RESOLUTION 2016 - 18

A Resolution of the Dauphin County Board of Commissioners adopting tax abatement and exemptions under the Improvement of Deteriorating Real Property or Areas Tax Exemption Act (72 P.S. §4711-101, et. seq.) and the Local Economic Revitalization Tax Assistance Act (72 P.S. §4722, et. seq.) identical to the Tax Abatement and Exemptions for the same district and term adopted by the City of Harrisburg and the School District of the City of Harrisburg.

WHEREAS, the City of Harrisburg adopted a tax abatement and exemption ordinance for a district encompassing the entire City of Harrisburg and numbered as Ordinance No. 4-2015 (hereinafter referred to as City of Harrisburg Tax Abatement and Exemption Ordinance); and,

WHEREAS, the School District of the City of Harrisburg adopted a Tax Abatement consistent with the City of Harrisburg; and

WHEREAS, the Board of Commissioners of Dauphin County has been requested by the City of Harrisburg to join in adopting an identical tax abatement and exemptions for the same area, being the entire City of Harrisburg; and

WHEREAS, the tax abatement and exemption herein is adopted under the authorization of the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, Act of July 9, 1971, P.L. 206, as amended, 72 P.S. §4711-101, et. seq. and the Local Economic Revitalization Tax Assistance Act, Act of December 1, 1977, P.L. 237, as amended, 72 P.S. §4722, et. seq.; and

WHEREAS, the said tax abatement and exemptions are adopted in an attempt to revitalize residential and commercial development in the City of Harrisburg; and

WHEREAS, the exemptions set forth herein deal only with real estate assessments for new improvements and do not exempt the land or existing improvements thereon; and

WHEREAS, the Board of Commissioners held a public hearing on the 1st day of June, 2016, at which input with regard to the prepared tax abatement and exemptions was accepted and
particularly with regard to the boundaries of the district in which tax exemption and abatement would occur; and

WHEREAS, the ordinance adopted by the City of Harrisburg, Tax Abatement and Exemption Ordinance is attached hereto and made a part hereof.

NOW, THEREFORE, the Dauphin County Board of Commissioners, as authorized in the aforesaid state statutes and after public hearing to gather evidence as to the proper boundaries, adopts the City of Harrisburg Tax Abatement and Exemptions Ordinance, by resolution.

Adopted this ___ day of June, 2016, by the Dauphin County Board of Commissioners.

DAUPHIN COUNTY
BOARD OF COMMISSIONERS

Jeff Hoste, Chairman

Mike Pries, Vice Chairman

ATTEST:

Chad Sayler, Chief Clerk

George P. Hartwick, III, Secretary
An Ordinance providing for residential and commercial 10-Year Tax Abatement and Exemption programs in the City of Harrisburg for qualifying improvements and new construction; designating the City’s boundaries to be the qualifying boundaries for deteriorated neighborhoods in a residential property program; designating the City’s boundaries as the qualifying boundaries for a commercial property program; providing for tax abatement and exemption schedules for qualifying improvements to and new construction of residential and commercial properties throughout Harrisburg; providing incentives for additional exemptions for job creation; ensuring minority business participation, prevailing wage and residential participation in qualifying improvement and new construction projects; authorizing an administrator of these programs; ensuring due process of applicants by authorizing the creation of a board of review; amending Chapter 5-503 of the Codified Ordinances of the City of Harrisburg to provide for these new programs, including the repeal of sections inconsistent with these new programs; and related matters.

WHEREAS, the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, 72 P.S. § 4711-101 et seq., grants local taxing authorities the power to exempt from real property taxation, within certain limitations, the assessed valuation of improvements made to certain dwelling units located in a deteriorated neighborhood as designated by a local taxing authority and new residential construction built in a deteriorated area as designated by the municipal governing body; and

WHEREAS, the Local Economic Revitalization Tax Assistance Act, 72 P.S. § 4722 et seq., grants local taxing authorities the power to exempt from real property taxation, within certain limitations, the assessed valuation of improvements made to certain industrial,
commercial or other business properties located in a designated deteriorated area as designated by the municipal governing body; and

**WHEREAS**, the City of Harrisburg finds that the tax exemptions authorized by the Improvement of Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization Act can have a positive impact upon economic development throughout the City; and

**WHEREAS**, the City of Harrisburg, held a public hearing on October 22, 2014 for the purpose of determining the boundaries of the City to be designated a deteriorated neighborhood and a deteriorated area; and

**WHEREAS**, the City of Harrisburg, with due consideration having been given to the recommendations and comments made at such public hearing for any local taxing authorities and by other knowledgeable and interested public and private agencies and individuals regarding the establishment of the boundaries and related matters and upon consideration of the purposes to be fostered by implementation of an abatement program, designates the entire City of Harrisburg as deteriorated pursuant to the requirements and guidelines established by the Improvement of Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization Act; and

**WHEREAS**, the City of Harrisburg, has determined that it is in the best interest of the City to implement the tax exemptions authorized by the Improvement of Deteriorating Real
Property or Areas Tax Exemption Act and the Local Economic Revitalization Act throughout the City; and

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF HARRISBURG, AND IT IS HEREBY ENACTED BY AUTHORITY OF THE SAME, as follows:

SECTION 1. Chapter 5-503 of the Codified Ordinances of the City of Harrisburg, entitled Tax Abatement and Exemptions, is amended by repealing the provisions thereof in its entirety and by substituting the foregoing provisions as follows:

STATEMENT OF PURPOSE: The purpose of this legislation is to improve the quality of life of the residents of Harrisburg by fostering economic development, construction activity, permanent job creation and the availability of safe quality housing stock. A primary goal of these Tax Abatement and Exemption Programs operating under this Ordinance is to ultimately transform blighted buildings and properties owned or otherwise controlled by the City or any public entity to the status of a taxable property.

