

Bill No. 4483-08

No. 52-08-RE

## A RESOLUTION

A Resolution providing for a program of temporary exemption from county real property taxes for improvements, including repairs, construction, or reconstruction, made on industrial, commercial, or business property in a deteriorated area in the City of McKeesport, County of Allegheny, Commonwealth of Pennsylvania, pursuant to the Local Economic Revitalization Tax Assistance Act, Pa. Stat. Ann. Tit. 72 §4722 et seq.

**Whereas**, The Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. Tit. 72 §4722 et seq., authorizes local taxing authorities to exempt from real estate taxation, for specific periods, the assessed valuation of improvements to deteriorated industrial, commercial and other business property; and

**Whereas**, the City Council (the "Council") of the City of McKeesport (the "City") conducted a public hearing to determine and designate the geographic boundaries of deteriorated areas located within the City; and

**Whereas**, the Council has established the boundaries of the deteriorated area as more specifically set forth in Attachment "A" hereto (hereinafter the "Deteriorated Area") and adopted the temporary exemption program; and

**Whereas**, the Board of School Directors ("School Directors") of the McKeesport Area School District ("School District") have also adopted the temporary exemption program; and

**Whereas**, the City has requested the County of Allegheny to enact similar legislation; and

**Whereas**, the County Council finds that the implementation of a temporary tax exemption program in certain designated deteriorated areas would contribute to the general welfare of the community by spurring economic activity and promoting improvement in the area's business and commercial property.

***The Council of the County of Allegheny hereby resolves as follows:***

### ***SECTION 1.      Incorporation of the Preamble.***

The provisions set forth in the preamble to this Resolution are incorporated by reference in their entirety herein.

**SECTION 2.        Terms Defined.**

As used in this Resolution, the following words and phrases shall have the meanings set forth below:

- (a)    Assessed Valuation – The value of a parcel of real property as established by the Office of Property Assessment or the Court of Common Pleas of Allegheny County pursuant to the provisions of Article 209 and 210 of the Allegheny County Administrative Code and the Second Class County Assessment Law, 72 P.S. §5452.1 or such other applicable law or ordinance, for the purpose of the assessment and levy of real property upon which a building is located.
- (b)    City – The City of McKeesport.
- (c)    Construction – The construction of any of the following improvements for industrial, commercial or other business purpose:
  - 1.     The erection of a building or buildings on previously unoccupied land.
  - 2.     The new construction of a building, or addition to said building upon land on which a building currently exists.
  - 3.     The new construction of buildings upon land where existing buildings have been demolished or razed.
- (d)    County – The County of Allegheny.
- (e)    Deteriorated Area – Those specific geographic areas within the City described in Attachment “A” hereto, which have been determined to be physically impaired on the basis of one or more standards, including, but not limited to, the following:
  - 1.     The buildings, by reason of age, obsolescence, inadequate or outmoded design, or physical deterioration, have become economic or social liabilities.
  - 2.     The buildings are substandard, unsanitary, unhealthy, or unsafe.
  - 3.     The buildings are overcrowded, poorly spaced or so lacking in light, space, and air as to be unwholesome.
  - 4.     The buildings are faultily arranged, cover the land to an excessive extent, show a deleterious use of land, or exhibit any combination of the above which is detrimental to health, safety, or welfare.

5. A significant percentage of buildings are more than forty (40) years of age.
  6. A substantial amount of unimproved, overgrown, and unsightly vacant land exists which has remained so for a period of five (5) years or more indicating a growing or total lack of utilization of land for economically desirable purposes.
  7. The area is an “impoverished area” as certified by the Department of Community Affairs under criteria set forth in the Act of November 29, 1967, P.L. 636, No. 282, known as the “Neighborhood Assistance Act” or is a “blighted area” under criteria set forth in the Act of May 24, 1945, P.L. 991, No. 385 known as the “Urban Redevelopment Law”.
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- (f) Deteriorated Property – Any industrial, commercial, or other business property owned by a Property Owner and located in the Deteriorated Area as herein provided, or any such property which has been the subject of any order by a government agency requiring the unit to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations.
  - (g) Exemption – The non-liability for the payment of additional real property taxes to the County resulting from increased Assessed Valuation attributable to the actual cost of Improvement(s), as defined herein, made to Deteriorated Property within the Deteriorated Area for the period of time as set forth in Article 5(a) herein.
  - (h) Improvement(s) – Repair, Construction, or Reconstruction, including alterations and additions, having the effect of rehabilitating a Deteriorated Property so that it becomes habitable or attains higher standards of safety, health, economic use, or amenity or is brought into compliance with laws, ordinances, or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an Improvement.
  - (i) Local Taxing Authority – The County or the City or the School District.
  - (j) Office – The Office of Property Assessment of Allegheny County, Pennsylvania or such successor entity responsible by law or by ordinance for determining the validity of a valuation of real estate for the assessment and levy of real estate taxes in Allegheny County.
  - (k) Project – The Improvement of a Deteriorated Property carried out during a single continuous period of time according to a common plan.

