

DRAFT LERTA ORDINANCE FOR BELLEFONTE BOROUGH

ORDINANCE No.

AN ORDINANCE OF THE BOROUGH OF BELLEFONTE, CENTRE COUNTY, PENNSYLVANIA. PROVIDING FOR TAX EXEMPTION FOR IMPROVEMENTS TO CERTAIN DETERIORATED PROPERTY ~~-(District boundaries are proposed to be borough-wide/the borough boundaries and specific properties to be determined by council following a public hearing -)~~ AND NEW CONSTRUCTION OF COMMERCIAL, MIXED USE, INDUSTRIAL and RESIDENTIAL PROPERTY LOCATED IN THE INVESTMENT OPPORTUNITY AREA(S) PURSUANT TO PENNSYLVANIA ACT 76 OF 1977, and PENNSYLVANIA ACT 34 OF 1971; DEFINING ELIGIBLE INVESTMENT OPPORTUNITY AREAS; PROVIDING FOR AN EXEMPTION PERIOD; ESTABLISHING A SCHEDULE OF EXEMPTION FOR THAT TIME PERIOD; AND PROVIDING A PROCEDURE FOR SECURING AN EXEMPTION.

WHEREAS, on December 1, 1977, the General Assembly of Pennsylvania passed act 76 of 1977, known as the Local Economic Revitalization Tax Assistance Act of 1971 (72 P.S. §§4722 ET seq.) (LERTA) authorizing local taxing authorities to provide for exemption from taxes for certain deteriorated commercial, industrial or other business property; and

WHEREAS, on August 5, 1971 ~~the~~ General Assembly of Pennsylvania passed Act 34 of 1971 (72 P.S. §§ 4-711- 101-4711-305) known as the Improvement of Deteriorating Real Property of Areas Tax Exemption Act, which authorized local taxing authorities to provide tax abatements for certain deteriorated residential property; and

WHEREAS, there are deteriorated commercial, industrial, mixed-use, residential or other business property within the Borough of Bellefonte as designated by zoning district boundaries - ~~District boundaries are proposed to be borough-wide/the borough boundaries - (to be determined by council following a public hearing)~~, hereinafter the Borough of Bellefonte LERTA designated areas or Investment Opportunity Areas.

WHEREAS, the Council of the Borough of Bellefonte, in accordance with said Act, will hold held (to be conducted by council) a public hearing to determine the boundaries of the designated areas. Hearing scheduled for February 7th, 2022 during the Council Business Meeting at 7:30 PM.

NOW, THEREFORE, be it ordained by the Council of the Borough of Bellefonte, Pennsylvania, and it is hereby ordained by the authority of the same as follows:

SECTION 1. DEFINITIONS.

As used in this ordinance, the following words and phrases shall have the meaning set forth below:

- A. "Improvement" means repair, construction, or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with laws, ordinances or regulations governing such

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standards. Ordinary upkeep and maintenance shall not be deemed an improvement.

B. "Investment Opportunity Areas" refers to all property within the boundaries of the Borough of Bellefonte LERTA designated areas.

C. "Local Taxing Authority" means the Borough of Bellefonte, Bellefonte Area School District, the County of Centre, or any other government entity having the authority to levy real property taxes within the Borough of Bellefonte.

D. "Municipal Governing Body" means the Borough of Bellefonte and/or its Council.

E. "Deteriorated Property" means any building whether or not it is actually in a state of disrepair, determined to be located in the designated deteriorated areas, as designated by the Borough of Bellefonte.

F. "Deteriorated Property Mixed-Use- Non Residential" means any industrial, commercial, ~~residential~~ or other business property owned by an individual, association or corporation ~~which currently houses one or more of the following uses: residential, mixed use, commercial, industrial or other miscellaneous use;~~ and is located in an Investment Opportunity Area, as herein ~~after~~ defined, or any such 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 regulation.

G. "Deteriorated Property - Residential" means a Dwelling Unit located in ~~the designated LERTA boundary~~ an Investment Opportunity Area, as hereinafter defined, or a Dwelling Unit which has been or upon request is certified by a health, housing or building inspection agency as unfit for human habitation, or other health or welfare purposes, or has been the subject of an order by such an agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

H. "Dwelling Unit" means a house, double house or duplex, townhouse or row house, apartment, condominium, group of rooms or any building intended for occupancy as living quarters by an individual, a family or families or other groups of persons, which living quarters contain a kitchen or other cooking equipment for the exclusive use of the occupant or occupants.

I. "Residential Construction" means the building or erection of Dwelling Units, as defined above, upon vacant land or land specifically prepared to receive such structures.

J. "Improvement" means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a ~~Deteriorated P~~ Deteriorated Property - Non Residential or Deteriorated Property - Residential, with a minimum actual cost of the improvement being \$75,000, verified by a PA registered design professional, and one of the following: it becomes habitable or attains higher standards of safety, health, economic use or amenity; or is brought into compliance with laws, ordinances or regulations governing such standards; or is new ~~residential~~ construction in an Investment Opportunity Area.

K. Ordinary upkeep and maintenance shall not be deemed an Improvement.

SECTION II. ELIGIBLE/QUALIFIED AREAS.

a. The following areas within the Borough of Bellefonte are hereby ~~determined~~designated to be eligible for tax exemption under LERTA (i.e., Investment Opportunity Areas).