CHAPTER 5-503

5-503.1. DEFINITIONS

As used in this chapter, unless otherwise expressly stated or clearly indicated by the context, the following terms shall have the meanings indicated:

.01. "BUSINESS IMPROVEMENT" means repair, new construction or reconstruction of any business property, including alterations and additions, having the effect of rehabilitating a
deteriorated business property so that it becomes habitable or attains higher standards of health, economic use or amenity, or is being brought into compliance with laws, ordinances or regulations governing such standards; however, ordinary upkeep and maintenance shall not be deemed a business improvement. New construction or erection of a structure as business property upon vacant land or land prepared to receive such structure within a designated deteriorated area shall be deemed a business improvement. In the event of a dispute, the term "business improvement" shall have the same meaning as the term "deteriorated property" as defined in the Local Economic Revitalization Tax Assistance Act.

.02.  "BUSINESS PROPERTY" means any industrial, commercial or other business property owned by an individual, association, corporation, or other entity and includes, but is not limited to, any portion of a property utilized for industrial, commercial or other business use and shall include any property which has both residential and business uses. It shall not include vacant land or land principally utilized as surface parking facilities.

03.  "DETERIORATED BUSINESS PROPERTY" means any business property located in a deteriorated neighborhood or deteriorated area, or any business 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, ordinances or regulations. "Deteriorated business property" may also include any business property owned by the Harrisburg Redevelopment Authority.
04. "DETERIORATED RESIDENTIAL PROPERTY" means a dwelling unit located in a deteriorated neighborhood or a deteriorated area or a dwelling unit which has been, or upon request is, certified by the Bureau of Codes Enforcement as unfit for human habitation for rent withholding or other health or welfare purposes or has been the subject of an order by the Bureau of Codes Enforcement requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations. "Deteriorated residential property" may also include any residential property owned by the Harrisburg Redevelopment Authority. In the event of a dispute, the term "deteriorated residential property" shall have the same meaning as the term "deteriorated property" as defined in the Improvement of Deteriorating Real Property or Areas Tax Exemption Act.

05. "DETERIORATING AREA" means an area within the corporate limits of the City which the City, pursuant to public hearing(s), determines to meet one or more criteria for the designation of such areas as set forth in the Local Economic Revitalization Tax Assistance Act and The Improvement Of Deteriorating Real Property Or Areas Tax Exemption Act; such an area may be a deteriorated neighborhood as defined in The Improvement Of Deteriorating Real Property Or Areas Tax Exemption Act, and the two terms shall be interpreted as one and the same and may be used interchangeably in each such instance. For purposes of this chapter, all those lands, areas and neighborhoods bounded by and located within the corporate limits of the City shall be designated a deteriorating area or deteriorating neighborhood.

06. "DWELLING UNIT": See glossary, Chapter 1-302.
07. "RESIDENTIAL CONSTRUCTION" means the building or erection of dwelling unit(s) upon vacant land or land specifically prepared to receive such structures.

08. "RESIDENTIAL IMPROVEMENT means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a dwelling unit so that it becomes habitable or attains higher standards of housing safety, health or amenity, or is brought into compliance with laws, ordinances or regulations governing housing standards. Ordinary upkeep and maintenance shall not be deemed a residential improvement.

5-503.2. EXEMPTION SCHEDULES

(a) In each deteriorated area or neighborhood so designated as provided herein, 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 and related conditions:

(1) For new residential construction, 100% of the eligible assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

(2) For residential improvements, 100% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.
(3) For new commercial, industrial or business construction, 50% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

(4) For commercial, industrial or business improvements, 50% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

(b) The exemption from real property taxes granted pursuant to the Chapter shall be upon the real property exempted and shall not terminate upon the sale or exchange of the real property.

(c) If an eligible property is granted a tax exemption pursuant to this Chapter, during the applicable exemption period those improvements shall not be considered as a factor in assessing other properties.

(d) 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.
(e) For 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 the 100% residential exemption.

5-503.3. QUALIFYING CONDITIONS

(a) In order to secure an exemption under this Chapter, an authorized person must submit a request for exemption with the City as part of the initial permitting process and fully complete the Application for Tax Abatement and Exemption Application provided by the City.

(b) 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:

(1) 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.

(2) 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 and have resided continuously in the City for a minimum of 12 months.

(3) 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.

(c) Sections 503-3 (a) and (b) shall not apply to improvement projects.

(d) Applications issued under this Chapter shall be subject to review and approval by a Tax Abatement and Exemption Administrator designated by the Mayor, who shall have the authority to ensure compliance with any provision of this Chapter, the Improvement of Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization Act, or any amendments thereto, and applicable City regulations and guidelines and who shall be designated as the LERTA Administrator.

(e) The LERTA Administrator shall be authorized to deny exemption application on any project found in non-compliance.

(f) The City hereby authorizes the formation of a three (3) member LERTA Appeals Board, with one appointee, each being subject to the consent and approval of the City Council of Harrisburg, for the City, Dauphin County and the Harrisburg School
District. Upon formation, the Board shall adopt rules and regulations as it deems appropriate to ensure the due process of any aggrieved applicant are afforded.

