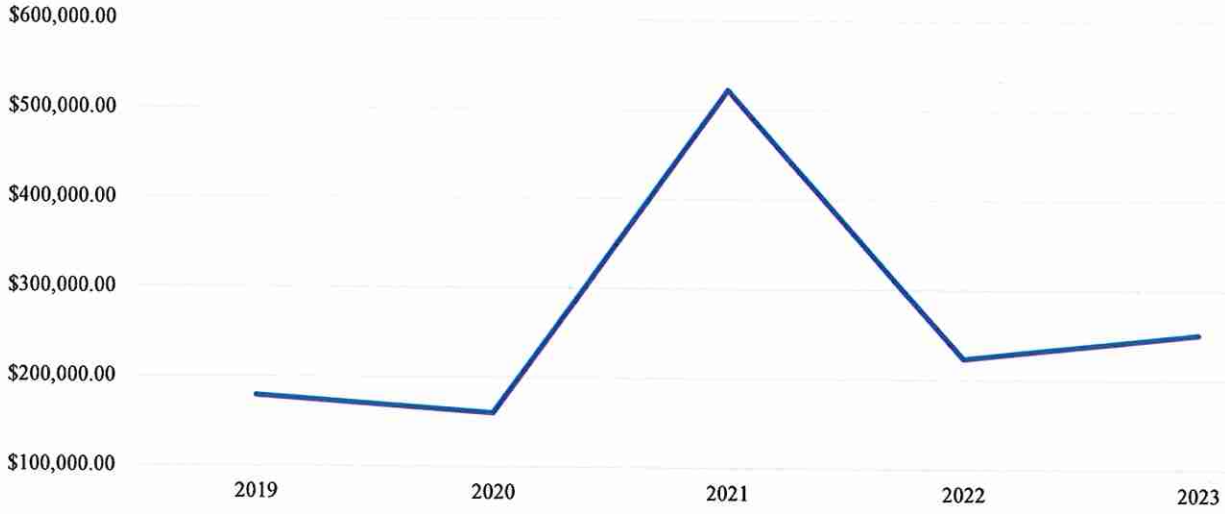


2

Mercantile Tax

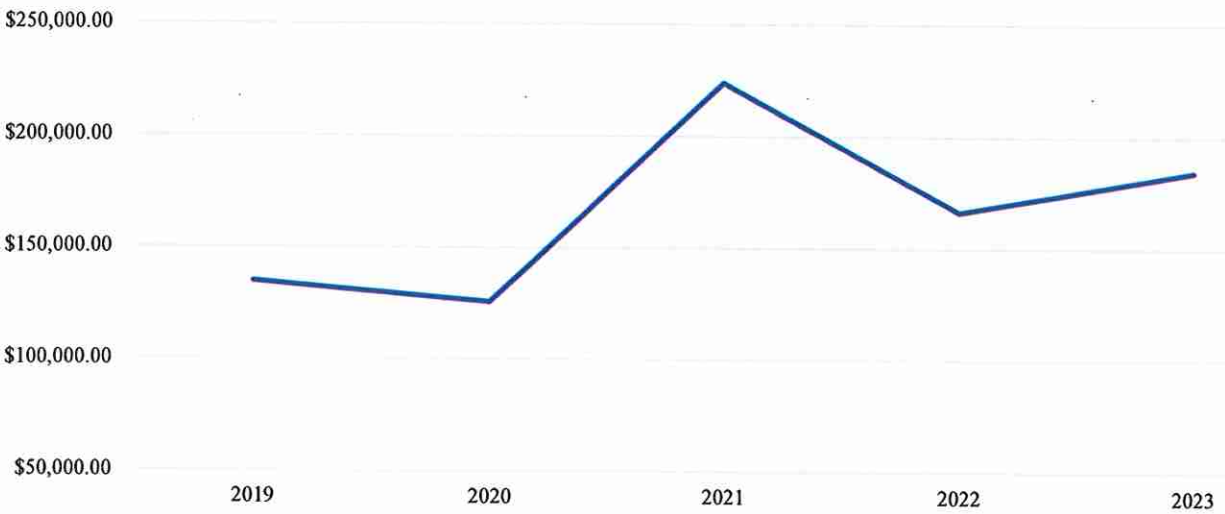
(Prior Years)

