Bristol Township

Bucks County, Pennsylvania

Earned Income Tax Analysis

Delivered on September 18, 2026

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Municipal Solutions

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Bristol Township

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Executive Summary

Bristol Township ("Bristol" or the "Township") has maintained a strong financial position in recent years through disciplined fiscal management, conservative budgeting, and several consecutive years of General Fund operating surpluses. Since completion of the Township's 2023 Strategic Management Planning Program report, strong financial performance and effective implementation of key recommendations have enabled the Township to strengthen its financial position while making significant investments in staffing and operational capacity.

Despite this favorable current position, the Township is approaching a long-term structural budget imbalance. Personnel costs, the primary General Fund expenditure driver, have grown significantly faster than recurring revenues. While recent surpluses have enabled the Township to absorb these increasing costs, the updated financial projection indicates that expenditures will outpace revenue growth over the coming years. Under current assumptions, General Fund deficits are projected to grow steadily through 2032 and deplete cash reserves.

The report evaluates the Township's Earned Income Tax ("EIT") as a potential long-term fiscal solution. Bristol currently levies a 0.50 percent resident and non-resident EIT, while the Bristol Township School District does not impose an EIT. As a result, the Township has significant unused taxing capacity under Pennsylvania law compared to most municipalities in Bucks County, where the combined municipal and school district EIT is generally at least one percent. Increasing both the resident and non-resident EIT rates to one percent is projected to generate more than enough revenue to offset projected operating deficits while allowing the Township to address other needs.

The EIT increase would affect taxpayers differently depending on where residents work. Because a large percentage of Bristol residents already work in municipalities with higher EIT rates, a portion of any increase would redirect existing tax payments back to the Township rather than increase total taxes paid by those individuals. Nevertheless, it is estimated that about 30 percent of working residents would experience higher local income tax liability, making it important for Township officials to carefully consider the impacts of any policy change.

If the Township elects to increase the EIT, the additional recurring revenue should first be used to eliminate projected structural deficits and preserve long-term fiscal stability. Remaining recurring capacity should be allocated conservatively, with consideration given to a measured reduction in real estate tax millage and strategic investments in critical service needs. Separately, accumulated fund balance should be used for one-time strategic priorities, including reducing outstanding debt, addressing capital infrastructure needs, and developing a long-term strategy to reduce the Township's OPEB liability.

By acting proactively while reserves remain strong, the Township can address its emerging structural imbalance from a position of fiscal strength and position itself for continued fiscal success.

Section One

Updated Five-Year Financial Projection

In 2023, Bristol Township developed a multi-year financial plan through the Pennsylvania Department of Community and Economic Development's (DCED) Strategic Management Planning Program (STMP). The report stated that the Township is in solid fiscal condition due to disciplined fiscal management, conservative budgeting, and non-recurring pandemic recovery aid. After years of fiscal instability, the Township has established a pattern of operating surpluses, which has enabled the Township to build a formidable fund balance position in all key governmental funds.

The plan included a series of recommendations to support sustained fiscal health and improve operational efficiency. Key recommendations included addressing deferred maintenance, investing in information technology enhancements, filling key positions across Township government, managing legacy costs such as the Township's other post-employment benefit liability, strengthening financial policies and procedures, and supporting community and economic development. This section summarizes the Township's financial and operational progress since completion of the STMP report and presents an updated five-year baseline financial projection.

Overview of All Funds

Bristol accounts for financial activity within the following major governmental funds:

- The General Fund acts as the primary operating fund and is supported by taxes, fees, and other revenues that may be used for any lawful purpose. This is the principal fund of the Township and includes all operations not required to be recorded in other funds.
- The Fire Company Fund directs the real estate Fire Protection Fund millage and state public safety aid to support fire service. Fire service and Emergency Medical Services are delivered to the Township by a joint effort of the Bristol Township paid staff through the Department of Fire Rescue, Office of Emergency Management, and the Office of the Fire.
- The Parks and Recreation Fund captures activity related to the maintenance and improvement of parks and recreation assets and management of youth, adult, and senior recreational programming.
- The PA DCED Fund accounts for grant funding awarded to the Township by the Commonwealth of Pennsylvania. Some of these grant funds are administered through DCED.
- The Capital Projects Fund accounts for the accumulation of resources for investments in capital assets. Historically, the fund has been primarily supported by bond proceeds and grants.

- The Debt Service Fund is used to fund the principal and interest payments for outstanding debt. Debt payments are primarily funded by the real estate debt redemption millage and General Fund transfers.
- The Refuse Fund accounts for financial activity related to trash and recycling services. Bristol contracts with a third-party to provide trash, recycling, and bulk trash disposal service.
- The Highway Aid Fund accounts for the proceeds from the State Motor License Fund. Expenditures are legally restricted to highway purposes in accordance with PENNDOT regulations.
- The Sewer Fund accounts for sewer related activity. The Township is served by two sewer systems. The southwest portion of the Township is served by a Township collection system and a wastewater treatment plant located in Croydon on the Delaware River. The northeast Levittown portion of the Township, plus Tullytown Township and portions of Falls and Middletown Townships, are served by a system owned by the Lower Bucks County Joint Sewer Authority.

In addition to the major funds described above, the Township also maintains other governmental funds shown in the table below. The Township has maintained material fund balances in all major funds. It should be noted that almost $500,000 of annual workforce costs are allocated to the Refuse and Sewer Funds, which relieves pressure on the General Fund. In addition to allocating workforce costs to non-General Funds, historically, the Township also made significant transfers to the General Fund for overhead costs. The Township has discontinued the practice since the completion of the 2023 report.

Summary of Key Funds, 2025 Estimate

	Unaudited 2025 Performance			Ending Fund Balance	% of Operating Expenses
Fund	Revenue	Expenses	Excess/(Deficit)		
General Fund	$25,665,426	$24,638,450	$1,026,976	$21,820,073	89%
Street Lights	$621,975	$722,534	($100,559)	$113,186	16%
Fire Company	$1,650,214	$1,653,092	($2,878)	($2,294)	-0%
Rescue Squads	$235,905	$234,864	$1,041	$1,203	1%
Recreation	$791,837	$930,376	($138,539)	$1,018,175	109%
PA DCED (Grant)	$11,340,675	$4,684,806	$6,655,869	$5,327,950	114%
ARLE Fund	$87,000	$28,490	$58,510	$59,210	208%
Educational Service Agency	$146,323	$298,332	($152,009)	($131,138)	-44%
Capital Projects	$587,230	$7,797,351	($7,210,121)	$3,933,425	50%
Debt Service	$1,424,508	$4,629,536	($3,205,028)	$4,342,069	94%
Refuse	$6,957,670	$6,832,302	$125,368	$3,193,161	47%
Highway Aid	$1,706,027	$1,557,800	$148,227	$5,595,836	359%
Community Development	$161,548	$149,974	$11,574	$15,928	11%
Sewer Fund	$5,398,541	$7,072,225	($1,673,683)	$14,414,868	204%
COMBINED FUNDS	**$56,687,880**	**$61,201,642**	**($4,513,762)**	**$59,642,443**	**98%**

Source: Bristol Township

Historical General Fund Operating Results

The General Fund serves as the Township's primary operating fund and has remained in a strong financial position in recent years. Since completion of the 2023 STMP report, the Township has made significant investments to strengthen staffing levels, improve recruitment and retention, and enhance municipal operations. These efforts have driven expenditure growth that has outpaced inflation. Despite the resulting increase in recurring personnel costs, the Township has continued to generate positive operating surpluses and maintain strong fund balance levels, supported by steady earned income tax growth, strong real estate transfer tax performance, and higher than anticipated interest and investment earnings.