- (l) Property Owner – Any natural person, partnership, unincorporated association, limited liability company, or corporation, nonprofit or otherwise. Whenever used in any provision of this Resolution, the word Property Owner as applied to partnerships shall mean and include all members thereof or as applied to corporations shall mean and include all officials or officers thereof. The term “property owner” used in this Resolution is synonymous with “taxpayer”.
- (m) Reconstruction – The rebuilding or renovation of a building or buildings previously erected for the purpose of changing the economic use or amenity of such structure or to obtain higher standards of safety or health.
- (n) School District – The McKeesport Area School District.
- (o) Tax Delinquency – All County taxes, charges, fees, rents, or claims due and unpaid by the owner of the Deteriorated Property or with respect to the Deteriorated Property as of the time of the application for an Exemption or at any time thereafter during the term of the Exemption. The term includes all penalties, additions, interest, attorney fees, and costs due on such delinquent taxes, charges, rents, or claims.
- (p) Tax Year – The twelve (12) month period from January 1 to December 31 annually.
- (q) Treasurer – The Treasurer of the County of Allegheny.

### **SECTION 3. Deteriorated Areas.**

The areas designated by the City and School District set forth in Attachment “A” located within the City constitute the Deteriorated Areas.

### **SECTION 4. Exemption.**

- (a) Any Property Owner, who does not have a Tax Delinquency on any property located within the County, undertaking a Project within the Deteriorated Area, which is qualified as a Construction or Reconstruction or Improvement(s) project may apply for and receive from the County an Exemption from County real property taxes due to the increased or additional Assessed Valuation attributable to Construction or Reconstruction or Improvement(s), in the amounts and in accordance with the provisions and limitations set forth in this Resolution. The Exemption from County real estate taxes shall be specifically limited to the additional Assessed Valuation attributable to the actual costs of the Construction or Reconstruction or Improvement(s) to the Property within the Deteriorated Area. Appeals from the amount of increased Assessed Valuation attributable to the actual costs of Construction, Reconstruction or

Improvement(s) of the property within the Deteriorated Area may be taken by the taxpayer or any local taxing authority as provided by Article 207 and 209 of the Allegheny County Administrative Code, the County's Assessment Standards and Practice Ordinance or other applicable law or ordinance.

- (b) No Exemption from taxation is granted other than as set forth in subsection (a) above.
- (c) Any property with a Tax Delinquency is not eligible for the relief set forth in this Resolution.

**SECTION 5.      Exemption Schedule.**

Any Property Owner, whose property is located within the Deteriorated Area set forth in Attachment "A" and who makes Construction, Reconstruction, or Improvement(s) to such property, may apply for and receive from the County an Exemption from County real property taxes due to the increased or additional tax assessment attributable to the Construction, Reconstruction or Improvement(s) made, in the amounts and in accordance with the provisions and limitations set forth in this Resolution.

The Exemption from County real estate taxes granted for Construction, Reconstruction, or Improvement(s) to property within the Deteriorated Area described in Attachment "A" shall be in accordance with the following conditions and schedule:

- (a) The Exemption shall be limited to a period of three (3) years from the beginning of the Calendar Year as determined by the Office pursuant to Section 6. (f) 4. herein and shall apply to any building permitted for Construction, Reconstruction, or Improvement(s) at any time during a five (5) year period.
- (b) The Exemption shall be one hundred percent (100%) of the County's real estate taxation upon the Assessed Valuation attributable to the Construction, Reconstruction, or Improvement(s) in the first year. In each succeeding year, the exemption shall decline by thirty-three percent (33%). In the fourth (4<sup>th</sup>) year and all succeeding years, the exemption shall end and the property (land and building) shall be fully taxable.
- (c) There is no Exemption granted on the Assessed Valuation attributable to land.

