



## Text File

**Introduced:** 9/1/2017

**Bill No:** 2017-1865, **Version:** 1

**Committee:** Committee on Finance and Law

**Status:** Passed Finally

Resolution authorizing and instructing the Pittsburgh City Controller to perform an audit of the Act 42 Residential, Act 42 Enhanced Residential, Commercial LERTA, Residential LERTA, Residential Enhanced LERTA, and Local Economic Stimulus programs and the administering agencies, departments, authorities, and entities within the Controller's jurisdiction to do so, pursuant to the powers outlined in the Home Rule Charter.

**WHEREAS**, Article VIII, Section 2 (b) (iii) of the Pennsylvania Constitution permits the General Assembly to "establish standards and qualifications by which local taxing authorities may make uniform special tax provisions applicable to a taxpayer for a limited period of time to encourage improvement of deteriorating property or areas by an individual, association, or corporation;" and

**WHEREAS**, 72 P.S. § 4722, known as the Local Economic Revitalization Tax Assistance Law (LERTA) grants local taxing authorities the power to exempt new construction or repairs - referred to as an "improvement" - to certain industrial, commercial, and other business property that are deemed to be "deteriorated property;" and

**WHEREAS**, Per 72 P.S. § 4724, "improvement" is defined as "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." Also per 72 P.S. § 4724, a "deteriorated property" is defined as "any industrial, commercial or other business property owned by an individual, association or corporation, and located in a deteriorating area, as hereinafter provided, or any such property which has been the subject of an order by a government agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinance or regulations;" and

**WHEREAS**, Pennsylvania Act 42 extends to local taxing authorities the ability to grant similar tax exemptions on improvements made to residential properties in deteriorated areas; and

**WHEREAS**, pursuant to the authority these statutes granted to it, the City of Pittsburgh, from 2007 onward, enacted the following tax abatement programs for improvements to and new construction of residential property and improvements to and new construction of industrial, commercial, and other business property, provided the appropriate conditions were met; and

**WHEREAS**, per Article 4, Chapter 404: “Powers and Duties,” Section (b) of the City’s Home Rule Charter, the Pittsburgh City Controller has the authority “to audit the accounts of council, units of government and all agencies and trusts;” and

**WHEREAS**, per Article 4, Chapter 404: “Powers and Duties,” Section (c) of the City’s Home Rule Charter, the Pittsburgh City Controller further has the authority “to conduct performance audits of all agencies, trusts, council and units of government whenever the Controller decides it is necessary or is directed to conduct such an audit either by the Mayor or by Council, but in any event no less than once every four years;” and

**WHEREAS**, a concise, accurate accounting of all tax abatements granted through these programs and all future projected revenue from LERTA and tax-abated properties is necessary and appropriate; and

**WHEREAS**, the Pittsburgh City Controller is empowered through the City’s Home Rule Charter to audit any and all agencies, departments, authorities, and entities that, through the City of Pittsburgh as a local taxing authority, offer LERTA and tax abatements / exemptions related to those described above.

**Now, therefore be it resolved by the Council of the City of Pittsburgh as follows:**

**Section 1. AUDIT**

A. The Pittsburgh City Controller is hereby authorized and instructed to perform an audit of the following programs and the administering agencies, departments, authorities, and entities within the Controller’s jurisdiction to do so, pursuant to the powers outlined in the Home Rule Charter:

1. Act 42 Residential; and
2. Act 42 Enhanced Residential; and
3. Commercial LERTA; and
4. Residential LERTA; and
5. Residential Enhanced LERTA; and
6. Local Economic Stimulus.

B. The scope of this audit shall be from January 1, 2007, to present time, and shall include an accounting of all the projected and catalogued value of all assessment reductions, tax credits, and tax abatements issued through these programs, as well as projections of incoming revenue upon expiration of any assessment reductions, tax credits, and tax abatements issued through these programs.

C. The City Controller shall present the findings of this audit to Pittsburgh City Council upon completion.