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Eric Papenfuse, Mayor

L.E.R.T.A: Local Economic Revitalization Tax Act Program

**L.E.R.T.A Overview**

Created Dec. 1, 1977 authorizing local taxing authorities to provide for tax exemption for certain deteriorated industrial, commercial and other business property and for new construction in deteriorated areas of economically depressed communities; providing for an exemption schedule and establishing standards and qualifications. The City of Harrisburg, in an effort to promote and encourage new development as well as rehabilitation of existing structures, has enabled the Local Economic Revitalization Tax Act Program. This is based on the passing of bill NO. 18 - 2014 NO. 4 of Session 2015, passed May 12, 2015. The City’s believes that this tool will assist in the eventual tax base increase, the creation of jobs and aid in the overall redevelopment of the City. The Harrisburg City School district and Dauphin County have each passed the same resolution.

**L.E.R.T.A Eligibility Requirements**

All properties within the City of Harrisburg shall be eligible for improvement. The owner of any property (commercial/residential) is eligible for tax abatement on property tax increases resulting from the redevelopment or substantial improvement of a property which results in the reassessment of the property by Dauphin County. Any person and or business owning a property within the City is eligible to apply for this program, with any award provided will be done so in compliance with all sections of these guidelines.

**Application Process**

Tax Abatement 2016 - 2024 Application for Exemption may be obtained from the Bureau of Codes Administration or through the City of Harrisburg’s website: <http://harrisburgpa.gov/> . L.E.R.T.A applications can be submitted up to **10 business** days after the building permit is issued, but not after construction has begun, is completed and or a certificate of occupancy has already been issued. If you should have any questions regarding the tax abatement program and or additional eligibility requirements, please inquire with the City of Harrisburg’s Department of Community and Economic Development; Director of Business Development, *Jamal Jones at 717.255.7268.*

**Exemption Schedule**

When a property is improved through the substantial renovation or new construction of a structure or site renovation a property is reassessed and a new value is placed on the property. The L.E.R.T.A program allows property owners to pay abated taxes on the new tax assessed amount for a period of 10 years. The exemption from real property taxes granted pursuant to Chapter 5-503.2 shall be upon real property exempted and shall not terminate upon the sale or exchange of the real property. The assessed valuation of residential improvements, residential construction and business improvements shall be exempted from City real property taxes in accordance with the following schedule:

**Exemption Scheduled (Cont’d)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| (1).\*Residential improvement | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| (2).\*\* New Residential Construction | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| (3).\*\*Commercial/Industrial Improvement | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% |
| (4).\*\*Commercial/Industrial New Construction | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% |
| (5).\*\* Mixed-Use Commercial/Residential | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% |
| (6).\*\*\* Mixed-Use (70%) Commercial/Residential | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

\*The date of construction of the residential improvement shall be the date of the issuance of a building permit or the issuance of a certificate of occupancy, whichever is appropriate.

\*\*The effective date for abatement shall be the date of the issuance of the certificate of compliance.

\*\*\*If a mixed-use project is more than 70%

1. An eligible property is granted a tax exemption pursuant to Chapter 5-503.2; during the applicable exemption period those improvements shall not be considered as a determining factor in assessing other properties.

1. In the event of reassessment by the county, City or school district, tax abatement shall be proportionally applied to any new assessment so long as the tax abatement period for the property in question has not extinguished or altered. This application is to ensure that each property affected by tax abatement receives the same percentage of tax benefits before and after any City-wide reassessment.
2. For the purposes of determining what exemption applies to a qualifying property that will be subject to a mix of both residential and commercial use; any property that will have a residential use of 70% or higher will qualify for 100% residential exemption.

**Job creation incentives**

Any applicant who qualifies and secures the 50% exemption for new construction or rehabilitation for commercial or industrial construction may also receive an additional exemption for permanent job creation as follows:

*PERMANENT JOBS* *TOTAL EXEMPTION*

10 - 24 70%

25 - 47 80%

48 - 80 90%

Over - 80 100%

**Additional Conditions**

For any qualifying new construction project under this Chapter, the Applicant shall certify and provide documented proof that the following conditions shall be or have been satisfied:

* That minority business participation in the project shall be measured and accounted for and shall constitute 15% of the total project costs, at a minimum.
* That at a minimum, 15% of the labor force on any qualifying new construction or improvement project shall be made up of residents of the City. For purposes of this requirement, to qualify, the person identified as a resident must have a then-current residential street address with City boundaries. The LERTA administrator will determine criteria for length of time of residence for eligibility.
* That the project shall be performed on the basis of written construction, management and service contracts that include a requirement that the labor force shall be at the prevailing-wage rates in use at the time of construction on a public construction project.