

eight years. It maintains essential city services while reducing costs where appropriate. The 2014 budget calls for \$89,282,565 in spending and revenues of \$89,416,656. This results in a positive budget variance of \$134,091.

The 2014 budget effectively holds the composite property tax rate at 8.42 mills for a ninth consecutive year. A county wide reassessment became effective in 2013. The composite property tax rate was 17.53 mills in 2012.

The Business Privilege Tax also remains stable along with the \$52 Local Services Tax and the Refuse Collection Fee.

2014 will be an exciting transition year for the city as the first full year after the successful closing of the concession lease agreement and as new development comes online in the NIZ. In recognition of the transition, this proposed budget starts the process of reducing the Earned Income Tax rate. The additional EIT that was authorized in 2010 for both residents and non-residents of the city will be decreased from 0.35% to 0.33%. The city will of course continue to review and provide updates as to future reductions of this tax. We are excited to be able to offer this as the city expects to continue to phase out this tax as pension payment requirements ease and all the positive initiatives that have occurred with the city in the last 18 months begin to provide alternative and additional revenue sources to the budget.

Conclusion

The 2014 Budget and Program of Services as proposed continues the austere and prudent management of the services we seek to provide our great city. It will in fact meet the needs of the city in a cost effective manner. This is a challenge shared by many of our municipal government colleagues across the Commonwealth of Pennsylvania and the nation. However, I believe we have a far better future on our horizon by virtue of the extraordinary progress we have made in our downtown redevelopment efforts combined with our decision to resolve the crippling financial situation created by our unfunded pension liability crisis.

I firmly believe that Allentown in 2014 will take huge steps forward on its journey to become an even greater city where people desire to live, work, play and invest.