(g) The LERTA Administrator shall be responsible for creating Application forms and an Application process to implement these Tax Abatement programs, which shall be reviewed and approved by the Law Bureau prior to implementation.

(h) The mandatory terms of this Chapter shall be incorporated by reference into the Application and also be part of each contract entered into by or on behalf of the Applicant for the project throughout the entire course of the project.

(i) The LERTA Administrator shall be authorized to propose regulations for the implementation and monitoring of these Tax Abatement programs, including regulations for the submission and treatment of community concerns regarding businesses and property owners benefiting from these Tax Abatement programs. The regulations should assist the City, program applicants and any owner of a property benefiting from the City’s Abatement Programs to obtain and remain in compliance with the applicable local, state and federal laws.

(j) Any guidelines for the City’s Tax Abatement and Exemption Programs proposed by the LERTA Administrator shall provide for the use of responsible contractors, subcontractors, and developers, as otherwise provided in the Codified Ordinances of the City.
(k) The LERTA Administrator, directly or through a designee, shall be authorized to monitor any new construction or improvement project and take such steps as are necessary to ensure compliance with the requirements and intent of this Chapter, as well as any applicable City policy.

(l) The LERTA Administrator shall provide the City Council with a written status report summarizing each pending new construction and improvement application submitted to the City under these Tax Abatement programs. The report should state the progress of each project.

(m) In the course of reviewing or monitoring any application for exemption under a Tax Exemption or Abatement Program, the LERTA Administrator shall consider a third party complaint for any applicant’s failure to comply with Program requirements. Any determination made by the Administrator shall be reviewable by the LERTA Appeals Board.

5-503.4. JOB CREATION INCENTIVES.

(a) Any applicant who qualifies and secures the 50% exemption may also receive an additional exemption for permanent job creation as follows:
<table>
<thead>
<tr>
<th>PERMANENT JOBS</th>
<th>TOTAL EXEMPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-24</td>
<td>70%</td>
</tr>
<tr>
<td>25-47</td>
<td>80%</td>
</tr>
<tr>
<td>48-80</td>
<td>90%</td>
</tr>
<tr>
<td>Over 80</td>
<td>100%</td>
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</tbody>
</table>

(b) The LERTA Administrator shall require annual filings by the Applicant or any successor thereto certifying permanent job creation at the qualifying property.

(c) The incentives for job creation shall be reviewed annually and may be renewed, increased or decreased, depending on the actual number of permanent jobs located at the qualifying site.

(d) Any decision of the LERTA Administrator shall be appealable to the Appeal Board within 20 days of receipt of the decision. Proof of mailing of any decision of the LERTA Administrator to the, last address provided by the Applicant, any successor thereto or any legal representative thereof will be considered sufficient proof of receipt of the decision.
5-503.5. EXEMPTION AMOUNTS

(a) In the case of residential improvements or business improvements, exemption from City real property taxes shall be limited to the additional assessment valuation attributable to the actual cost of improvement to deteriorated properties. In the case of residential construction, exemption from city real property taxes shall be limited to a maximum cost as determined by the mayor or designee pursuant to regulations established by the appropriate City bureau.

(b) For the purposes hereof, the exemption shall commence in the tax year immediately following the year in which the building permit is issued.

(c) In no case shall any tax exemption be granted pursuant to the provisions hereof if the property owner has not secured or does not secure the necessary and proper zoning, building, health, housing, electrical, plumbing or other required permits prior to initiating the residential or business improvement or residential construction.

(d) To be eligible for tax abatement in accordance with this Chapter, the property owner must have remitted payment for the full amount of all property taxes levied by all taxing districts for all years prior to the year in which the tax abatement application is being submitted, or the property owner must remit payment for the full amount of all prior years' taxes at the time of making the application for tax abatement.
5-503.6. NOTIFICATION PROCEDURES

(a) There shall be placed on the application form for building and alteration permits the following:

NOTICE TO TAXPAYERS

Under the provisions of Chapter 5-503 of the Codified Ordinances of the City of Harrisburg you may be entitled to property tax abatement on your contemplated alteration or new construction. An application for exemption may be secured from the City’s Department Of Community And Economic Development or the designated LERTA Administrator. The Application must be fully completed and filed with the City at the time a building or alteration permit is secured. In an effort to stimulate the local economy and provide jobs and financial opportunities for City residents and businesses, it is strongly recommended and encouraged that those businesses and property owners who will benefit from this tax abatement program use every effort to employ City residents and businesses, including underrepresented minority, women, LGBT and disadvantaged labor force participants and business enterprises, not only through participation in new construction and improvement projects for which the tax abatement will apply, but in all future endeavors.

5-503.7. ELIGIBILITY

(a) All properties within the City shall be eligible for improvement under this Chapter, provided the Applicant satisfies all conditions of this Chapter.
5-503.8. TERMINATION AND CONTINGENCY

(a) This Chapter shall be subject to the public review of the City Council after five (5) years. In the course of that review, the Tax Abatement programs implemented by the City under this Chapter shall be subject to legislative modification. Nothing in this subpart shall be deemed to alter any vested right to a tax exemption existing at the time of any such modification.

(b) This chapter shall terminate on December 31, 2024. Any property tax exemption granted under the provisions of this chapter shall be permitted to continue according to the exemption schedule established pursuant to the provisions hereof, even if this chapter expires or is repealed or amended.