General Fund Results, 2021-2025

I	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Estimate 2025
Revenues	$25,551,290	$26,124,794	$26,182,380	$27,106,289	$25,665,426
Expenses	$20,307,962	$21,384,327	$22,135,648	$22,495,729	$24,638,450
Surplus (Deficit)	**$5,243,328**	**$4,740,467**	**$4,046,732**	**$4,610,560**	**$1,026,976**
Transfers to Debt Service Fund	($2,000,000)	($2,000,000)	($2,000,000)	($2,000,000)	$0
Net Surplus (Deficit)	**$3,243,328**	**$2,740,467**	**$2,046,732**	**$2,610,560**	**$1,026,976**

Source: Bristol Township

The 2023 STMP analysis projected that operating surpluses would gradually narrow as the Township implemented recommended workforce investments. Actual financial performance has generally aligned with this expectation. However, operating surpluses have contracted more rapidly than anticipated as the Township accelerated its strategy to strengthen the workforce. Overall, the Township has made meaningful progress implementing the recommendations outlined in the STMP report, including the following initiatives:

- Hired an Assistant Township Manager
- Engaged grant writing support
- Improved Police Department operations and culture through several initiatives, including transitioning to 12-hour shifts
- Enhanced employee benefits to support recruitment and retention
- Strengthened financial management by transitioning toward fund accounting best practices, including eliminating interfund transfers to improve transparency
- Engaged a new auditor to strengthen oversight
- Improved Mercantile Tax, Sewer Fee, and Trash Fee collections
- Made key investments in community assets including the Senior Center and the Martha Miller Early Learning Center

The Township is also advancing several long-term initiatives to further strengthen financial and operational performance. These efforts include evaluating strategies to manage other post-

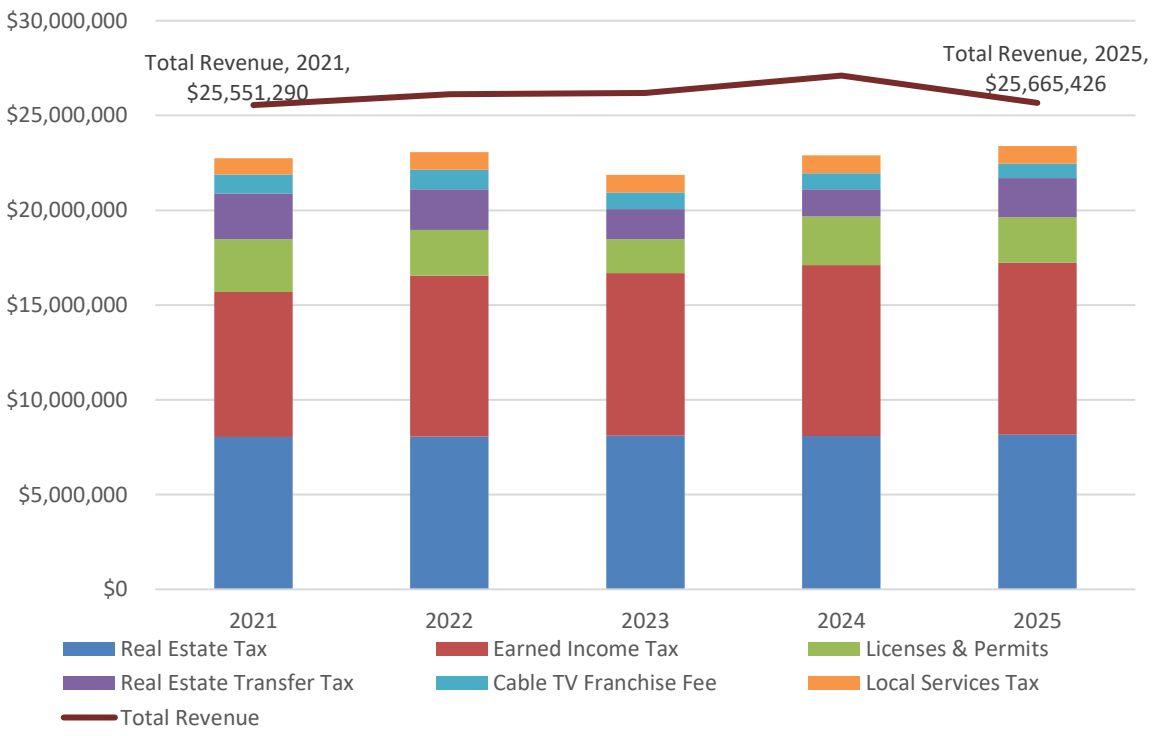
employment benefit liabilities, pursuing STMP Phase 2 funding to enhance financial software and develop a records management system, and assessing the potential impact of an EIT rate increase.

Historical General Fund Revenue

EIT and real estate taxes are the Township's two primary revenue sources comprising 64 percent of annual revenues on average since 2021. EIT is the largest revenue source, accounting for 33 percent of total revenue while real estate tax revenue represents 31 percent. Other key income sources include license and permit revenue (9 percent), real estate transfer tax (7 percent), and local services tax, which averages only 4 percent.

From 2021 to 2025, overall operating revenue was flat. Although EIT revenue increased at an average annual rate of 4.4 percent, a healthy rate generally consistent with the experience of comparable municipalities, growth was offset by accounting-related changes and declines in other revenue sources. U.S. Census Bureau data indicate that EIT growth was driven primarily by rising resident incomes rather than employment growth. The number of employed Bristol Township residents remained relatively unchanged over the period while median household income increased at an average annual rate of approximately 4 percent between 2018 and 2024. Real estate tax revenue was flat since 2021 as the Township kept the millage rate constant over this period and there was minimal change in assessed value.

Key General Fund Revenue Sources, 2021-2025 Estimate



Source: Bristol Township

Act 511 Taxes

EIT is now the largest source of General Fund revenue, realizing $9.1 million in 2025. The Township imposes a 0.5 percent EIT on residents and a 0.5 percent EIT on non-residents. The Bristol Township School District does not levy an EIT tax, bringing the full EIT charged to Township residents to 0.5 percent. The EIT is reviewed in more detail in Section Two.

Other Act 511 Taxes include per capita taxes, real estate transfer tax, mercantile tax, local services tax ("LST"), and amusement tax. Real estate transfer tax is the second largest source of Act 511 tax revenue after EIT. Bristol levies a 0.5 percent real estate transfer tax on real estate transactions within the Township. Bristol Township School District also levies an additional 0.5 percent on real estate transactions. Revenues from real estate transfer taxes are uneven, responding to changes in the local housing market. These revenues have averaged $1.9 million annually since 2021.

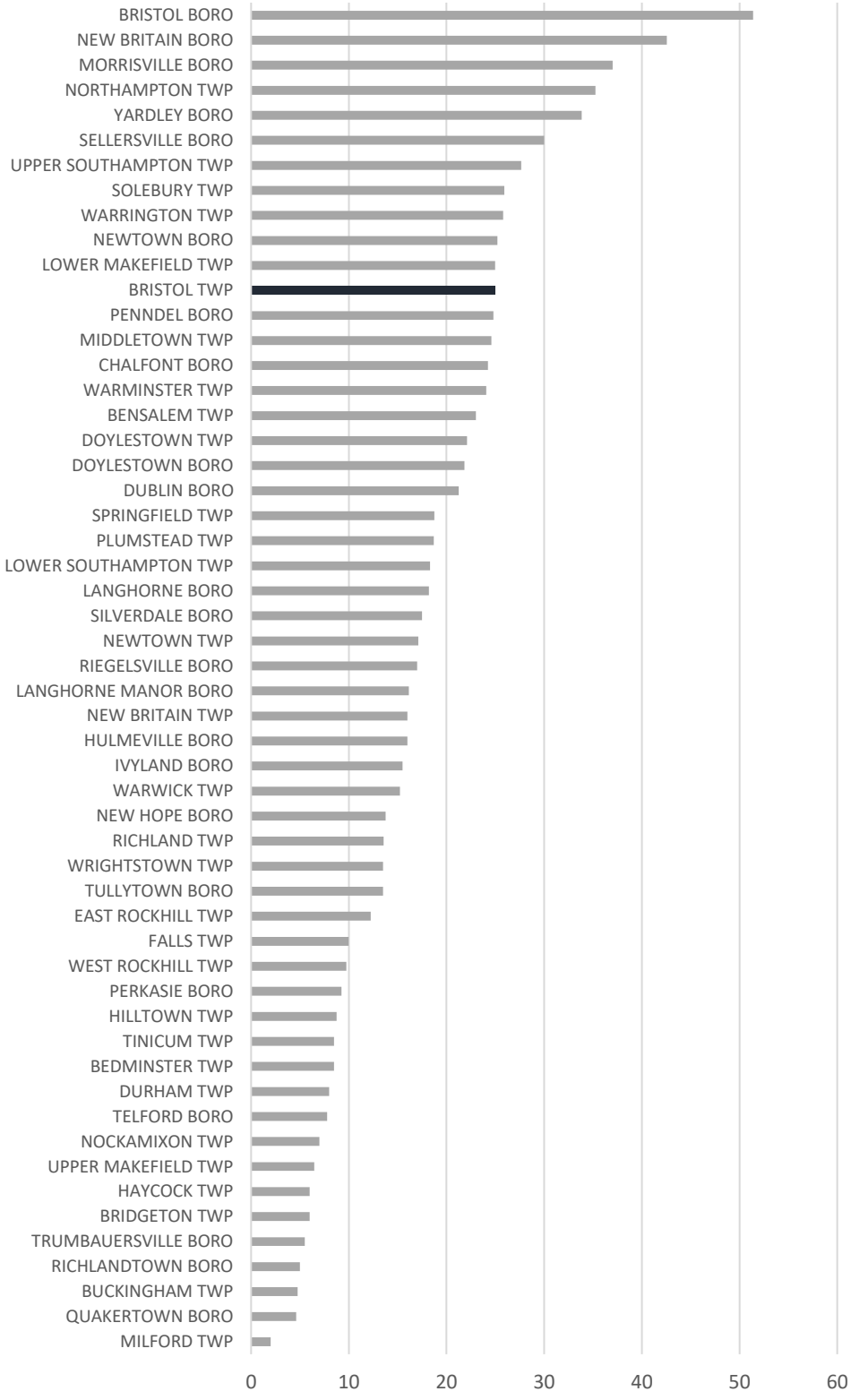
The LST is a local tax payable by all individuals who hold a job or profession within a taxing jurisdiction imposing the tax and has increased at a steady, yet modest, pace in recent years growing 2 percent annually since 2021.