- (d) There is no Exemption granted, and any existing Exemption shall be permanently revoked, if there exists any tax delinquency with respect to the property or any other property owned in the County by the Property Owner.

***SECTION 6.      Procedure for Obtaining Exemption.***

- (a) At the time that a Property Owner secures a building permit for construction use, the Property Owner desiring the temporary real estate tax Exemption pursuant to this Resolution shall file a request in writing for Exemption on a form (hereinafter the "Exemption Request") proscribed by the City. The Property Owner shall file the form with the City, and a copy shall be delivered to the Allegheny County Office of Property Assessment ("Office").
- (b) The Property Owner must provide and certify on the Exemption Request the following information:
  - 1. Name and address of Property Owner.
  - 2. Lot and block number of the property.
  - 3. The initial Assessed Valuation of the property.
  - 4. The current year County taxes on the property.
  - 5. The date the building permit was issued for the Construction, Reconstruction or Improvement(s).
  - 6. The summary of the plan of construction, plan of improvement(s) or reconstruction.
  - 7. The anticipated date of completion.
  - 8. The actual costs of Construction, Reconstruction or Improvement(s).
  - 9. A statement indicating that there is not a Tax Delinquency on the property.
  - 10. Such other information as may be necessary to process such application for Exemption.
  - 11. Planned use of the property or properties and certification that said use will be in compliance with the provisions and limitations set forth in this Resolution.
- (c) The Exemption Request shall be filed by the Property Owner with the Office no later than ninety (90) days after the date the building permit is issued. Failure to submit such Exemption Request within this time period shall give the County the right to deny any Exemption claimed pursuant to this Resolution for the initial tax year after completion of the Construction, Reconstruction, or Improvement(s), thereby limiting the length of the schedule of taxes exempted to less than the three (3) year period established under this Resolution.

- (d) When the Construction, Reconstruction, or Improvement(s) has been completed, the Property Owner shall notify the Office in writing. Such notice must occur within ninety (90) days of completion. Failure to submit such Exemption Request within this time period shall give the County the right to deny any Exemption claimed pursuant to this Resolution for the initial tax year after completion of the Construction, Reconstruction or Improvement(s), thereby limiting the length of the schedule of taxes exempted to less than the three (3) year period established under this Resolution. The notice of completion shall include the following information:
1. Name and address of Property Owner.
  2. Lot and block number of the property for which the Exemption is sought.
  3. The date that the Construction, Reconstruction or Improvement(s) was completed.
  4. Any modification to the plan of Construction or Reconstruction or Improvement(s) as previously submitted.
  5. The final, adjusted actual costs of Construction, Reconstruction or Improvement(s).
  6. Certification that the use of the property or properties is or will be in compliance with the provisions and limitations set forth in this Resolution.
- (e) The Office shall, after notice in writing and with prior physical inspection, assess the property to determine the valuation attributable to the Construction, Reconstruction or Improvement(s) eligible for Exemption under this Resolution.
- (f) The Office shall provide to the County and the Property Owner the following information in writing:
1. The Assessed Valuation of the property prior to Construction, Reconstruction or Improvement(s).
  2. The increase in Assessed Valuation attributed to the Construction, Reconstruction or Improvement(s).
  3. The amount of Assessed Valuation increase eligible for Exemption.
  4. The Calendar Year the Exemption shall commence.

The Treasurer or collector of real estate taxes for the County shall then exonerate that Assessed Valuation increase and refund the amount of taxes attributable to the Exemption in accordance with the Exemption schedule. The Treasurer, however, shall not exonerate taxes if there exists any Tax Delinquency with respect to the property for which the Exemption is sought or any property in the County owned by the Property Owner.

- (g) Appeals from the valuation and the amount eligible for Exemption may be taken by the Property owner or any local taxing authority as provided by Article 207 and 209 of the Allegheny County Administrative Code, the County's Assessment Standards and Practice Ordinance or other applicable law or ordinance.

**SECTION 7.        Transferability.**

The Exemption from taxes authorized by this Resolution shall be upon the property exempted and shall not terminate upon the sale, exchange or other alienation of such property unless otherwise provided.