SECTION 2. Chapter 1-302 of the Consolidated Ordinances of the City of Harrisburg is amended by adding the following to the glossary definitions:

RESPONSIBLE CONTRACTOR

The following prescribes standards pertaining to determining whether prospective developers, contractors, and subcontractors are responsible.

A. A developer, contractor, subcontractor of every tier, including its officers, principals and agents that:

   (1) Has not been debarred or the subject of debarment proceedings by any federal, state or local government agency or authority.
(2) Has not defaulted on any project or been employed by or otherwise associated with any other entity that has been the subject of any such proceedings.

(3) Has not had any type of business contracting or trade license revoked or suspended by any government or quasi-governmental agency, authority or political subdivision or been employed by or otherwise associated with any other entity that has been the subject of any such proceedings.

(4) Has not been found in violation of any law or regulation relating to or associated with labor/management relations, occupational safety and health, discriminatory conduct, non-payment of taxes, labor protective requirements, employee benefits or employee benefit plans, the development or construction contracting business.

(5) Assures that no fewer than seventy percent (70%) of the workers in each trade or craft employed on any such project, that otherwise qualifies for such tax exemption or tax abatement, are graduates of an apprenticeship and training program in each trade or craft in which their services are utilized that has been in continuous existence for no fewer than five (5) years prior to the commencement of the subject project and has continuously been registered with a state or federal government agency responsible for the oversight of such apprenticeship and training programs for the same period or otherwise deemed qualified by training such as military service in that field.
(6) Assures that all workers, in every trade or craft employed on any project that qualifies for such tax exemption and/or tax abatement, are compensated with not less than the wages and employee benefits that would be required if the said project was covered by and subject to the Pennsylvania Prevailing Wage Act and the regulations promulgated thereunder and that the administrative and reporting requirements of the Pennsylvania Prevailing Wage Act and the regulations promulgated thereunder are required to be applied to any such project.

SECTION 3. DELEGATION

Appropriate City officials are authorized and directed to take such actions as are necessary to effectuate this ordinance.

SECTION 4. SEVERABILITY

If any provision, sentence, clause, section or part of this ordinance or the application thereof to any person or circumstance is for any reason found to be unconstitutional, illegal or invalid by a court of competent jurisdiction, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this ordinance. It is hereby declared as the intent of the Council of the City of Harrisburg that this ordinance would have been adopted had such unconstitutional, illegal or invalid provision, sentence, clause, section or part not been included herein.
SECTION 5. REPEALER

All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

SECTION 6. EFFECTIVE DATE

This Ordinance shall take effect in accordance with the law.

Seconded by: Wanda Williams
Passed by City Council: May 12, 2015
Signed by the Mayor: May 22, 2015
AS AMENDED

BILL NO. 18 2014

Moved by: Kaplaniski

An Ordinance providing for residential and commercial 10-Year Tax Abatement and Exemption programs in the City of Harrisburg for qualifying improvements and new construction; designating the City’s boundaries to be the qualifying boundaries for deteriorated neighborhoods in a residential property program; designating the City’s boundaries as the qualifying boundaries for a commercial property program; providing for tax abatement and exemption schedules for qualifying improvements to and new construction of residential and commercial properties throughout Harrisburg; providing incentives for additional exemptions for job creation; ensuring minority business participation, prevailing wage and residential participation in qualifying improvement and new construction projects; authorizing an administrator of these programs; ensuring due process of applicants by authorizing the creation of a board of review; amending Chapter 5-503 of the Codified Ordinances of the City of Harrisburg to provide for these new programs, including the repeal of sections inconsistent with these new programs; and related matters.

STATEMENT OF PURPOSE: The purpose of this legislation is to improve the quality of life of the residents of Harrisburg by fostering economic development, construction activity, permanent job creation and the availability of safe quality housing stock.

WHEREAS, the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, 72 P.S. § 4711-101 et seq., grants local taxing authorities the power to exempt from real property taxation, within certain limitations, the assessed valuation of improvements made to certain dwelling units located in a deteriorated neighborhood as designated by a local taxing authority and new residential construction built in a deteriorated area as designated by the municipal governing body; and

WHEREAS, the Local Economic Revitalization Tax Assistance Act, 72 P.S. § 4722 et seq., grants local taxing authorities the power to exempt from real property taxation, within certain limitations, the assessed valuation of improvements made to certain industrial, commercial or other business properties located in a designated deteriorated area as designated by the municipal governing body; and

WHEREAS, the City of Harrisburg finds that the tax exemptions authorized by the Improvement of Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization Act can have a positive impact upon economic development throughout the City; and

WHEREAS, the City of Harrisburg, held a public hearing on October 22, 2014 for the purpose of determining the boundaries of the City to be designated a deteriorated neighborhood and a deteriorated area; and
WHEREAS, the City of Harrisburg, with due consideration having been given to the
recommendations and comments made at such public hearing for any local taxing authorities and
by other knowledgeable and interested public and private agencies and individuals regarding the
establishment of the boundaries and related matters and upon consideration of the purposes to be
fostered by implementation of an abatement program, designates the entire City of Harrisburg as
deteriorated pursuant to the requirements and guidelines established by the Improvement of
Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization
Act; and

WHEREAS, the City of Harrisburg, has determined that it is in the best interest of the
City to implement the tax exemptions authorized by the Improvement of Deteriorating Real
Property or Areas Tax Exemption Act and the Local Economic Revitalization Act throughout the
City; and