The Township and School District split a mercantile tax of 1 percent on wholesale and 1.5 percent on retail. Bristol Township mercantile tax revenue has totaled roughly $600,000 annually in recent years and has increased at an average annual rate of 6 percent, largely as a result of improved collections.

Real Estate Tax Revenue

Real estate tax revenue is the Township's second largest operating revenue source, historically accounting for approximately 31 percent of total operating revenue. The real estate tax millage rate has remained unchanged at 24.98 mills for more than 10 years, resulting in essentially flat real estate tax collections over that period. Despite maintaining a constant millage rate, Bristol Township's millage rate remains above the 2026 Bucks County median, as shown in the figure below. Notably, the median millage rate among Bucks County municipalities has continued to increase, rising from 14.5 mills when the STMP report was completed in 2023 to 16.6 mills in 2026.

Municipal Real Estate Tax Millage Rate, Bucks County Municipalities, 2026



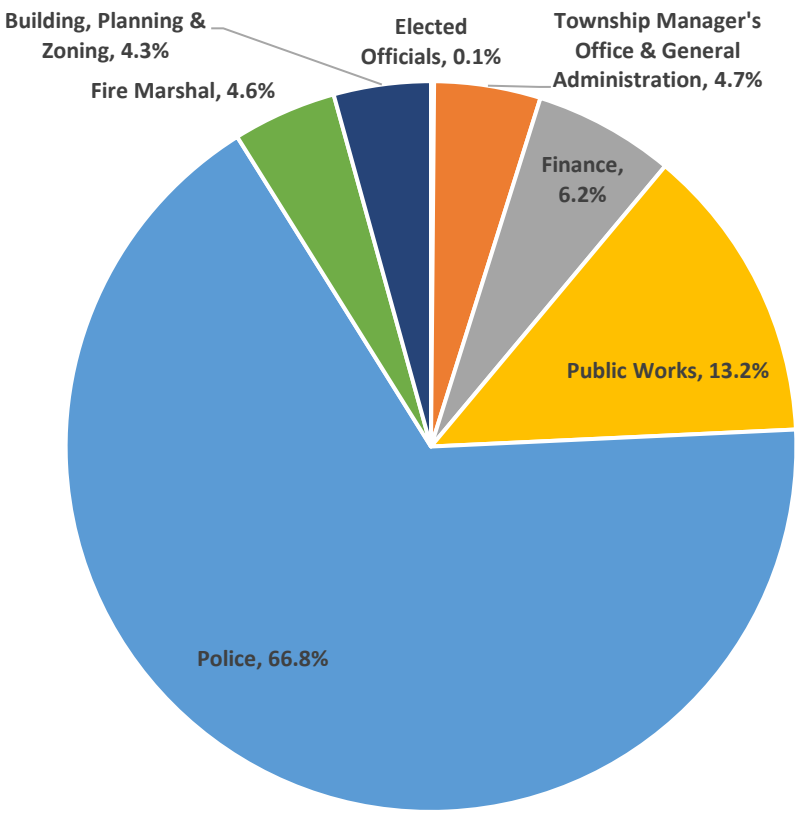
Source: PA Department of Community and Economic Development Municipal Statistics

Historical General Fund Expenses

Workforce-related expenses are the primary General Fund cost driver, representing an average of 75 percent of total expenditures since 2021. Salaries and wages account for approximately 43 percent of total General Fund expenditures, while healthcare benefits represent an additional 17 percent. Other material expenditures include professional services (4 percent) and maintenance and repairs (3 percent). Annual debt service obligations are also a major expense. When accounting for both debt service paid directly from the General Fund and the Transfer to the Debt Service Fund, debt obligations account for roughly 10 percent of recurring annual expenses.

General Fund expenditures are driven primarily by police operations. The Police Department accounts for the largest share of General Fund expenditures and is the primary driver of future expenditure growth. Workforce-related costs comprise almost 90 percent of police operating expenditures, with salary and wage costs representing the largest expense category.

General Fund Operating Expenses by Function, 2021-2025 Average



Source: Bristol Township

Workforce Expenses

As displayed in the table below, across all funds, the Township allocated $21.4 million to workforce costs in 2025. The overwhelming majority of workforce costs are allocated to the General Fund. As mentioned previously, workforce costs account for 75 percent of total General Fund expenses.

Key Expenses, 2025 Results

	Total Workforce Expenses	% of Total Workforce Expenses
General Fund	$20,127,212	93.9%
Parks & Recreation Fund	$508,477	2.4%
Educational Service Agency	$298,332	1.4%
Sewer Fund	$295,837	1.4%
Refuse	$191,032	0.9%
Fire Company	$3,320	0.0%
Total	**$21,424,211**	**100.0%**

Source: Bristol Township

The Township has made a concerted effort in recent years to strengthen its workforce, revising compensation structures to support recruitment and retention and filling key vacancies across the Police, Public Works, and administrative departments. The 2023 STMP report found that Bristol had been operating with staffing levels below what was needed for several years, which contributed to General Fund surpluses but constrained service delivery. The 2026 budget reflects a meaningful correction, increasing full-time staffing by roughly 10 percent, from 110 to 123 positions, compared with 2023 levels.

Full-Time Employee Headcount, 2023 vs 2026 Budget

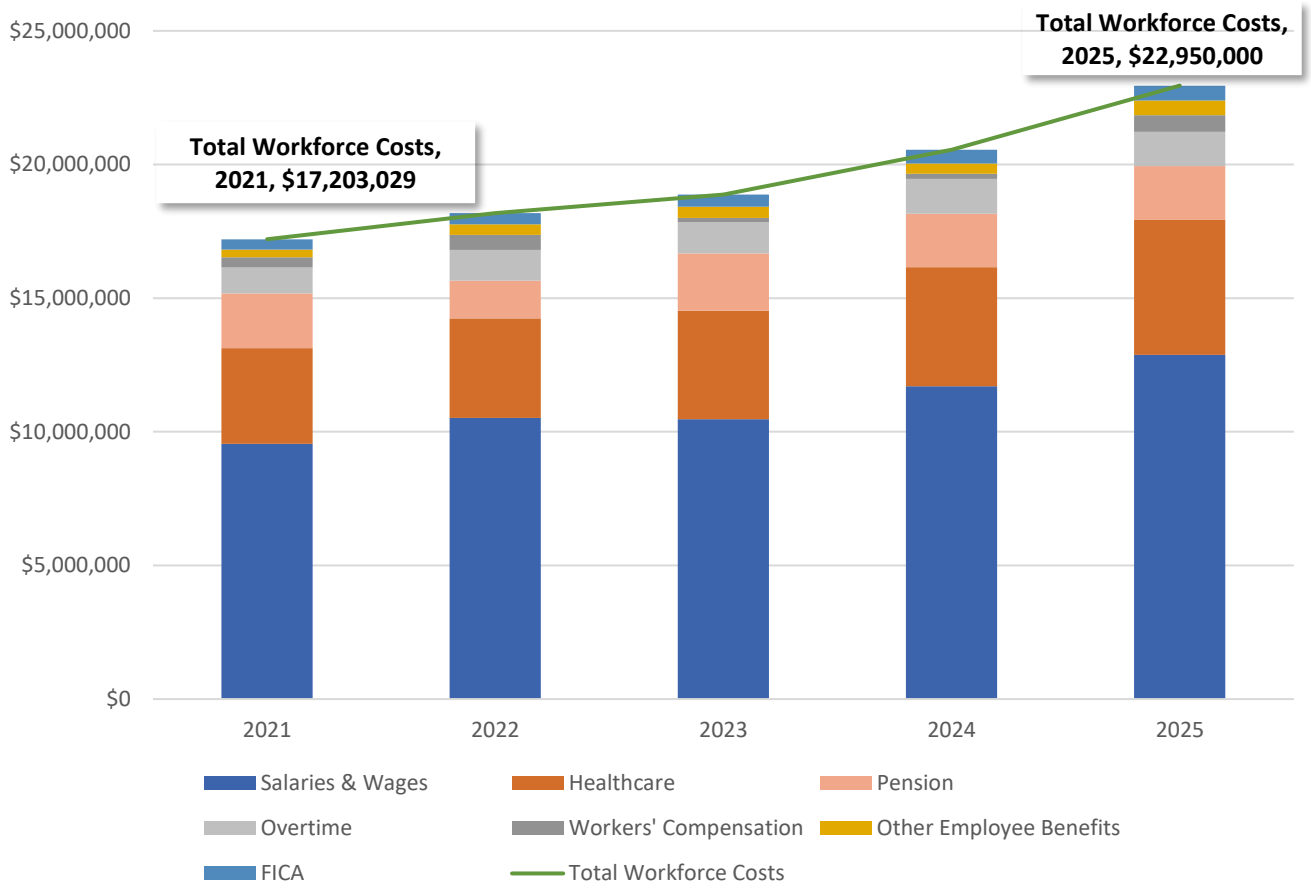
Department	2023 Actual	2026 Budget
Township Manager's Office	3	3
Information Technology	0	2
Finance	6	8
Community Development	1	0
Public Works	18	21
Building and Planning	7	7
Parks and Recreation	3	3
Police	63	71
Total	**101**	**115**

