

TAX RELIEF AND REDEVELOPMENT ACT FACT SHEET

by Commissioner Jeff Eggleston

After a presentation on my tax abatement proposal at the Council of Governments and the subsequent articles regarding said proposal, there have been a number of questions that have surfaced which I believe need to be addressed in order for the proposal to be both understood and supported. Therefore, I have included those "Frequently Asked Questions" below for your review. If you have any further questions, please do not hesitate to contact me via email (jeff.eggleston@warren-county.net) or via phone (814-706-8343).

Does the proposal just deal with "blighted property" or "deteriorated property"?

The proposal would be applicable to all properties both residential and commercial, not just deteriorating property. The concept is actually very simple: if you do work on a property (build a garage, do major renovations, add an addition, etc.) that would normally trigger a reassessment on your individual property, you would send an application to the assessment office and have any additional taxes exempted for a period not to exceed ten years. That includes new construction.

Do you have any evidence this works?

Yes, in Bradford since they enacted this program, they've had four new properties built within the past year using this program and have seen an increase in redeveloped houses. The City of Erie has seen a great deal of success with their program. So much so, they are trying to expand their program to offer even greater incentives for redevelopment.

In Philadelphia, an area that has some of the most aggressive tax abatement policies in the state, they've seen massive growth as a result of their program. When the abatement was implemented in the early 2000s, this was followed by an immediate surge in new construction of 263% in Philadelphia county. From 2002-2004, new construction increased 417% in Philadelphia county, while only growing 1.2% in Philadelphia's suburbs (which did not have the same program). Washington County and Pittsburgh have also experience similar success.

Is this a scam? What's the fine print?

I have gotten this question several times. There is a lot of text in the ordinance and this is a complex issue, so I understand. I had one township supervisor say, "If we could have done this in the first place, why weren't we doing this all along? It seems fishy." So, to be clear, there is no fine print. It is what it is. If you're fixing up or building on to a property, or you're building a new building, this will cover you according to whatever schedule your taxing bodies agree to.

The benefit to the taxing bodies is that later in the process, they will receive added revenue from upgrades and new construction. It is understood they would not have received this revenue if it weren't for the abatement, especially if this sparks a construction boom. Currently, there are a lot of financial barriers to new construction in the County. Hopefully, this will remove one of them.

Won't the municipalities, County, and School District lose money?

As was said during the COG meeting by one township supervisor, "You can't lose something you never had." Again, the goal here is to spark new development in an area that has little or no growth. Our tax rolls are not increasing. We are not seeing new revenue. We are holding the line anyway. If this can be promoted properly, and a few more houses are developed or constructed, then we've achieved something. Frankly, this may be a way to deal with the "glut" of tax delinquent properties we have, as they may be more attractive to purchase off of tax sale and fix up. Bottom line, the taxes will at the very least, remain the same on the property for a period of time while it is occupied and redeveloped, which means a taxing body will receive the same revenue it would otherwise.