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Title: Communication from Mayor Tom Murphy submitting a Veto of Council Bill No. 689 entitled, "Ordinance amending the Pittsburgh Code of Ordinances Article IX: Property Taxes: Chapter 263 Real Property Tax and Exemption, , Section 263.02 Payment Options, Discount and Delinquency Penalty," by increasing the discount rate by 1% to 3% if paid by January 7, 2005, for year 2005 only.

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Date	Ver.	Action By	Action	Result
10/26/2004	1	City Council	Read, Received and Filed	Pass

Presented by Mr. Ricciardi

Communication from Mayor Tom Murphy submitting a Veto of Council Bill No. 689 entitled, "Ordinance amending the Pittsburgh Code of Ordinances Article IX: Property Taxes: Chapter 263 Real Property Tax and Exemption, , Section 263.02 Payment Options, Discount and Delinquency Penalty," by increasing the discount rate by 1% to 3% if paid by January 7, 2005, for year 2005 only.

October 22, 2004

President and Members of Council
5th Floor, City-County Building
414 Grant Street
Pittsburgh, PA 15219

Dear President and Members of Council:

By way of this communication, I am vetoing Council Bill # 689 of 2004 "Amending the Pittsburgh Code of Ordinances Article IX: Property Taxes; Chapter 263 Real Property Tax and Exemption, Section 263.02 Payment Options, Discount and Delinquency Penalty, by increasing the discount rate by 1% to 3% if paid by January 7, 2005 for the year 2005 only". Although this proposal has some merit, the legal, financial, logistical and operational impediments are simply too great to overcome.

First, and perhaps most importantly, the Act 47 Coordinators, the team of financial and legal

professionals directed by the state to help us address our budget problems, have expressed serious reservations about this idea. They have made clear their belief that this proposal may be in direct violation of the Act 47 Plan's prohibition against further tax abatements. It is easy to say that you disagree with their position, but we must take their concerns seriously.

Second, at this time, the Pittsburgh Public School District has not agreed to include this extra 1% discount on its bills. The Public School Code, 24 P.S. Section 6-657, stipulates that "School District taxes shall be collected as provided by law, at the same time, in the same manner, and with like authority, and subject to the same discounts and penalties as other taxes collected in the municipality." The Finance Department has contacted the School District and they have advised the City that their budget deliberations will continue through November and December with a tentative date for adoption of December 22. The real estate tax rate for 2005 for the School District, including their discount rate, will not be set until the time of adoption of the 2005 budget, thus making it impossible to include the School District in this program.

Third, we simply do not know the full cost of this proposal. Without the School District's participation, it could cost the City an estimated \$108,000 to produce separate real estate tax bills for the City and School District, including the additional costs of a supplemental billing when the official 2005 County certified file is finally ready. In addition, it will cost a minimum of \$34,000 in programming costs if the City and School property taxes are billed separately, plus \$16,000 programming costs to allow for "overlay" billing of adjustments once a certified County file is finally received. That does not include the cost of reprogramming necessary in 2005 to reflect the return to the normal year discount rate for 2006.

Fourth, Allegheny County will not provide the City with a certified 2005 property assessment file until, at the earliest, the end of December 2004. Utilizing a preliminary file would not account for all of the changes that have taken place in 2004. As stated above, this would force the City to do a third, supplemental billing at a later date in January, adding to the cost of this proposal and adding to the level of confusion of our residents, most importantly to our senior residents.

Fifth, what if no property owners take advantage of the new discount rate? What will we do in January of 2005 to pay the salaries of our police officers, firefighters and paramedics if the necessary funds do not come in early? That is a risk I am simply not willing to take.

We are all committed to holding the line on spending, and holding the line on tax increases on our residents and small businesses who are already carrying too much of the burden for the services so many enjoy. Let me reiterate my commitment: I will not implement a 34% property tax increase on our residents. That is simply unfair when so many continue to pay little or nothing for City services. But we must act responsibly and professionally to address our City's needs, and not rush to judgment on any ideas until we know and understand all of the implications such proposals have for the future of our City.

I remain ready and committed to engage with Council in a positive, responsible discussion about Pittsburgh's future and our cash flow in the first quarter of 2005. However, I must veto Council Bill #689 because of the many unknown consequences and very serious financial, logistical and legal concerns this proposal has raised.

Thank you.

Sincerely,

Tom Murphy
Mayor

Cc: Jim Roberts, Act 47
Dean Kaplan, Act 47