Source: Bristol Township

Personnel costs remain the Township's most significant expenditure and have grown at a pace well above inflation in recent years. As discussed previously, the Township began recording pension expenditures directly in the Pension Fund rather than the General Fund in 2024. As a result, workforce expenditures across all funds provide a more accurate measure of personnel

cost growth. From 2021 through 2025, total workforce expenditures increased at an average annual rate of approximately 8 percent. During the same period, salaries and wages increased by roughly 8 percent annually, while health insurance costs grew by approximately 9 percent per year. Overtime has also become an increasingly significant component of personnel spending, rising from approximately $970,000 in 2021 to $1.3 million in 2025, with the majority of these costs attributable to the Police Department. Despite adding patrol officers, overtime costs have continued to increase in 2026 and are projected to reach approximately $1.5 million by year end.

Total Workforce Costs Across All Funds, 2021-2025 Estimate[1]



Source: Bristol Township

The 2026 budget reflects further escalation in personnel costs. General Fund workforce expenses (excluding pension costs) are 10 percent higher than in 2025, driven by a 14 percent increase in salaries and wages, a 21 percent increase in overtime, and a 4 percent increase in healthcare. The General Fund has been able to absorb these costs to date and has achieved surpluses; however, because these costs are recurring, they must be matched with stable, recurring revenue sources to prevent long-term structural imbalance.

[1] The Township altered its approach for recording pension expenses in 2024. For consistency purposes, pension costs for 2024 and 2025 in the chart above are estimated to be $2,000,000.

Debt Service

The Township will have roughly $37.1 million in outstanding general obligation debt as of the end of 2026. A majority of debt principal and interest obligations are paid through the Debt Service Fund which is funded by real estate debt redemption millage totaling 2.45 mills and typically an annual $2 million transfer from the General Fund. In the past, a portion of the 2014 General Obligation Bond Series A of 2014 was funded directly from the General Fund because a portion of the bond proceeds was used to fund the police pension fund.

General Fund, Annual Debt Service Summary, 2027-2032

General Obligation Debt	Balance (12/31/2026)	2027	2028	2029	2030	2031	2032
Series 2014A	$2,490,000	$802,792	$807,706	$801,104	$323,420		
Series 2020	$4,541,600	$369,684	$370,027	$370,268	$370,406	$370,441	$370,373
Series 2013A	$2,433,000	$376,468	$376,552	$376,443	$376,141	$376,630	$375,918
Series 2013C	$635,000	$328,428	$329,103				
Series 2014	$470,000	$244,460	$244,309				
Series 2017	$6,111,000	$634,870	$635,197	$636,238	$636,969	$637,390	$638,500
Series 2018	$4,745,000	$183,608	$178,674	$517,932	$560,851	$560,091	$560,902
Series 2018A*	$4,050,770	$651,760	$651,449	$651,369	$650,769	$650,378	$650,174
Series 2021*	$11,695,000	$197,125	$197,108	$197,092	$888,075	$1,107,470	$1,105,991
Total	**$37,171,370**	**$3,789,195**	**$3,790,124**	**$3,550,446**	**$3,806,632**	**$3,702,401**	**$3,701,858**

*Issuance through the Delaware Valley Regional Finance Authority

In addition to the general obligation debt summarized above, the Sewer Fund has five outstanding debt obligations with a total outstanding balance of $16.3 million as of December 31, 2026. Historically, annual Sewer Fund debt service (which is also secured by a general obligation guaranty from the Township) has averaged about $325,000. However, as a result of a debt issuance in 2021 for capital improvements, annual Sewer Fund debt service increased approximately to $1.4 million beginning in 2026.

Sewer Fund, Annual Debt Service Summary, 2027-2032

	Balance (12/31/2026)	2027	2028	2029	2030	2031	2032
Series 2018 Rev Notes	$2,686,000	$271,875	$271,954	$271,845	$271,547	$272,059	$271,353
Series 2018A Notes	$1,498,230	$241,062	$240,947	$240,917	$240,696	$240,551	$240,475
Series 2019 Rev Notes	$2,645,000	$474,895	$475,025	$475,045	$474,955	$474,754	$404,719
Series 2020 Notes	$1,946,400	$158,436	$158,583	$158,686	$158,745	$158,760	$158,731
Series 2021A Notes^	$7,495,000	$226,000	$226,000	$226,000	$226,000	$226,000	$226,000
Total	**$16,270,630**	**$1,372,268**	**$1,372,509**	**$1,372,493**	**$1,371,943**	**$1,372,124**	**$1,301,278**

^ Estimated

Baseline General Fund Projection

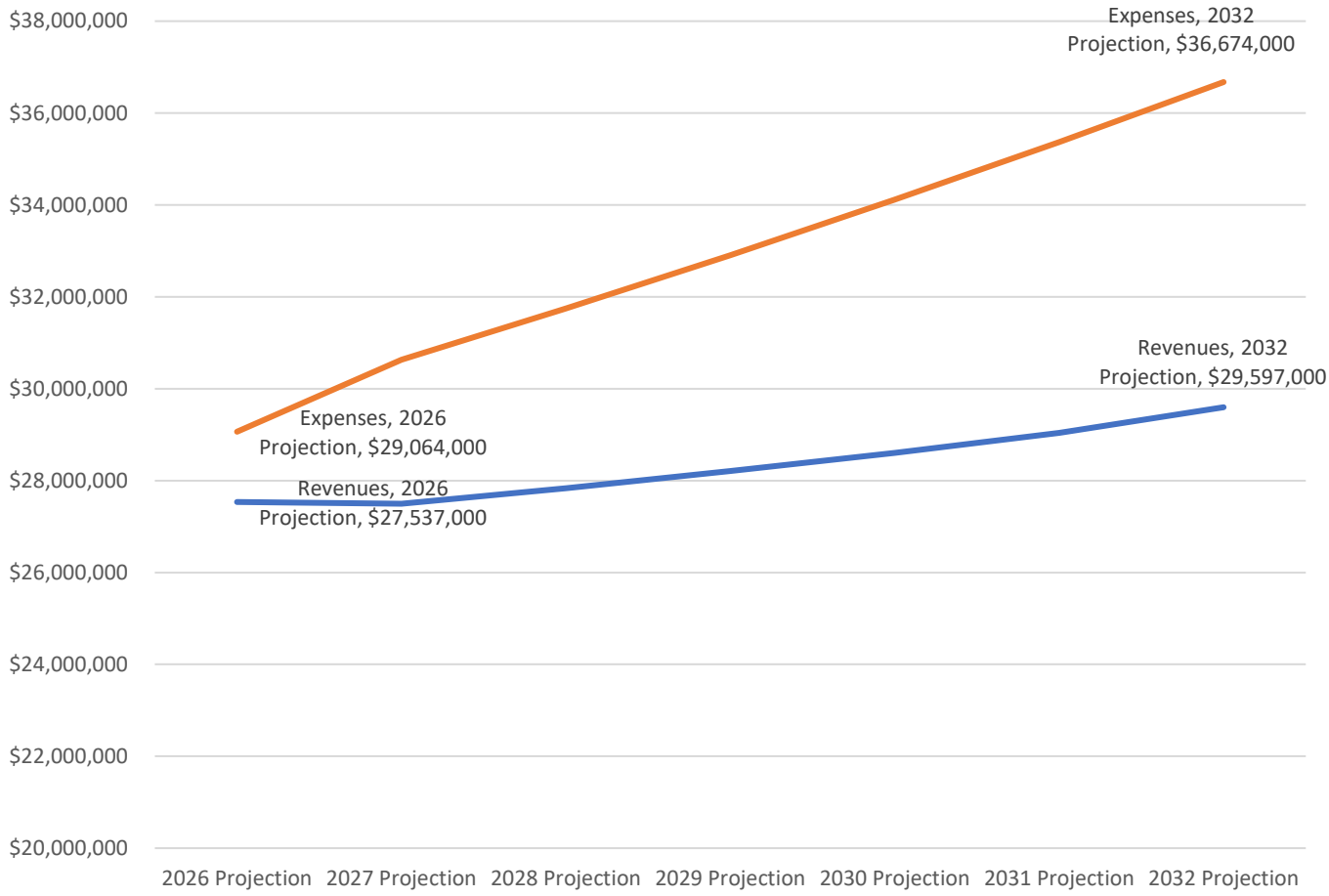
The baseline General Fund projection reflects a continuation of current operating procedures and trends without significant growth in the tax base, implementation of corrective action, or millage rate increases. The Township has experienced healthy EIT growth, which is promising for future revenues; however, increases in employee headcount and enhanced benefits have added to workforce costs and will put significant pressure on the operating budget.