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE
CITY OF HARRISBURG, AND IT IS HEREBY ORDAINED BY AUTHORITY OF THE
SAME, as follows:

SECTION 1. Chapter 5-503 of the Codified Ordinances of the City of Harrisburg, entitled Tax
Abatement and Exemptions, is amended by repealing the provisions thereof in its entirety and by
substituting the foregoing provisions as follows:

STATEMENT OF PURPOSE: THE PURPOSE OF THIS LEGISLATION IS TO IMPROVE
THE QUALITY OF LIFE OF THE RESIDENTS OF HARRISBURG BY FOSTERING
ECONOMIC DEVELOPMENT, CONSTRUCTION ACTIVITY, PERMANENT JOB
CREATION AND THE AVAILABILITY OF SAFE QUALITY HOUSING STOCK. A
PRIMARY GOAL OF THESE TAX ABATEMENT AND EXEMPTION PROGRAMS
OPERATING UNDER THIS ORDINANCE IS TO ULTIMATELY TRANSFORM BLIGHTED
BUILDINGS AND PROPERTIES OWNED OR OTHERWISE CONTROLLED BY THE CITY
OR ANY PUBLIC ENTITY TO THE STATUS OF A TAXABLE PROPERTY.

CHAPTER 5-503

5-503.1. DEFINITIONS

As used in this chapter, unless otherwise expressly stated or clearly indicated by the context, the
following terms shall have the meanings indicated:

01. “BUSINESS IMPROVEMENT” means repair, new construction or reconstruction of any
business property, including alterations and additions, having the effect of rehabilitating a
deteriorated business property so that it becomes habitable or attains higher standards of health,
economic use or amenity, or is being brought into compliance with laws, ordinances or
regulations governing such standards; however, ordinary upkeep and maintenance shall not be
deemed a business improvement. New construction or erection of a structure as business
property upon vacant land or land prepared to receive such structure within a designated
deteriorated area shall be deemed a business improvement. In the event of a dispute, the term
“business improvement” shall have the same meaning as the term “deteriorated property” as defined in the Local Economic Revitalization Tax Assistance Act.

02. “BUSINESS PROPERTY” means any industrial, commercial or other business property owned by an individual, association, corporation, or other entity and includes, but is not limited to, any portion of a property utilized for industrial, commercial or other business use and shall include any property which has both residential and business uses. It shall not include vacant land or land principally utilized as surface parking facilities.

03. “DETERIORATED BUSINESS PROPERTY” means any business property located in a deteriorated neighborhood or deteriorated area, or any business 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, ordinances or regulations. "Deteriorated business property” may also include any business property owned by the Harrisburg Redevelopment Authority.

04. “DETERIORATED RESIDENTIAL PROPERTY” means a dwelling unit located in a deteriorated neighborhood or a deteriorated area or a dwelling unit which has been, or upon request is, certified by the Bureau of Codes Enforcement as unfit for human habitation for rent withholding or other health or welfare purposes or has been the subject of an order by the Bureau of Codes Enforcement requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations. "Deteriorated residential property” may also include any residential property owned by the Harrisburg Redevelopment Authority. In the event of a dispute, the term “deteriorated residential property” shall have the same meaning as the term “deteriorated property” as defined in the Improvement of Deteriorating Real Property or Areas Tax Exemption Act.

05. “DETERIORATING AREA” means an area within the corporate limits of the City which the City, pursuant to public hearing(s), determines to meet one or more criteria for the designation of such areas as set forth in the Local Economic Revitalization Tax Assistance Act and The Improvement Of Deteriorating Real Property Or Areas Tax Exemption Act; such an area may be a deteriorated neighborhood as defined in The Improvement Of Deteriorating Real Property Or Areas Tax Exemption Act, and the two terms shall be interpreted as one and the same and may be used interchangeably in each such instance. For purposes of this chapter, all those lands, areas and neighborhoods bounded by and located within the corporate limits of the City shall be designated a deteriorating area or deteriorating neighborhood.

06. “DWELLING UNIT”: See glossary, Chapter 1-302.

07. “RESIDENTIAL CONSTRUCTION” means the building or erection of dwelling unit(s) upon vacant land or land specifically prepared to receive such structures.

08. “RESIDENTIAL IMPROVEMENT means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a dwelling unit so that it becomes habitable or attains higher standards of housing safety, health or amenity, or is brought into compliance with laws, ordinances or regulations governing housing standards. Ordinary upkeep and maintenance shall not be deemed a residential improvement.
EXEMPTION SCHEDULES

(a) In each deteriorated area or neighborhood so designated as provided herein, 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 and related conditions:

(1) For THE FIRST YEAR IN WHICH ANY new residential construction OR RESIDENTIAL IMPROVEMENT WOULD OTHERWISE BE TAXABLE, one hundred percent (100%) of the eligible assessment based on actual construction costs SHALL BE EXEMPTED AND THEREAFTER, THE AMOUNT OF THE ELIGIBLE ASSESSMENT SHALL DECREASE AT A RATE OF TEN PERCENT (10%) EACH YEAR, IN ACCORDANCE WITH THE FOLLOWING SCHEDULE: that otherwise would be taxable shall be exempt for 10 years from completion of construction:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent of Abatement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>100%</td>
</tr>
<tr>
<td>Year 2</td>
<td>90%</td>
</tr>
<tr>
<td>Year 3</td>
<td>80%</td>
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<tr>
<td>Year 4</td>
<td>70%</td>
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<td>Year 5</td>
<td>60%</td>
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<td>Year 7</td>
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<td>Year 8</td>
<td>30%</td>
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<tr>
<td>Year 9</td>
<td>20%</td>
</tr>
<tr>
<td>Year 10</td>
<td>10%</td>
</tr>
</tbody>
</table>

For residential improvements, 100% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

(2) For new commercial, industrial or business construction, 50% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.
(3) For commercial, industrial or business improvements, 50% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

(b) The exemption from real property taxes granted pursuant to the Chapter shall be upon the real property exempted and shall not terminate upon the sale or exchange of the real property.

