

MOTION EXPRESSING THE SENSE OF COUNCIL OF ALLEGHENY COUNTY, expressing the intent of Council regarding revenues generated through the amendment of Act 55 of 1997, the Institutions of Purely Public Charity Act, by Senate Bill 1328 in order to authorize the imposition of an essential services fee on properties that are otherwise exempted from real property taxation.

WHEREAS, the Institutions of Purely Public Charity Act, 10 P.S. §371 *et. seq.*, exempts certain entities from local property taxation; and

WHEREAS, this exemption applies regardless of the amount by which an entity's revenue exceeds its expenses, a condition that has led to many entities that maintain significant surpluses and that have the ability to pay taxes bearing none of the burden of paying for the government services that they rely upon and from which they derive a benefit; and

WHEREAS, the Institutions of Purely Public Charity Act, 10 P.S. §372(a)(7) clearly states that "[i]nstitutions of purely public charity benefit substantially from local government services. These institutions have significant value to the Commonwealth and its citizens, and the need exists for revenues to maintain local government services provided for the benefit of all citizens, including institutions of purely public charity. It is the intent of this act to encourage financially secure institutions of purely public charity to enter into voluntary agreements or maintain existing or continuing agreements for the purpose of defraying some of the cost of various local government services;" and

WHEREAS, tax-exempt entities own properties with an aggregate assessed value of roughly \$15.8 billion within Allegheny County and, if subjected to the same County tax rate as all other properties within the County, would pay over \$74 million in taxes to the County; and

WHEREAS, these tax exempt entities will voluntarily pay under \$300,000 to the County in 2008, an arrangement that effectively shifts a tax burden of over \$73 million to the other property owners within the County; and

WHEREAS, Pennsylvania Senator Wayne Fontana has announced that he will introduce Senate Bill 1328, an amendment to the Institutions of Purely Public Charity Act, in order to permit municipalities, including the County, to assess an essential services fee on properties that are currently exempted from taxation; and

WHEREAS, Senate Bill 1328 would permit the recovery of a portion of the tax burden that is currently not being paid by tax exempt entities, while not requiring those entities to pay more than fifty percent (50%) of the full rate of taxation on their properties in recognition of the important role that they fill within the community; and

WHEREAS, it has repeatedly been expressed by Council that alternative sources of revenue should be used to reduce or eliminate the County's alcoholic beverage tax and/or the County's rental vehicle tax;

NOW THEREFORE, IT IS MOVED, AND IT IS THE SENSE OF THE COUNCIL OF ALLEGHENY COUNTY, that in the event that Act 55 of 1997, the Institutions of Purely Public Charity Act, is amended by Senate Bill 1328 in order to authorize the imposition of an essential services fee on properties that are otherwise exempted from real property taxation, it is the intent of Council that these alternative sources of revenue would be used to reduce or eliminate the County's alcoholic beverage tax and/or the County's rental vehicle tax.

PRIMARY SPONSOR: COUNCIL MEMBER GASTGEB

CO-SPONSORS: COUNCIL PRESIDENT FITZGERALD & COUNCIL MEMBERS BURN, FINNERTY, FUTULES, GREEN, MARTONI, MCCULLOUGH, & REA

In Council April 1 2008. Read and Approved.



Rich Fitzgerald
President of Council

Attest: John Mascio
John Mascio
Chief Clerk of Council