Overall General Fund revenues are projected to increase 1.5 percent annually on average through the projection period. Most of the growth is related to EIT, which is projected to increase from $9.1 million in 2026 to $11.2 million in 2032. Real estate tax revenue is expected to remain the second highest General Fund revenue source; however, without a millage rate increase this income will remain flat while expenses continue to increase. State pension aid is also a key revenue source and is expected to increase at the same rate as salary increases. These revenues are more than offset by increasing pension costs, however. The General Fund is also supported by solid license and permit and real estate transfer tax revenue, which are projected to represent 9 percent and 7 percent of General Fund revenue, respectively.

General Fund expenses are projected to increase 3.9 percent annually through 2032, easily outpacing revenues. As discussed above, personnel costs are the primary expense driver, representing close to 90 percent of General Fund costs, and are collectively projected to increase more than 4 percent annually through the projection period. The Township also plans to continue investing in its workforce through additional staffing and enhanced employee benefits. In addition to workforce costs, the General Fund will be strained by insurance and equipment, materials, and supplies costs, which are projected to increase 5 percent annually on average, well above the projected inflation rate.

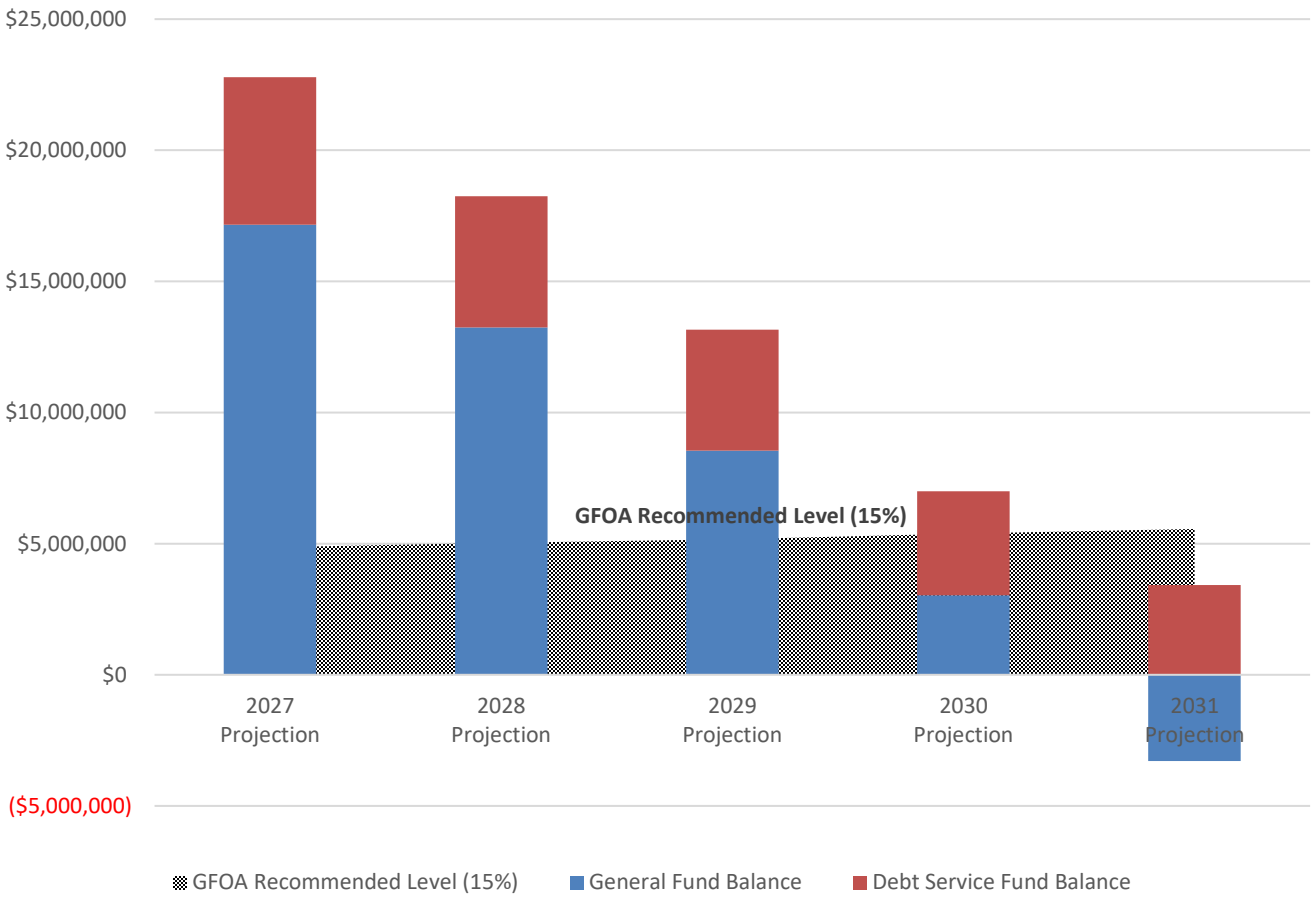
Without corrective action, Bristol is facing growing deficits and declining fund balances, indicating structural budgetary imbalance. Deficits grow to about $6.3 million by 2032 (after transfers to the Debt Service Fund), representing roughly 18 percent of total operating revenue. The cumulative impact of the operating deficits is reflected as declining unrestricted cash reserves.

General Fund
Baseline Operating Projection, 2026-2032[2]



[2] General Fund expenses in the chart includes transfers to other funds, including an annual $2 million transfer to the Debt Service fund.

Baseline Fund Balance Projection, 2026-2032



The Township has made significant progress implementing the recommendations of the 2023 STMP, reflecting strong management and a sustained commitment to strengthening the organization's financial and operational capacity. These efforts, together with the Township's strong fund balance position, provide a solid foundation for the next phase of financial planning. The revised baseline projection, however, indicates a structural imbalance between recurring revenues and expenditures. Without additional revenue growth, expenditure reductions, or operational changes, recurring operating deficits are projected to increase over the projection period, placing increasing pressure on the General Fund. This outlook creates an opportunity for the Township to take a strategic, long-term approach to aligning resources with organizational and community priorities while preserving financial strength.

Section Two

Earned Income Tax Analysis

Overview

As noted in Section One, the earned income tax is authorized under Pennsylvania's Local Tax Enabling Act 511 and is a tax levied on wages, salaries, commissions, net profits, or other compensation. First-class townships may adopt an EIT on residents not to exceed 1 percent. If the local school district also imposes an EIT, the combined municipal and school district rate cannot exceed 1 percent. The non-resident EIT limit is also 1 percent. There are exceptions that allow a municipality to exceed the 1 percent, such as home rule privileges, fiscal distress, and voter approval for open space purposes, but generally the resident municipal EIT is limited to 1 percent.