(c) If an eligible property is granted a tax exemption pursuant to this Chapter, during the applicable exemption period those improvements shall not be considered as a factor in assessing other properties.

(d) 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.

(e) For 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 the 100% residential exemption.

5-503.3. QUALIFYING CONDITIONS

(a) In order to secure an exemption under this Chapter, an authorized person must submit a request for exemption with the City as part of the initial permitting process and fully complete the Application for Tax Abatement and Exemption Application provided by the City.

(b) 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:

1. 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.

2. 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 and have resided continuously in the City for a minimum of 12 months.

3. 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.

(c) Sections 503-3 (a) and (b) shall not apply to improvement projects.

(d) Applications issued under this Chapter shall be subject to review and approval by a Tax Abatement and Exemption Administrator designated by the Mayor, who shall have the authority to ensure compliance with any provision of this Chapter, the Improvement of Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization Act, or any amendments thereto, and applicable City regulations and guidelines and who shall be designated as the LERTA Administrator.

(e) The LERTA Administrator shall be authorized to deny exemption application on any project found in non-compliance.

(f) The City hereby authorizes the formation of a three (3) member LERTA Appeals Board, with one appointee, EACH BEING SUBJECT TO THE CONSENT AND APPROVAL OF THE CITY COUNCIL OF HARRISBURG, for the City, Dauphin County and the Harrisburg School District. Upon formation, the Board shall adopt rules and regulations as it deems appropriate to ensure the due process of any aggrieved applicant are afforded.

(g) The LERTA Administrator shall be responsible for creating Application forms and an Application process to implement these Tax Abatement programs, which shall be reviewed and approved by the Law bureau prior to implementation.

(h) The mandatory terms of this Chapter shall be incorporated by reference into the Application and also be part of each contract entered into by or on behalf of the Applicant for the project throughout the entire course of the project.

(I) THE LERTA ADMINISTRATOR SHALL BE AUTHORIZED TO PROPOSE REGULATIONS FOR THE IMPLEMENTATION AND MONITORING OF THESE TAX ABATEMENT PROGRAMS, INCLUDING REGULATIONS FOR THE SUBMISSION AND TREATMENT OF COMMUNITY CONCERNS REGARDING BUSINESS AND PROPERTY OWNERS BENEFITING FROM THESE TAX ABATEMENT PROGRAMS. THE REGULATIONS SHOULD ASSIST THE CITY, PROGRAM APPLICANTS AND ANY OWNER OF A PROPERTY BENEFITING FROM THE CITY’S ABATEMENT PROGRAMS TO OBTAIN AND REMAIN IN COMPLIANCE WITH THE APPLICABLE LOCAL, STATE AND FEDERAL LAWS.
(J) THE LERTA ADMINISTRATOR, DIRECTLY OR THROUGH A DESIGNEE, SHALL BE AUTHORIZED TO MONITOR ANY NEW CONSTRUCTION OR IMPROVEMENT PROJECT AND TAKE SUCH STEPS AS ARE NECESSARY TO ENSURE COMPLIANCE WITH THE REQUIREMENTS AND INTENT OF THIS CHAPTER, AS WELL AS ANY APPLICABLE CITY POLICY.

(K) THE LERTA ADMINISTRATOR SHALL PROVIDE THE CITY COUNCIL WITH A WRITTEN STATUS REPORT SUMMARIZING EACH PENDING NEW CONSTRUCTION AND IMPROVEMENT APPLICATION SUBMITTED TO THE CITY UNDER THESE TAX ABATEMENT PROGRAMS. THE REPORT SHOULD STATE THE PROGRESS OF EACH PROJECT.

(L) IN THE COURSE OF REVIEWING OR MONITORING ANY APPLICATION FOR EXEMPTION UNDER A TAX EXEMPTION OR ABATEMENT PROGRAM, THE LERTA ADMINISTRATOR SHALL CONSIDER A THIRD PARTY COMPLAINT FOR ANY APPLICANT'S FAILURE TO COMPLY WITH PROGRAM REQUIREMENTS. ANY DETERMINATION MADE BY THE ADMINISTRATOR SHALL BE REVIEWABLE BY THE LERTA APPEALS BOARD.

5-503.4. JOB CREATION INCENTIVES.

(a) Any applicant who qualifies and secures the 50% exemption may also receive an additional exemption for permanent job creation as follows:

<table>
<thead>
<tr>
<th>PERMANENT JOBS</th>
<th>TOTAL EXEMPTION</th>
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<tbody>
<tr>
<td>10-24</td>
<td>70%</td>
</tr>
<tr>
<td>25-47</td>
<td>80%</td>
</tr>
<tr>
<td>48-80</td>
<td>90%</td>
</tr>
<tr>
<td>Over 80</td>
<td>100%</td>
</tr>
</tbody>
</table>

(b) The LERTA Administrator shall require annual filings by the Applicant or any successor thereto certifying permanent job creation at the qualifying property.