**SECTION 8.        Intergovernmental Cooperation Agreement.**

If required, the proper officials of the County are hereby authorized to enter into an intergovernmental cooperation agreement pursuant to the Intergovernmental Cooperation Act, Pa. Cons. Stat. Ann. Tit. 53, §2301, et seq., with the City and the School District to implement the Exemption from County real property taxation established under this Resolution. The intergovernmental cooperation agreement shall be subject to review and approval as to form by the County Solicitor.

**SECTION 9.        Rules and Regulations.**

The County Manager and the Office are authorized to adopt rules and regulations, if necessary, to implement this Resolution.

**Section 10        Term.**

This Resolution shall enter into effect immediately following its adoption. The provisions of this Resolution shall apply to all applications filed from and after the effective date hereof for a period of five (5) years from the effective date of this Resolution, unless otherwise terminated by the County in accordance with applicable law.

The cost of Improvement(s) to be exempted and the schedule of taxes exempted existing at the time of the initial request for tax exemption shall be applicable to that Exemption request, and subsequent amendment of this Resolution, if any, shall not apply to requests initiated prior to its adoption.

**SECTION 11.        Severability.    *If any provision of this Resolution shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Resolution which shall be in full force and effect.***



**SECTION 12. Repealer. Any Resolution or Ordinance or part thereof conflicting with the provisions of this Resolution is hereby repealed so far as the same affects this Resolution.**

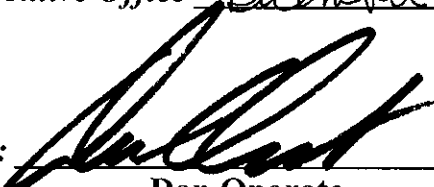
Enacted in Council, this 16<sup>th</sup> day of December, 2008

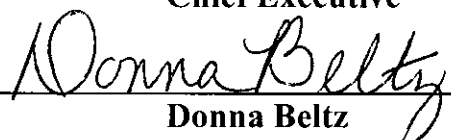
Council Agenda No. 4483-08

  
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Rich Fitzgerald  
President of Council

Attest:   
\_\_\_\_\_  
John Mascio  
Chief Clerk of Council

Chief Executive Office December 23, 2008

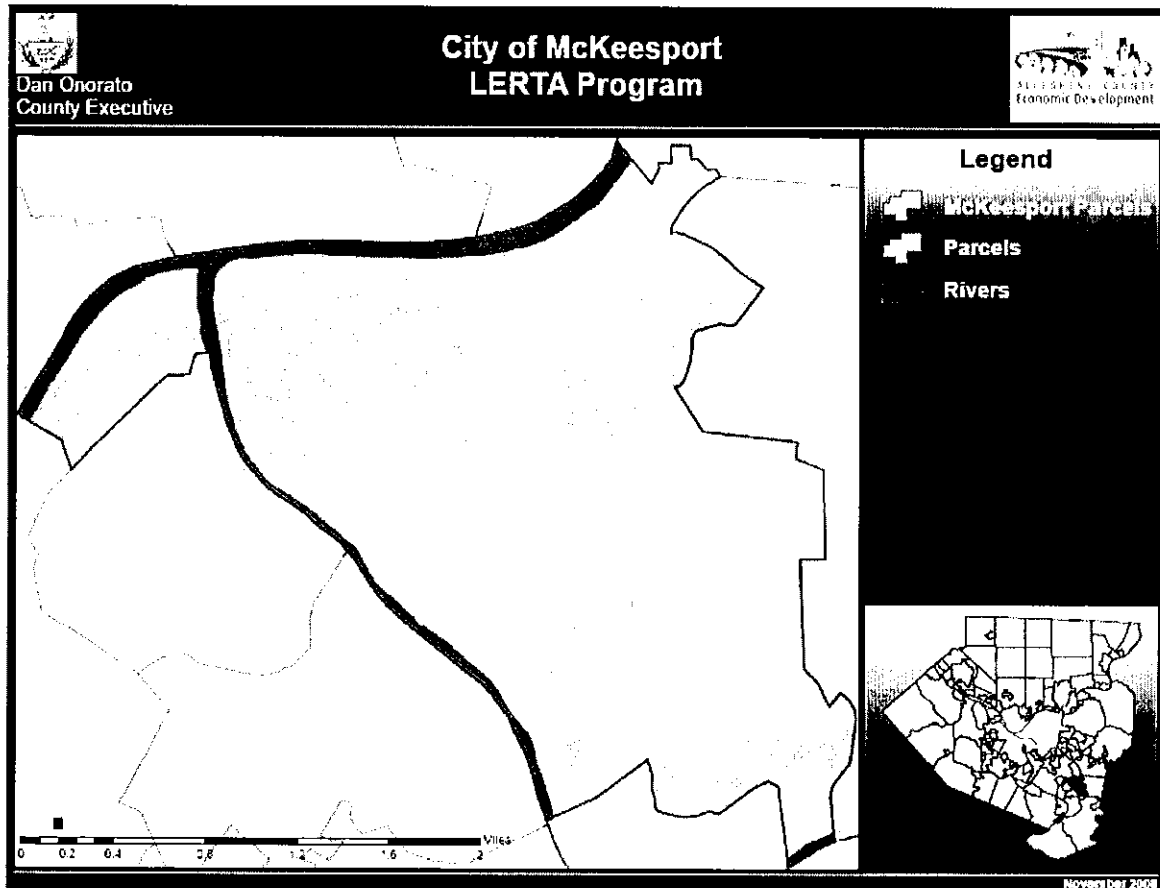
Approved:   
\_\_\_\_\_  
Dan Onorato  
Chief Executive