The Township currently imposes a 0.5 percent EIT on residents and non-residents. The Bristol Township School District does not have an EIT. Bristol is a first-class township that operates under an Optional Plan form of Government (Council-Manager). The Optional Plan does not allow for the same substantive changes that a full home rule charter would. With regards to the EIT, the Township cannot raise tax rates above the stated levels in the First Class Township Code or Act 511, so Bristol is limited to the statutory 1 percent EIT limit for residents and non-residents.

The EIT is a significant revenue source for Bristol Township and most municipalities throughout Bucks County and Pennsylvania. In Bucks County, 51 of 54 municipalities impose a resident EIT, with 33 municipalities, including Bristol Township, imposing a rate of 0.50 percent. However, the municipal rate represents only one component of the total EIT paid by residents because most school districts also impose an EIT. As a result, residents in all but five Bucks County municipalities pay a combined municipal and school district EIT of at least 1 percent.

Bucks County Earned Income Tax Rates, 2026

	0%	0.50%	0.60% - 0.75%	1.00%	Total
Municipal Resident	3	33	9	9	54
Municipal Non-Resident	4	2	0	48	54
School District Resident	6	7	0	2	15

Source: newpa.com

As Bristol Township considers a potential increase in its EIT rate, the experience of other municipalities is particularly relevant. Nine Bucks County municipalities impose a full 1 percent municipal resident EIT in communities where the school district does not impose an EIT. These municipalities provide the most direct comparison for evaluating the potential impact of increasing Bristol Township's municipal resident EIT from 0.50 percent to 1 percent.

The long-term ability to maintain a 1 percent municipal EIT, however, may depend on future actions by the Bristol Township School District. Pennsylvania school districts may adopt a resident EIT, but adoption requires voter approval through a ballot referendum. It should be noted that where both a municipality and school district levy an EIT, the one percent limit must be shared on a 50/50 basis, unless otherwise agreed to by the taxing bodies.[3] Currently the Bristol Township School District does not levy an EIT. However, if Bristol Township increases its EIT to 1 percent and the school district later adopts its own EIT, the Township's EIT rate will be required to revert to 0.50 percent, unless an alternative arrangement can be negotiated between the parties.

Ballot initiatives and other statutory authorities provide opportunities for municipalities and school districts to maintain EIT rates above the standard statutory limits for specific purposes. Within Bucks County, several municipalities have successfully used ballot initiatives to increase EIT rates for open space and related purposes. East Rockhill, West Rockhill, and Richland townships are examples of municipalities that levy additional EIT for these purposes. Bucks County school districts, including Pennridge and Quakertown, also levy EIT above the ordinary school district share under separate statutory tax-restructuring authority.

Fiscal Analysis

Since the Township already imposes an EIT, projecting the incremental revenue impact of a rate increase is relatively straightforward. A rate increase will generally result in proportional increase in revenues. Doubling the resident and non-resident rates to 1 percent, would generate approximately $9.4 million in new annual revenue in 2027.

Projected Impact of EIT Rate Increases, 2027

Resident and Non-Resident EIT Rate	Total Revenue 2027 Projection	Additional Revenue (2027)
0.50% (current)	$9,419,000	-
0.75%	$14,128,500	$4,709,500
1.00%	$18,838,000	$9,419,000

The impact of a change in EIT rates will be affected by the distribution of resident and non-resident workers. The most recent 2023 U.S. Census Bureau OnTheMap data estimates that roughly 26,500 workers live in Bristol Township. Of those 26,500 resident workers, just 11 percent or roughly 2,900 individuals both live and work in Bristol Township. The remaining 23,600 residents have a place of employment located outside of Bristol Township. A table below lists the top 10 employment destinations for Bristol residents.[4] A list of the top 25 employment destinations for Bristol residents is included in the appendix.

[3] Pennsylvania Governor's Center for Local Government Services. (2022). *Taxation manual* (11th ed.).

[4] The U.S. Census Bureau's OnTheMap application provides a publicly available, credible source of information on the location and characteristics of workers and their commuting patterns. The dataset reports primary jobs rather than

Top Employment Destinations for Bristol Township Residents, 2023

	Number of Bristol Workers	Share of Total Bristol Resident Workers	Non-Resident EIT Rate (2026)
Philadelphia city (Philadelphia, PA)	4,184	15.8%	3.43%
Bristol township (Bucks, PA)	2,904	11.0%	0.50%
Bensalem township (Bucks, PA)	2,004	7.6%	1.00%
Middletown township (Bucks, PA)	1,600	6.0%	1.00%
Falls township (Bucks, PA)	1,437	5.4%	1.00%
Bristol borough (Bucks, PA)	477	1.8%	0.00%
Trenton city (Mercer, NJ)	474	1.8%	
Newtown township (Bucks, PA)	436	1.6%	1.00%
Lower Makefield township (Bucks, PA)	345	1.3%	0.00%
Lower Southampton township (Bucks, PA)	332	1.3%	1.00%
Total	**14,193**	**53.6%**	

Source: U.S. Census Bureau, OnTheMap, 2023 Primary Jobs

In addition, Bristol Township is home to various employers. U.S. Census Bureau OnTheMap data estimates that about 18,500 individuals work for employers and entities based in Bristol Township. Of those 18,500 individuals, 84 percent or about 15,600 individuals are held by non-residents, meaning these workers do not live in Bristol Township.

Before implementing any change in tax rates, it is important to understand the impact on the roughly 26,500 employed Township residents. An increase in the resident EIT rate will have the following varying impacts:

- For the roughly 2,900 residents that live and work in the Township, an increase in the resident EIT rate would result in an increase in their tax liability.
- For residents employed in a municipality with a non-resident EIT rate of 0.5 percent or lower, their EIT liability will also increase. For example, Bristol Township residents working in Langhorne Manor Borough currently pay an EIT rate of 0.5 percent. Any increase will result in a higher EIT bill for these residents.
- Residents employed in a municipality that imposes a non-resident EIT higher than 0.5 percent are already paying that higher rate. However, those tax dollars above the 0.5 percent rate are being retained by the other municipality. For example, Bristol Township residents employed in Bensalem Township currently pay 1 percent of their income to Bensalem. Bensalem returns 0.5 percent to Bristol Township and retains the remaining 0.5 percent. An increase in the EIT rate will result in additional EIT dollars being returned to Bristol Township.

individual workers. For purposes of this analysis, primary jobs are used as a proxy for workers because each employed individual is assigned to a single primary job, providing a reasonable representation of employment patterns and the Township's Earned Income Tax base.

- Residents that work in the City of Philadelphia would see no change in their local EIT tax liability; however, the Township would also experience no change in EIT tax collections for this individual. Philadelphia retains 100 percent of non-resident wage taxes paid by non-Philadelphia residents, regardless of the EIT rate level in their home municipality.
- Residents that work in New Jersey would experience an increase in their EIT taxes. New Jersey municipalities do not impose non-resident local income taxes.

Based on the employment-location analysis, approximately 30 percent of primary jobs are associated with residents who would experience an increase in local income tax liability if Bristol Township's resident EIT increased from 0.50 percent to 1.00 percent. The largest affected group is the roughly 2,900 residents who both live and work in Bristol Township, along with residents working in New Jersey and other jurisdictions with little or no non-resident EIT.

The 2,900 workers that live and are employed in Bristol represent a relatively mature workforce, with nearly one-third (31 percent) age 55 or older, compared with 20 percent age 29 or younger; the largest group, 48 percent, is between ages 30 and 54.

Workers that live and work in Bristol, as a group, earn less than the general population of workers that live in the Township. About 53 percent of people that live and work in the Township earn more than $3,333 per month (approximately $40,000 on an annualized basis) compared to 65 percent of people that live in the Township, but may work in or outside of the Township. Many of these residents work in Philadelphia so the Township would not be able to recover EIT. Approximately 31 percent of people that live and work in the Township earn between $1,251 and $3,333 per month and 16 percent earn $1,250 ($15,000 annualized) or less.

Approximately 30 percent of Township residents who also work within the Township are employed in goods-producing industries, including manufacturing and construction. This represents a meaningful component of the local employment base and, because wages earned in these industries are generally subject to the EIT in the same manner as wages in other sectors, contributes directly to the Township's potential earned income tax base.

By contrast, approximately 70 percent of resident workers would not experience an increase because they already work in jurisdictions that impose a higher local income tax. For these residents, the primary effect would be to redirect a greater share of existing EIT payments back to Bristol Township. Residents working in Philadelphia would see no change in either their tax liability or the amount of EIT revenue received by the Township.

