



LERTA 2017

Examples of the Application of the Pennsylvania Local Economic Revitalization Tax Assistance Act [LERTA] During 2017

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Introduction

Pennsylvania's Local Economic Revitalization Tax Assistance Act [LERTA] reached its fortieth anniversary in 2017. The law has become the most widely used economic development tool by the Commonwealth's municipalities since enactment in 1997.

The LERTA law gives local taxing jurisdictions the ability to offer property tax exemptions for improvements to business property in designated deteriorated areas. The program's exceptional flexibility attributes to its wide and continued successful use.

Communities decide which areas or properties to designate as eligible, the term of the incentive up to 10 years and the percentage of additional property tax to exempt. No state or federal government agency approvals are needed.

Another feature of the law that contributes to its popularity is that no claw back provisions are required due to failure of an incentivized business to complete a project. The abatement does not come into effect until new construction or renovation is completed. Also taxing jurisdictions still collect increased property taxes from property owners even if a benefited business closes or relocates out of the community.

Some jurisdictions use LERTA as part of a proactive economic development strategy to revitalize a deteriorated area. Others authorize the tax abatement in reaction to applications from property owners or developers for specific properties.

During 2017 York City adopted a LERTA incentive to encourage development and improvements in a deteriorated section of the city. Lower Moreland Township will exempt improvements to commercial property in its designated area. Bethlehem City renewed the program and expanded the eligible area in 2017.

Both Ross and North Hills approved developer requests for LERTA assistance for redevelopment of former elementary school properties in 2017. Bethel agreed to a developer's LERTA request to assist construction of a distribution center. Upper Darby decided to help a new hotel construction project with LERTA.

Following is a list of some of the applications of the LERTA law by Pennsylvania municipalities during 2017:

Examples of LERTA Property Tax Exemptions in 2017

<u>Municipality</u>	<u>Exemption</u>
Bethlehem	10 years, 100% 1 st year, decreasing 10% each year
York	10 years, 100% 1 st year, decreasing 10% each year
Lower Moreland	10 years, 100% 1 st year, decreasing 10% each year
Bethel	10 years, 100% 1 st year, decreasing 10% each year
Meadville	10 years, 100% 1 st year, decreasing 10% each year
North Hills	10 years, 100% 1 st year, 90% 2 nd & 3 rd year, decreasing 10% each year next 7 years
Frackville	10 years, 50% each year
Steelton	9 years, 100% 1 st 5 years, decreasing 20% each year next 4 years
Allegheny	9 years, 100% 1 st year, decreasing to 60% 9th year
Upper Darby	5 years, 100% 1 st year, decreasing 20% year next 4 years
Hatboro	5 years, 80% 1 st year, decreasing each year next 4 years

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