



Text File

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Resolution directing the Director of Finance and the City Solicitor to determine the true fair market value of property owned or held by tax-exempt institutions and organizations in the City of Pittsburgh as of January 1, 2022, the estimated amount of payroll preparation taxes these institutions would be required to remit to the City were they for-profit organizations for the purposes of establishing payments -in-lieu-of-taxes (PILOT) agreements and authorizing the Mayor, the Director of Finance and the City Solicitor to enter into an agreement or agreements with institutions of higher learning and/or institutions of purely public charity for the purposes of collecting payments-in-lieu-of-taxes (PILOTS).

Whereas, “The Institutions of Purely Public Charity Act of 1997”, the Act of November 26, 1997, P.L. 508, No. 55, also known as Act 55 of 1997, exempts organizations deemed as charitable by the Commonwealth from their real estate and certain other tax obligations; and

Whereas, it is estimated that 36% of the property in the City is exempt from real estate taxes; and,

Whereas, the City’s largest revenue source is the real estate tax; and,

Whereas, there are approximately 143,000 parcels of land in the City, and the value of the land and the improvements on said land, as of October of 2020 exceeds \$33.5 billion dollars, an increase of over fifty percent (50%) since 2009; and,

Whereas, the estimated 500 parcels owned by just the University of Pittsburgh, Carnegie Mellon University, Duquesne University, Carlow University, Chatham University, Point Park University, Robert Morris University, Allegheny Health Network and UPMC represent less than four-tenths (4/10) of 1% of all land in the City yet have a current assessed value of \$3.7 billion dollars, eleven percent (11%) of the assessed value of all 143,306 parcels in the City and are exempt from real estate taxation; and,

Whereas, were these organizations subject to the real estate tax, just the above-named institutions would be legally required to remit to the City real estate tax payments approaching nearly thirty-three (\$33) million dollars, annually, based on their current assessments; and,

Whereas, these institutions, their employees, patients and students benefit disproportionately from the City’s obligation to provide services to everyone in the City; and,

Whereas, those who pay real estate taxes in the City and organizations not exempt from the City’s Payroll Preparation Tax contribute directly to the provision of services that benefit everyone within the City’s boundaries and they have the right to know how those services are provided and what revenue streams are used

to provide what services and to where.

Be it resolved by the Council of the City of Pittsburgh as follows:

Section 1. The Director of Finance and the City Solicitor are directed to determine the true fair market value of property owned or held by tax-exempt institutions and organizations as of January 1, 2022. The Director of Finance shall additionally determine, subject to applicable law, the estimated amount of payroll preparation taxes these institutions would be required to remit to the City were they for-profit organizations. This information shall be submitted to the Mayor and to City Council within 60 days of the effective date of this Resolution.

Section 2. The Director of Finance and the City Solicitor shall, in addition to the duties in Section 1 of this Resolution, shall gather all information necessary to analyze the extent to which the exempt properties held by institutions deemed institutions of purely public charity, either by statute or by governmental or court order, serve those exempt purposes. They shall additionally analyze the land owned and controlled by exempt organizations not serving their exempt purposes. This information shall be submitted to the Mayor and City Council within ninety (90) days.

Section 3. The Mayor, the Director of Finance and the City Solicitor are hereby authorized to enter into an agreement or agreements with institutions of higher learning and/or institutions of purely public charity for the purposes of collecting payments in lieu of taxes (PILOTS), subject to the following conditions:

- a.) The Mayor, or her/his/their designee, shall include the President of Council and the Controller in the negotiations with the institutions of higher education and/or institutions of purely public charity. The President of Council and Controller may also be represented by a designee with the concurrence of the Mayor;
- b.) Said agreement or agreements shall be based on either a percentage of the total assessed fair market value of the institution's exempt real estate holdings which shall be no less than fifty percent (50%), or seventy-five percent (75%) of the amount of payroll preparation taxes said institution(s) would be required to remit to the City were they not exempt, or a combination of the two.