Understanding the impact of raising the non-resident EIT rate is critical. There are roughly 18,500 non-residents that work for employers and entities located in Bristol Township. An increase in the non-resident EIT rate to 1 percent would also have varying impacts. First, the Township would continue to retain all EIT collections for non-resident workers living in communities where the combined municipal and school district resident EIT rate is 0 percent. For example, Bristol Township would continue to retain all EIT collections for non-resident workers living in Bristol Borough and Lower Makefield Township. Next, the Township would retain a portion of EIT collections for non-resident workers living in municipalities where the combined municipal and

school district EIT is below 1 percent. For example, Bristol Township would retain 0.5 percent of the income of non-resident workers living in Langhorne Manor Borough.

More Pennsylvania municipalities are adopting both resident and non-resident EIT each year. Since 2021, eight Bucks County municipalities have implemented an EIT, including three that enacted their tax on January 1, 2026. As adoption accelerates, municipalities without an EIT face increasing pressure to follow suit, because many of their residents are already paying the tax, but paying it to another jurisdiction rather than their own.

It is important to note the potential advantages that a higher EIT rate may offer seniors and residents living on fixed incomes. A tax structure that places greater emphasis on the EIT and less on real estate taxes can benefit retirees because pension, Social Security, and other retirement income are generally not subject to the EIT. Increasing reliance on the EIT can therefore lessen the property-tax burden on these households, whose real estate taxes may otherwise continue to rise even as their incomes remain relatively fixed. The most recent census data indicates that approximately 8,700 (16 percent) of the Township's 54,000 residents are over 65. Moreover, 38 percent of households receive Social Security income, with an average benefit of $23,002 and 28 percent receive retirement income that averages $32,097[5]. Social Security and Retirement Income are two separate income categories; however, the populations that receive this income overlap. A portion of the 38 percent of residents that receive Social Security benefits also receive retirement income.

[5] Source: U.S. Census Bureau American Community Survey (ACS) 2020-2024 5-Year Estimates

Section Three

Fiscal Enhancement Strategy

Despite recent General Fund surpluses, rising operating costs, particularly workforce-related expenses, continue to drive a structural budget imbalance. As outlined in Section One, the Township's General Fund projections show deficits and declining fund balance without corrective action. In addition, the Township will need to make ongoing capital investments to maintain and improve its infrastructure and facilities.

Recommendation 1: Increase Resident and Non-Resident Earned Income Tax Rates to 1 percent

To meet its fiscal objectives, which include achieving and sustaining structural balance while adequately funding essential municipal services, the Township must take deliberate action. Bristol's current tax rate and tax mix provide an opportunity to generate additional revenue while maintaining overall competitiveness and avoiding undue burden on residents. Increasing both the resident and non-resident EIT rates, which remain below those of most peer municipalities, would position the Township to raise meaningful General Fund revenue and advance progress toward its long-term fiscal goals such as continuing to strengthen the workforce. Increasing the resident and non-resident EIT rates to 1 percent would generate approximately $9.4 to $11.2 million in new annual revenue from 2027 through 2032 and enable the Township to address many needs.

Recommendation 2: Prioritize Structural Balance in Allocating Additional EIT Revenue

The baseline General Fund projection shows deficits rising from $3.1 million in 2027 to $7.1 million in 2032. If the Township increases both the resident and non-resident EIT rates to 1 percent, Bristol is projected to generate substantial surpluses and build cash reserves throughout the forecast period. However, those surpluses gradually diminish over time. This erosion reflects the underlying structural dynamic in which expenditure growth continues to outpace revenue growth, even after the EIT rate adjustment. Because structural imbalance is still present, the Township must exercise prudence in allocating remaining surpluses.

Projected General Fund Impact of 1 Percent EIT, 2027–2032

	2027 Projection	2028 Projection	2029 Projection	2030 Projection	2031 Projection	2032 Projection
Revenues	$27,497,000	$27,833,000	$28,209,000	$28,604,000	$29,041,000	$29,597,000
Expenses	$30,633,000	$31,746,000	$32,906,000	$34,113,000	$35,368,000	$36,674,000
Surplus (Deficit)	**($3,136,000)**	**($3,913,000)**	**($4,697,000)**	**($5,509,000)**	**($6,327,000)**	**($7,077,000)**
EIT - 1%	$5,651,400*	$9,749,000	$10,090,000	$10,443,000	$10,809,000	$11,187,000
Revised Surplus (Deficit)	**$2,515,400**	**$5,836,000**	**$5,393,000**	**$4,934,000**	**$4,482,000**	**$4,110,000**
End Fund Balance	**$22,808,000**	**$28,644,000**	**$34,037,000**	**$38,971,000**	**$43,453,000**	**$47,563,000**

** Collections in the first year following the rate increase are expected to reach only 60–65% of a typical full-year total, reflecting the timing lag between adoption of the new rate and when those revenues are actually received.*

Recommendation 3: Establish Priorities for Remaining Recurring General Fund Capacity

The Township's financial strategy should distinguish between recurring operating surpluses and accumulated fund balance. Ongoing surpluses generated by recurring revenues may appropriately support recurring service enhancements, while accumulated reserves should continue to be allocated in accordance with the Township's fund balance policy and applied primarily to one-time investments that produce lasting financial or operational benefits. This approach preserves the Township's strong fiscal position, avoids the creation of future structural deficits, and ensures that both recurring revenues and one-time resources are used for their highest and best purpose.

Increasing the resident and non-resident EIT to 1 percent would allow the Township to eliminate projected deficits and generate sustained surpluses, even though those surpluses gradually decline over time. Given this narrowing trend, the Township should adopt a conservative approach toward adding new recurring obligations to avoid returning to a deficit position. The initiatives outlined below warrant consideration and would have ongoing impacts on the General Fund.

Restructure and Reduce the Real Estate Millage Rate

A change in the EIT resident and non-resident tax rates will have varying impacts on taxpayers. However, negative impacts to residents can be mitigated by a corresponding decrease in the real estate tax millage rate. The Township's combined municipal and school district real estate tax millage rate is among the highest in Bucks County and a disincentive for economic development. Despite no increases in over 10 years, the Township's millage rate is still very high compared to its peers.

For property-owners, a millage rate reduction will result in a direct decrease in the real estate tax bill. For renters, a millage rate reduction may indirectly decrease rental expenses. The overall impact on each resident will vary based on the current real estate tax bill and income level.

Increasing the resident and non-resident EIT rates coupled with a corresponding real estate tax millage rate reduction offers several benefits. First, as outlined above, the overwhelming majority of Bristol residents are employed in outside communities. Some of those individuals are already paying an EIT rate above 0.5 percent, but other communities are retaining some of that revenue. A move to a higher resident EIT rate will return more revenue to Bristol Township.

Next, because EIT burden is based on income level, EIT is generally considered more equitable than real estate tax. Retirees, lower income individuals, and those living on a fixed income are likely to benefit from a transition to a higher EIT rate and a corresponding reduction in the real estate tax millage rate.

Finally, EIT collections increase as incomes grow. Thus, unlike real estate taxes, EIT revenue growth is not solely dependent on rate increases. With the EIT, the Township will benefit from increasing EIT collections over time without being forced to vote for a rate increase, which often meets resistance from the community.

The Township should take a measured approach when considering a real estate millage rate reduction in conjunction with an EIT increase. As noted above, while an EIT rate adjustment would eliminate projected deficits and generate surpluses, those surpluses diminish over time. Bristol should avoid a scenario in which the millage rate is reduced only to require an increase shortly thereafter.

The total municipal real estate tax millage is 24.98 and includes several additional categories, summarized below.

Bristol Township Municipal Millage Rate Breakdown (2026)

Category	Millage Rate
General Purpose	18.08
Debt Service	2.45
EMS	0.55
Fire Equipment	3
Recreation	0.9
Total	**24.98**

Bristol's current municipal general purpose real estate millage rate is 18.08 mills. The Township generates approximately $415,000 in current real estate tax revenue per mill, resulting in approximately $7.5 million in annual current General Fund real estate tax collections. Lowering the General-Purpose millage rate by 2 mills would result in about a $827,000 revenue decline. The table below shows the revenue impact from various general purpose millage rate changes.

Projected Impact of General Purpose Millage Rate Changes

Millage Rate	Revenue	Difference ($)	Difference (%)
18.08	$7,500,000		
16.08	$6,673,000	($827,000)	-11%
14.08	$5,843,000	($1,657,000)	-22%
12.08	$5,013,000	($2,487,000)	-33%
10.08	$4,183,000	($3,317,000)	-44%

The Township's STMP report included a recommendation to increase the Debt Service millage rate to meet annual debt service obligations and make an offsetting reduction in the General-Purpose millage rate, but this initiative has not yet been implemented. Aligning the Debt Service millage rate with annual General Obligation debt service is consistent with fund accounting best practices by more clearly matching dedicated revenues with associated obligations. This approach improves financial transparency, reduces reliance on recurring General Fund transfers, and builds on the Township's recent efforts to strengthen financial management practices.