(c) The incentives for job creation shall be reviewed annually and may be renewed, increased or decreased, depending on the actual number of permanent jobs located at the qualifying site.

(d) Any decision of the LERTA Administrator shall be appealable to the Appeal Board within 20 days of receipt of the decision. Proof of mailing of any decision of the LERTA Administrator to the, last address provided by the Applicant, any successor
thereto or any legal representative thereof will be considered sufficient proof of receipt of the decision.

5-503.5. EXEMPTION AMOUNTS

(a) In the case of residential improvements or business improvements, exemption from City real property taxes shall be limited to the additional assessment valuation attributable to the actual cost of improvement to deteriorated properties. In the case of residential construction, exemption from city real property taxes shall be limited to a maximum cost as determined by the mayor or designee pursuant to regulations established by the appropriate City bureau.

(b) For the purposes hereof, the exemption shall commence in the tax year immediately following the year in which the building permit is issued.

(c) In no case shall any tax exemption be granted pursuant to the provisions hereof if the property owner has not secured or does not secure the necessary and proper zoning, building, health, housing, electrical, plumbing or other required permits prior to initiating the residential or business improvement or residential construction.

(d) To be eligible for tax abatement in accordance with this Chapter, the property owner must have remitted payment for the full amount of all property taxes levied by all taxing districts for all years prior to the year in which the tax abatement application is being submitted, or the property owner must remit payment for the full amount of all prior years' taxes at the time of making the application for tax abatement.

5-503.6. NOTIFICATION PROCEDURES

(a) There shall be placed on the application form for building and alteration permits the following:

NOTICE TO TAXPAYERS

Under the provisions of Chapter 5-503 of the Codified Ordinances of the City of Harrisburg you may be entitled to property tax abatement on your contemplated alteration or new construction. An application for exemption may be secured from the City’s Department Of Community And Economic Development or the designated LERTA Administrator. The Application must be fully completed and filed with the City at the time a building or alteration permit is secured. In an effort to stimulate the local economy and provide jobs and financial opportunities for City residents and businesses, it is strongly recommended and encouraged that those businesses and property owners who will benefit from this tax abatement program use every effort to employ City residents and businesses, INCLUDING UNDERREPRESENTED MINORITY, WOMEN, LGBT AND DISADVANTAGED LABOR FORCE PARTICIPANTS AND BUSINESS ENTERPRISES, NOT ONLY THROUGH PARTICIPATION IN NEW
CONSTRUCTION AND IMPROVEMENT PROJECTS not only in making the improvements for which the tax abatement will apply, but in all future endeavors.

5-503.7. ELIGIBILITY

(a) All properties within the City shall be eligible for improvement under this Chapter, provided the Applicant satisfies all conditions of this Chapter.

5-503.8. TERMINATION AND CONTINGENCY

(A) THIS CHAPTER SHALL BE SUBJECT TO THE PUBLIC REVIEW OF THE CITY COUNCIL AFTER FIVE (5) YEARS. IN THE COURSE OF THAT REVIEW, THE TAX ABATEMENT PROGRAMS IMPLEMENTED BY THE CITY UNDER THIS CHAPTER SHALL BE SUBJECT TO LEGISLATIVE MODIFICATION. NOTHING IN THIS SUBPART SHALL BE DEEMED TO ALTER ANY VESTED RIGHT TO A TAX EXEMPTION EXISTING AT THE TIME OF ANY SUCH MODIFICATION.

(B) This chapter shall terminate on December 31, 2024. Any property tax exemption granted under the provisions of this chapter shall be permitted to continue according to the exemption schedule established pursuant to the provisions hereof, even if this chapter expires or is repealed or amended.

SECTION 2. DELEGATION

Appropriate City officials are authorized and directed to take such actions as are necessary to effectuate this ordinance.

SECTION 3. SEVERABILITY

If any provision, sentence, clause, section or part of this ordinance or the application thereof to any person or circumstance is for any reason found to be unconstitutional, illegal or invalid by a court of competent jurisdiction, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this ordinance. It is hereby declared as the intent of the Council of the City of Harrisburg that this ordinance would have been adopted had such unconstitutional, illegal or invalid provision, sentence, clause, section or part not been included herein.

SECTION 4. REPEALER

All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

SECTION 5. EFFECTIVE DATE

This Ordinance shall take effect in accordance with the law.

Seconded by: Williams
President of City Council

City Clerk

Approved

Returned to City Council with objections

Mayor

22/15

<table>
<thead>
<tr>
<th>YEAS</th>
<th>NAYS</th>
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<tbody>
<tr>
<td>✓</td>
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</tbody>
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Yeas 4
Nays 3
TAX ABATEMENT AMENDMENTS

Koplinski Amendment, seconded by Celid

SECTION 2. Chapter 1-302 of the Consolidated Ordinances of the City of Harrisburg is amended by adding the following to the glossary definitions:

RESPONSIBLE CONTRACTOR

The following proscribes standards pertaining to determining whether prospective developers, contractors, and subcontractors are responsible.

A developer, contractor, subcontractor of every tier, including its officers, principals and agents that:

(1) Has not been debarred or the subject of debarment proceedings by any federal, state or local government agency or authority that has been the subject of any such proceedings.

(2) Has not defaulted on any project or, employed by or otherwise associated with any other entity that has been the subject of any such proceedings.

(3) Has not had any type of business contracting or trade license revoked or suspended by any government or quasi-governmental agency, authority or political subdivision or, employed by or otherwise associated with any other entity that has been the subject of any such proceedings.

