

To apply for the Tax Incentive follow these simple steps:

1. Request a copy of the completed Application for Act 42 Enhanced Exemption or Enhanced LERTA for your building from the Developer or Owner or sales agent.
2. Attach a copy of the certificate of occupancy permit issued for your unit to the Developer or to the Owner making the improvements.
3. Submit the original application and certificate to the Allegheny County Office of Property Assessment with a copy to the City:

Office of Property
Assessment
Attn: Assessor Dept.
400 N. Lexington Ave.
Pittsburgh, PA 15208

CC: City of Pittsburgh
Attn: Real Estate Tax Dept.
414 Grant St.
Pittsburgh, PA 15219

4. Keep a copy for your records.
5. Homeowner should review tax invoices when received to make sure incentive program is appropriately reflected. If not, call the City's Real Estate Tax Department.

Disclaimer:

This brochure is produced to help the layperson understand how the property tax incentives work and to help them determine their bottom line tax amount. Each individual property is different and your final tax bill will be calculated based on the assessed value and millage rates enacted at the time.

MORE INFORMATION:

You can receive more information about each program by asking your real estate professional or by visiting: http://www.city.pittsburgh.pa.us/finance/html/faq-real_estate.html

City of Pittsburgh, Real Estate Department,
412-255-2525

Terminology:

Assessed Value - Property in Allegheny County is assessed by Base Year Methodology. A Pennsylvania Supreme Court ruling (April 2009) may require Allegheny County to change its assessment method. However, until that is determined and completed, the last county-wide reassessment is considered the base year. In October 2005, County Executive Dan Onorato and County Council passed legislation implementing a base year system. Allegheny County's last county-wide reassessment was in 2002. All values represent the estimated base year market value of the property as of January 1, 2002, unless otherwise updated due to permits, appeals, corrections, flood loss or catastrophic loss. Base year methodology allows similar homes to have similar assessments until the next county-wide reassessment.

Base Value – the assessed value of a property before improvements are made

Incremental Value – the value of the improvements made to a property or increased assessed value of the property

Millage Rates - A mill is one tenth of a cent. On a \$1,000 assessment the City Tax would be \$10.80, the School District Tax would be \$13.92, and the Allegheny County tax would be \$4.69.

Other Notes:

- The tax incentive runs with the property not the buyer. Any years left in the incentive go to the new owner when you sell.
- All assessments values for newly created residential units are determined by the County's Office of Property Assessments.
- Assessment values in Allegheny County and/or millage rates from any taxing body may change in the future which may affect your final tax bill.

Pittsburgh Tax Incentive Programs for Golden Triangle Condo Purchasers

The tax incentive programs were created by Mayor Luke Ravenstahl to improve the economic and business climate of certain residential and commercial districts by lessening the tax burden on new developments and purchasers of property in designated areas. This brochure assists buyers in the Golden Triangle to apply for the program.

What programs are offered for residential purchasers?

If you are considering purchasing a condo in the Golden Triangle, there are currently three tax incentive programs offered to help make your dream of urban living a reality. The next pages will show an overview of the programs along with directions for application. There are some *definitions* at the end.

Check with your real estate professional as to which program applies to the specific condo project being considered.



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1) Residential Enhanced LERTA (Local Economic Revitalization Tax Act)

This program applies to a condominium in a renovated building that was previously used for commercial or industrial purposes. Residential Enhanced LERTA allows the buyer to receive tax credits from the City in an amount up to \$2,700/yr and from the School District in an amount up to \$3,480/yr for 10 years, based on the increased value of the property.

This financing example shows the available tax credits based on **the incremental value** with and without tax incentive:

Residential Enhanced LERTA- Tax Credit Example			
	Base Price Taxes	Taxes Without LERTA	Taxes with LERTA
Condo Purchase Price		\$ 350,000	\$ 350,000
2009 Assessed Value	\$ 50,000	\$ 300,000	\$ 300,000
Renovation Costs		\$ 250,000	\$ 250,000
City Taxes Owed*	\$ 540	\$ 2,700	\$ -
School Taxes Owed**	\$ 696	\$ 3,480	\$ -
County Taxes Owed***	\$ 235	\$ 1,173	\$ 1,173
Subtotal Tax Costs	\$ 1,471	\$ 7,353	\$ 1,173
Total 2009 Tax Costs		\$ 8,823	\$ 2,643

Millage rates:
City .0108 School .01392 County .00469

*Maximum credit for City Taxes owed is \$2700

**Maximum credit for School Taxes owed is \$3480

***See program #3 for additional County tax abatement

2) Act 42 Enhanced Residential

This program applies to a newly-constructed condominium on previously vacant land or units within a rehabilitated building that was previously used for residential purposes. Act 42 Enhanced Residential allows the buyer to **reduce the City and School District tax assessments** on the **incremental value** of the property **up to \$250,000 for 10 years**.

This financing example shows the available tax abatement for **new construction** with and without the incentive:

Act 42 Enhanced Assessment Reduction Example- New Construction			
	Without Act 42	With Act 42	
Condo Purchase Price	\$ 350,000	\$ 350,000	
2009 Assessed Value	\$ 300,000	\$ 300,000	
Act 42 Assessment Reduction	\$ -	\$ (250,000)	
Buyer Pays City and School Taxes on	\$ 300,000	\$ 50,000	
Buyer Pays County Taxes on	\$ 300,000	\$ 300,000	
City Taxes Owed	\$ 3,240	\$ 540	
School Taxes Owed	\$ 4,176	\$ 696	
County Taxes Owed***	\$ 1,407	\$ 1,407	
Total 2009 Tax Cost	\$ 8,823	\$ 2,643	

Millage rates:
City .0108 School .01392 County .00469

***See program #3 for additional County tax abatement

This financing example shows the available tax abatement for the **renovation of an existing condominium** based on the **incremental value** with and without tax incentive:

Act 42 Enhanced Assessment Reduction Example- Renovation			
	Base Price Taxes	Without Act 42	With Act 42
2009 Assessed Value	\$ 85,000		
Renovation Costs		\$ 100,000	\$ 100,000
City Taxes Owed	\$ 918	\$ 1,080	\$ -
School Taxes Owed	\$ 1,183	\$ 1,392	\$ -
County Taxes Owed ***	\$ 399	\$ 469	\$ 469
Subtotal Tax Costs	\$ 2,500	\$ 2,941	\$ 469
Total 2009 Tax Costs		\$ 5,441	\$ 2,969

***See program #3 for additional County tax abatement

3) Allegheny County Act 42

This program is for individuals who purchase/build a new home OR are rehabilitating an existing home. Allegheny County's Act 42 program allows the buyer to **abate County taxes for the first three (3) years** on the increased value of the property **up to \$86,750 for new homes and \$36,009 for improvements to existing homes**. Homeowners who are taking advantage of the Act 42 Enhanced Residential or the Residential Enhanced LERTA will automatically be considered for this program. No separate application is necessary. If you are interested in taking advantage of this program independent of the others detailed above, please follow this link for further information: <http://www.alleghenycounty.us/opa/abate.aspx>