Because Bristol is evaluating a coordinated General Fund millage reduction alongside the adoption of an EIT, the Township should likewise consider aligning adjustments to both the General millage rate and the Debt Service millage rate.

The Debt Service portion of the Real Estate Tax currently generates approximately $1.1 million annually, compared to an annual General Obligation debt service obligation of $3.5 to $3.8 million. The resulting shortfall is covered each year through a transfer from the General Fund to the Debt Service Fund.

Rather than relying on regular General Fund transfers to close this gap, the Township should increase the Debt Service millage rate to fully fund General Obligation annual debt service costs. To maintain a net-neutral tax position, Bristol should make a corresponding reduction to the General Fund millage rate. Covering the full current debt service obligation would require increasing the Debt Service millage rate from 2.45 mills to roughly 8.75 mills (an increase of about 6.30 mills) in 2027.

It should be noted that the analysis above assumes that sewer-related debt is paid for out of the Sewer Fund rather than the Debt Service Fund. The Township should set its sewer fees at a level adequate to meet all sewer-related operating expenses, including annual debt service obligations.

The following table illustrates several pro-forma real estate millage rate scenarios after adjustments to both the general and special debt service millage rates:

Pro Forma Real Estate Millage Rate and Revenue Reduction Scenarios

	General Purpose Millage	Debt Service Millage[6]	Combined General Purpose and Debt Service	Combined Revenue	Difference ($)
Current	18.08	2.45	20.53	$8,517,000	
Revenue Neutral	11.40	9.13	20.53	$8,517,000	0
General Purpose Reduction					
2 mills	9.40	9.13	18.53	$7,690,000	($827,000)
4 mills	7.40	9.13	16.53	$6,860,000	($1,657,000)
6 mills	5.40	9.13	14.53	$6,030,000	($2,487,000)
8 mills	3.40	9.13	12.53	$5,200,000	($3,317,000)

Invest in Critical Service Needs

The 2023 STMP report recommended that the Township invest in personnel to expand administrative capacity and strengthen core municipal services. Since then, the Township has increased its full-time workforce by more than 10 percent and enhanced compensation packages to address recruitment and retention challenges. These staffing investments were important for improving operations; however, they also introduced substantial recurring costs and are the primary driver of the projected deficits in the baseline General Fund forecast.

Raising the resident and non-resident EIT rates to 1 percent is expected to generate ongoing surpluses that could support select new recurring expenditures. The Township should adopt a highly conservative approach to adding new ongoing costs. Surpluses are projected to narrow over time, even without additional spending. The Township must balance potential real estate tax millage reductions, consideration of new programs with recurring obligations, and the need to maintain structurally balanced budgets over the long term.

Recommendation 4: Establish a Strategic Plan for Fund Balance

While Recommendation 3 addresses recurring General Fund capacity through real estate tax relief and investments in critical service needs, this recommendation focuses on using accumulated fund balance to reduce debt, address capital needs, and reduce the Township's OPEB liability.

Adopt Fund Balance Policies

The Township's long-term financial position has improved since the 2023 STMP report was delivered. At that time, the Township had accumulated significant unrestricted cash reserves through several years of operating surpluses, prudent financial management, and the strategic use of one-time funding sources. The 2023 report recommended that these reserves be managed

[6] Estimated required Debt Service millage based on the existing 2027 general obligation debt service obligation. Subsequent years will have a different millage requirement as the annual debt service obligation changes. Moreover, if the Township pays down or restructures debt obligations, the required Debt Service millage may change.

through a comprehensive fund balance policy and allocated deliberately over multiple years toward strategic priorities rather than used to support ongoing operating deficits.

The underlying financial philosophy remains equally applicable today. Fund balance represents a one-time financial resource and, as a general principle, should be used to fund one-time expenditures or investments that provide long-term value rather than recurring operating costs. Using reserves to establish ongoing programs or staffing commitments creates structural budget pressures once those reserves are depleted.

The Township should prioritize the following fund balance one-time uses, which are consistent with the recommendations presented in the 2023 STMP report.

Review Opportunities to Pay Down Outstanding Debt

As described in Section One, the Township will have roughly $37.1 million in outstanding general obligation debt as of the end of 2026 and all obligations are currently callable. As of January 1, 2026, Debt Service Fund reserves totaled $4.3 million. The Township should consult with a registered municipal advisor on opportunities to apply cash reserves to pay down debt with particular focus on the Series 2014A bonds. This series of bonds will have $2.49 million outstanding at the end of 2026, matures in 2030, and is currently carrying a 4.329 percent interest rate. If the Township applied about $2.5 million of cash reserves to pay down this debt, it would reduce annual debt service and interest cost through 2030.

The Township should also consider transferring remaining unrestricted fund balance in the Debt Service Fund into the General Fund.

Address Capital Infrastructure Needs

The Township has an established history of funding capital improvements from multiple sources, including General Fund contributions, grants, and debt proceeds. The Township should consider transferring a portion of unrestricted reserves to bolster the Capital Reserve Fund. The amount of the transfer should be informed by a multi-year comprehensive Capital Improvement Plan.

Reduce the Township's Other Post-Employment Benefit Liability ("OPEB")

The 2023 STMP report recommended that the Township use unrestricted cash reserves to reduce its OPEB liability. The Township's OPEB liability as of December 31, 2022 was $78.5 million and, like most municipalities, Bristol does not prefund the liability.

Prefunding the Township's OPEB liability and establishing an OPEB Trust allows the Township to invest proceeds and accrue interest earnings toward the liability. The ability to leverage compound interest in the OPEB trust saves taxpayers money in the long-term. The Township budgeted $2.1 million in "pay-as-you-go" retirement benefit costs in 2026, which is a 36 percent increase since 2021.

The Township should work with its actuary to determine a realistic and meaningful OPEB funding strategy that would include a material initial deposit from existing cash reserves and manageable ongoing contributions.

Conclusion

The Township is entering a critical period in its long-term fiscal planning, but it does so from a position of considerable fiscal strength. Bristol has an opportunity to address its emerging structural imbalance proactively by establishing a sustainable recurring revenue source, while carefully managing expenditures and the allocation of very strong cash reserves. An increase in the resident and non-resident EIT to 1 percent would provide fiscal capacity to eliminate projected operating deficits and achieve the Township's other strategic goals. By action now, Bristol can strengthen its financial foundation, maintain essential services, and position itself to meet the community's needs over the long-term.

Appendix

Census on the Map Data, 2023

Destination Analysis

Workers: *Living in Bristol township (Bucks, PA)*

Showing: *Employment locations grouped by County Subdivisions (Top 25)*

Total Primary Jobs

	2023	
	Count	**Share**
Total Primary Jobs	26,471	100.0%

Job Counts by County Subdivisions Where Workers are Employed - Primary Jobs

	2023	
	Count	**Share**
Philadelphia city (Philadelphia, PA)	4,184	15.8%
Bristol township (Bucks, PA)	2,904	11.0%
Bensalem township (Bucks, PA)	2,004	7.6%
Middletown township (Bucks, PA)	1,600	6.0%
Falls township (Bucks, PA)	1,437	5.4%
Bristol borough (Bucks, PA)	477	1.8%
Trenton city (Mercer, NJ)	474	1.8%
Newtown township (Bucks, PA)	436	1.6%
Lower Makefield township (Bucks, PA)	345	1.3%
Lower Southampton township (Bucks, PA)	332	1.3%
Tullytown borough (Bucks, PA)	332	1.3%
Horsham township (Montgomery, PA)	306	1.2%
Warminster township (Bucks, PA)	288	1.1%
Ewing township (Mercer, NJ)	257	1.0%
Hamilton township (Mercer, NJ)	243	0.9%
Burlington township (Burlington, NJ)	236	0.9%
Upper Moreland township (Montgomery, PA)	230	0.9%
Northampton township (Bucks, PA)	227	0.9%
Upper Merion township (Montgomery, PA)	226	0.9%
Abington township (Montgomery, PA)	216	0.8%
Manhattan borough (New York, NY)	210	0.8%
Hopewell township (Mercer, NJ)	187	0.7%
Mount Laurel township (Burlington, NJ)	169	0.6%
Upper Southampton township (Bucks, PA)	166	0.6%
Upper Dublin township (Montgomery, PA)	153	0.6%
Total	17,639	67.0%