2019	2020	2021	2022	2023
\$178,596.15	\$159,689.83	\$522,223.99	\$223,405.43	\$250,902.44



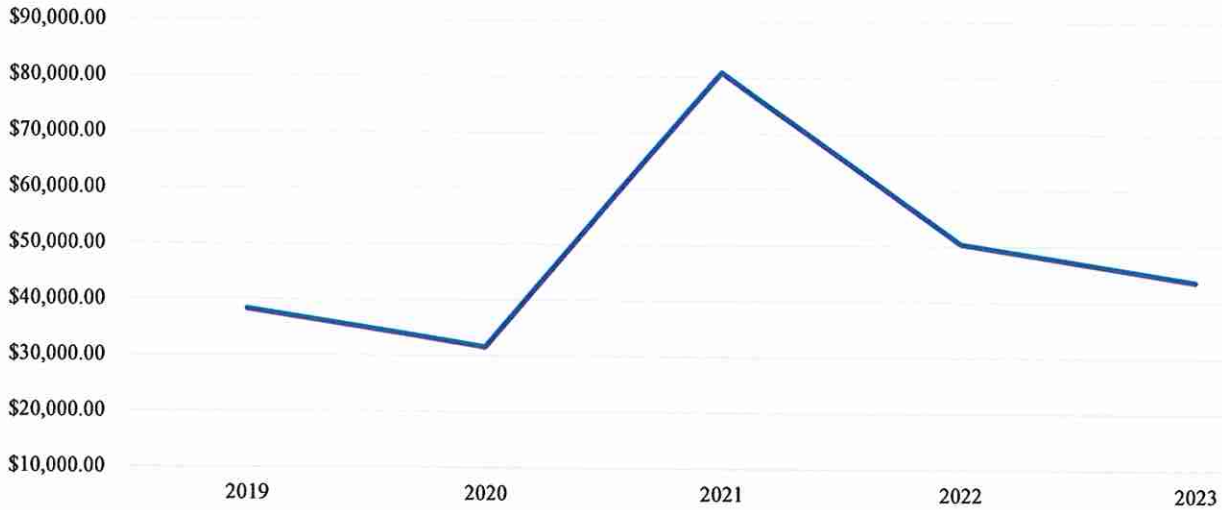
Penalty

2019	2020	2021	2022	2023
\$134,756.64	\$125,596.68	\$223,802.44	\$166,159.80	\$184,291.84