(4) Has not been found in violation of any law or regulation regulating to or associated with labor/management relations, occupational safety and health, discriminatory conduct, non-payment of taxes, labor protective requirements, employee benefits or employee benefit plans, the development or construction contracting business that has been the subject of any such proceedings.

(5) Assures that no fewer than seventy percent (70%) of the workers in each trade or craft employed on any such project, that otherwise qualifies for such tax exemption or tax abatement, are graduates of an apprenticeship and training program in each trade or craft in which their services are utilized that has been in continuous existence for no fewer than five (5) years prior to the commencement of the subject project and has continuously been registered with a state or federal government agency responsible for the oversight of such apprenticeship and training programs for the same period.

(6) Assures that all workers, in every trade or craft employed on any project that qualifies for such tax exemption and/or tax abatement, are compensated with not less than the wages and employee benefits that would be required
if the said project was covered by and subject to the Pennsylvania Prevailing Wage Act and the regulations promulgated thereunder and that the administrative and reporting requirements of the Pennsylvania Prevailing Wage Act and the regulations promulgated thereunder are required to be applied to any such project.

SECTION 3. [add existing provision]

SECTION 4. [add existing provision]

SECTION 5. [add existing provision]

SECTION 6. [add existing provision]
3. ADD

5-503.3. QUALIFYING CONDITIONS

5-503 (j) Any guidelines for the City's Tax Abatement and Exemption Programs proposed by the LERTA Administrator shall provide for the use of responsible contractors, subcontractors, and developers, as otherwise provided in the Codified Ordinances of the City.

(k) [add existing provision]

(l) [add existing provision]

(m) [add existing provision]
Wilson Amendment, Seconded by Allatt – Replace 5-503.2 Exemption Schedule with Original Exemption schedule:

5-503.2. EXEMPTION SCHEDULES

(a) In each deteriorated area or neighborhood so designated as provided herein, 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 and related conditions:

1. For new residential construction, 100% of the eligible assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

2. For residential improvements, 100% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

3. For new commercial, industrial or business construction, 50% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

4. For commercial, industrial or business improvements, 50% of the eligible increased assessment based on actual construction costs that otherwise would be taxable shall be exempt for 10 years from completion of construction.

(b) The exemption from real property taxes granted pursuant to the Chapter shall be upon the real property exempted and shall not terminate upon the sale or exchange of the real property.

(c) If an eligible property is granted a tax exemption pursuant to this Chapter, during the applicable exemption period those improvements shall not be considered as a factor in assessing other properties.

(d) 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.

(e) For 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 the 100% residential exemption.
MEMORANDUM

To: Kirk Petroski, City Clerk
From: Neil A. Grover, City Solicitor
Date: May 22, 2015
Subject: Technical Corrections to Bill 18 of 2014, As AMENDED

On May 12, 2015, when City Council passed Bill 18-2014 As Amended (LERTA), there were technical errors that were identified. A Law Bureau review found certain provisions that should be addressed in order to ensure that the Ordinance accurately reflects the stated intent of City Council. Each provision within Section 2 shall be addressed in numerical order.

• SECTION 2-(1)

Currently reads:

… (1) Has not been debarred or the subject of debarment proceedings by any federal, state or local government agency or authority that has been the subject of any such proceedings.

To reflect the intent of City Council when the amendment passed, we recommend the following technical change:

… (1) Has not been debarred or the subject of debarment proceedings by any federal, state or local government agency or authority that has been the subject of any such proceedings.

• SECTION 2-(2)

Currently reads:

… (2) Has not defaulted on any project or, employed by or otherwise associated with any other entity that has been the subject of any such proceedings.
To reflect the intent of City Council when the amendment passed, we recommend the following technical change:

... (2) Has not defaulted on any project or BEEN employed by or otherwise associated with any other entity that has been the subject of any such proceedings.

- **SECTION 2-(3)**

  Currently reads:

  ... (3) Has not had any type of business contracting or trade license revoked or suspended by any government or quasi-governmental agency, authority or political subdivision or, employed by or otherwise associated with any other entity that has been the subject of any such proceedings

  To reflect the intent of City Council when the amendment passed, we recommend the following technical change:

  ... (3) Has not had any type of business contracting or trade license revoked or suspended by any government or quasi-governmental agency, authority or political subdivision or BEEN employed by or otherwise associated with any other entity that has been the subject of any such proceedings

- **SECTION 2-(4)**

  Currently reads:

  ... (4) Has not been found in violation of any law or regulation regulating to or associated with labor/management relations, occupational safety and health, discriminatory conduct, non-payment of taxes, labor protective requirements, employee benefits or employee benefit plans, the development or construction contracting business or, been employed by or otherwise associated with any other entity that has been the subject of any such proceedings.

  To reflect the intent of City Council when the amendment passed, we recommend the following technical change:

  ... (4) Has not been found in violation of any law or regulation regulating RELATING to or associated with labor/management relations, occupational safety and health, discriminatory conduct, non-payment of taxes, labor protective requirements, employee benefits or employee benefit plans, the development or construction contracting business or, been employed by or otherwise associated with any other entity that has been the subject of any such proceedings.
Section 2. Chapter 1-302

Currently reads:

RESPONSIBLE CONTRACTOR

The following proscribes standards . . .

To reflect the intent of City Council when the amendment passed, we recommend the following technical change:

The following **PREScribes** standards . . .