

Pensions push taxes higher across the country

By Jeannette Neumann, Wall Street Journal

Cities across the nation are raising property taxes, largely citing rising pension and health-care costs for their employees and retirees.

In Pennsylvania, the township of Upper Moreland is bumping up property taxes for residents by 13.6% in 2011. Next door the city of Philadelphia this year increased the tax 9.9%. In New York, Saratoga Springs will collect 4.4% more in property taxes in 2011; Troy will increase taxes by 1.9%.

Property-tax increases aren't unusual, in part because the taxes are among the main sources of local revenue. But officials say more and larger increases are taking hold. "This year we have seen a dramatic increase in our cities and towns having to increase property taxes" for pensions and other expenses, said Jack Garner, executive director of the Pennsylvania League of Cities and Municipalities.

Local officials and government workers say a confluence of factors is driving the increases, including the need to make up for staggering investment losses from the financial crisis and rising costs as more workers retire. In addition, benefit increases promised in flush times are coming due as revenue flounders, and some cities have skipped payments to their pension funds over the years.

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