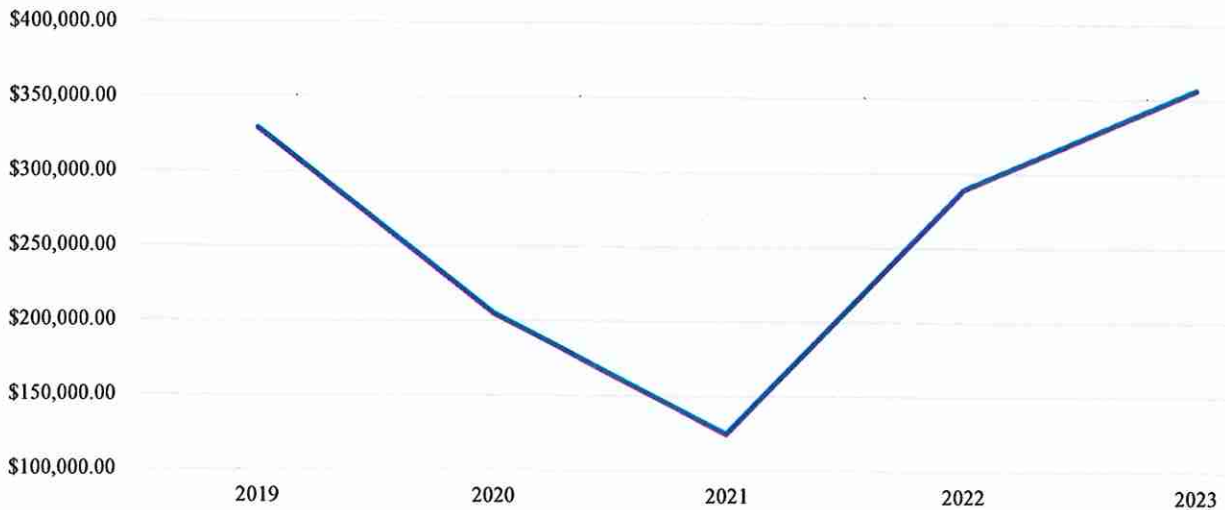
Interest

2019	2020	2021	2022	2023
\$38,287.21	\$31,580.44	\$80,822.82	\$50,354.52	\$43,694.88



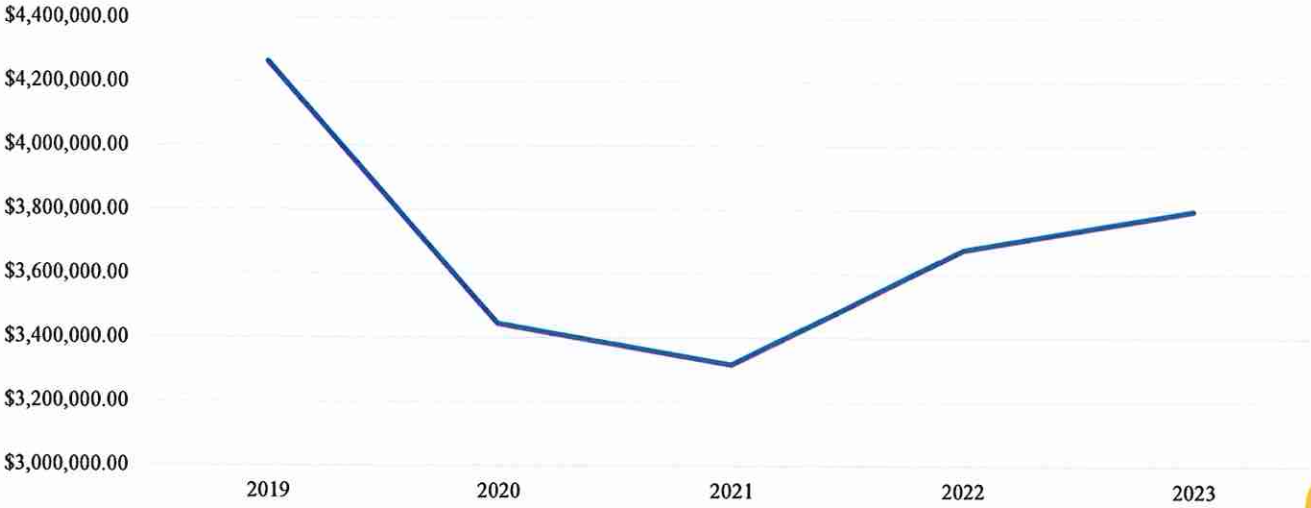
Amusement Tax

2019	2020	2021	2022	2023
\$329,110.28	\$205,111.24	\$124,446.52	\$289,242.89	\$356,430.01



Parking Tax

2019	2020	2021	2022	2023
\$4,262,293.86	\$3,444,125.35	\$3,316,175.05	\$3,674,152.84	\$3,797,755.67



School District Tax Collected (2023)



Amusement Taxes



Miscellaneous Statistics

(2023)

Auditing
Collections

\$ 721,203.83

Civil
Collections

Hearings Attended

73

Collected

\$ 404,037.51

New
Licenses

Mercantile

501

Landlord

191

Vendor

226