Attest:   
\_\_\_\_\_  
Donna Beltz  
Executive's Secretary

## Attachment "A"

### DESCRIPTION OF DETERIORATED AREA

All industrial, commercial or business properties situated within the City of McKeesport, County of Allegheny and Commonwealth of Pennsylvania as illustrated below. Parcels included in the Riverplace – Industrial Center of McKeesport TIF District or the Commonwealth Keystone Opportunity Zone Upper Mon Valley Subzone are excluded.



SUMMARY OF LEGISLATION  
MCKEESPORT LERTA  
SUBMITTED FOR COUNCIL DECEMBER 2, 2008

The City of McKeesport (the "City") has requested that the County provide a temporary exemption of real estate taxes based on assessment attributable to new construction, reconstruction, or improvement(s) to property within a deteriorated area of the City ("Attachment A"). The Local Economic Revitalization Tax Assistance (LERTA) Program is expected to facilitate private investment as part of the comprehensive effort to revitalize commercial and industrial properties within the City.


The exemption shall be limited to a period of three (3) years and shall apply to any building permitted for Construction, Reconstruction or Improvement(s) at any time during a five (5) year period. For this period, only the land of the designated area, as shown on Attachment A, will be taxable. The exemption shall be one hundred percent (100%) of the real property taxation upon the assessed valuation attributable to construction, reconstruction, or improvements to real property within the designated area for the LERTA Program in the first year. In each succeeding year, the exemption shall decline by thirty-three percent (33%). In the fourth (4<sup>th</sup>) year and all succeeding years, the exemption shall end and the property land and building shall be fully taxable. The City of McKeesport School District (the "School District") has also approved participation in the temporary exemption program.

The Department of Economic Development requests the Council of the County of Allegheny:

- (a) consider an ordinance authorizing participation with the City and the School District in the implementation of the LERTA Program for the deteriorated area located within the City; and
- (b) direct the appropriate public officials of the County to take such additional actions in cooperation with the City and the School District to implement the LERTA Program, including without limitation, the execution and delivery of a Cooperation Agreement by and among the participants.

**M E M O R A N D U M**  
**OFFICE OF THE COUNTY MANAGER**

TO: John Mascio  
Chief Clerk

FROM:   
James M. Flynn, Jr.  
County Manager

DATE: November 26, 2008

RE: Proposed Resolution

ALLEGHENY COUNTY COUNCIL

'08 NOV 26 AM 9:51

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Attached is a Resolution providing for a program of temporary exemption from county real property taxes for improvements, including repairs, construction, or reconstruction, made on industrial, commercial, or business property in a deteriorated area in the City of McKeesport, County of Allegheny, Commonwealth of Pennsylvania, pursuant to the Local Economic Revitalization Tax Assistance Act, Pa. Stat. Ann. Tit. 72 §4722 et seq.

The Allegheny County Law Department has reviewed this legislation prior to submitting it to Council.

I am requesting that this item be placed on the agenda at the next Regular Meeting of Council.