

August 12, 2014

Residential Tax Abatements



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History of Residential Tax Abatements



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Act 42 of 1977

- Local taxing bodies allowed to exempt residential property from taxes
- Improvement to deteriorated properties
- New construction in deteriorated areas
- Limited duration and exemption amount
- Amended in 2007

Act 76 of 1977

- Local Economic Revitalization Tax Assistance (LERTA) Act
- Similar to Act 42 of 1977
- Abatement for commercial property improvements and new construction
- Amended in 2007

Overview of Tax Abatement Programs



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Act 42 Residential Abatement

- Maximum assessment abatement of \$86,750 per year on new construction
- Maximum assessment abatement of \$36,009 per year on home improvements
- Expiration after three years

Act 42 Residential Enhanced Abatement

- Applies to properties in targeted growth zones
- Maximum assessment abatement of \$250,000 per year on home improvements and new home construction
- Expiration after 10 years

Residential Enhanced LERTA

- Maximum tax credit of \$3,480 per year for the conversion of commercial or industrial property to residential property
- Applies to four defined areas of the City
- Expiration after 10 years

Continuation of Abatement Programs



Where we are today

- Programs were set to expire June 30, 2012
- City and County extended their participation in these programs
- The District did not extend its participation in these programs

Next Steps

- A resolution will be included on the August 2014 Business/Finance agenda for Board consideration
- If approved, the Districts participation in Act 42 Residential, Act 42 Enhanced Residential, and Residential Enhanced LERTA programs will be renewed effective August 1, 2014