(1) ~~The LERTA District~~Investment Opportunity Areas boundaries and/or specified properties will be determined by Council following a public hearing to receive input. Proposed Boundaries are for borough-wide, municipal boundaries.

SECTION III. ALLOWABLE EXEMPTION.

a. The properties must be adaptively reused to a use in compliance with current permitted uses and cannot be demolished.

b. The exemption from real property taxes applies only to increased assessed value for nonresidential uses.

b. The actual cost of the new construction or improvements to qualify for the exemption must be in excess of \$75,000 in order for the property to be eligible for the LERTA tax abatement.

c. In all cases, the exemption from taxes shall be limited to that portion of the additional assessment attributable to the improvement or new construction, as the case may be, and for which a separate assessment has been made by the County Board of Assessment Appeals and for which an exemption has been specifically and separately requested. No tax exemption shall be granted if the property owner does not secure the necessary and proper permits prior to improving the property. No tax exemption shall be granted if the property as completed does not comply with the minimum standards of the Bellefonte Borough Safety and Property Maintenance Code and the Zoning Ordinance.

d. Should there have been any reduction to the assessed value to the property within the two years prior to the application date for exemption the application shall be denied.

e. The exemption from Borough real estate taxes shall be limited to the assessed valuation attributable to the new construction or improvement for which an

exemption has been requested in the manner set forth in this Part and for which a separate assessment has been made by the Centre County Assessor.

f. Improvement to any residential, ~~commercial, industrial or mixed use~~ or non-residential properties, without regard to whether such properties qualify as Deteriorated Property ~~Commercial, Deteriorated Property, Non-Residential Mixed Use~~ or Deteriorated Property - Residential, provided said Improvement ~~are~~ is constructed within ~~the LERTA District~~ an Investment Opportunity Area boundary ~~or as~~ specified by this ordinance.

g. The new assessment value will not be applied to the property until occupancy of the building is granted in accordance with applicable building codes or a fully signed and completed building permit copy is received.

h. The exemption from taxes hereunder shall be forfeited by the applicant and/or any subsequent owner of the real estate for failure to pay nonexempt real estate taxes by their due date that may be paid without penalty. Upon receipt of notice of nonpayment of nonexempt real estate taxes, the Borough Manager shall direct the County Assessment Office, the School District Business Office and the Borough Finance Department to discontinue the exemption.

i. In any case, after the effective date of this ordinance, where deteriorated commercial property is damaged, destroyed or demolished, by any cause or for any reason and where the assessed valuation of the property affected has been reduced as a result of said damage, destruction or demolition, the exemption from real property taxation authorized shall be limited to that portion of new assessment attributable to the actual cost of improvements or construction that is in excess of the original assessment that existed prior to damage, destruction or demolition of property.

SECTION 3: EXEMPTION SCHEDULE

A. For the ten years immediately following the year in which the LERTA application is approved, the following real estate tax exemption schedule shall be in effect:

Length	Portion Exemption
First Year	100%
Second Year	90%
Third Year	80%
Fourth Year	70%
Fifth Year	60%
Sixth Year	50%
Seventh Year	40%
Eighth Year	30%
Ninth Year	20%
Tenth Year	10%

After the tenth year, the exemption shall terminate.

B. The exemption from taxes granted under this ordinance shall be upon the property exempted and shall not terminate upon the sale or exchange of the property.

C. If an eligible property is granted tax exemption pursuant to the ordinance, the exemption shall not, during the exemption period, be considered as a factor in assessing other properties.

D. If the use of the property at the time the exemption is granted is modified, terminated or changed during the ten year exemption period in any way which would have affected the exemption if the property had been so used when the exemption was granted, then, at the election of the Borough Council, the exemption shall terminate as of the date the use was modified or terminated if the Council determines that continuation of the exemption would be inconsistent with the purposes of the ordinance.

SECTION 4: PROCEDURE FOR OBTAINING EXEMPTION

a. Any person or entity desiring tax exemption pursuant to the LERTA Program must apply to the Borough of Bellefonte prior to or at the time of obtaining a building permit for new construction or improvement. Applicants shall also provide a copy of the exemption request to the Centre County Assessment Office on the same day it is submitted to the Borough. Applicants shall also file a copy of the

exemption request with the Business Office of the Bellefonte Area School District.

b. Appeals from the reassessment and the amount eligible for the exemption may be taken by the taxpayer or the local taxing authority as provided by law.

c. The cost of new construction or improvements to be exempted from Borough real estate taxes under this Part and the schedule of the Borough real estate taxes exempted existing at the time of the initial request for tax exemption shall be applicable to that exemption request, and subsequent amendment to this Part, if any, shall not apply to the adoption of such amendment.

d. The application must be in writing, utilizing the LERTA Program application form, setting forth the following information:

(1) The date the building permit was issued for said improvement as new Construction.

(2) The location of the property.

(3) The current use(s) and proposed use(s) of the property.

(4) The type of improvements or new construction.

(5) The summary of the plan of the improvements or new construction.

(6) The actual cost of the improvements or new construction verified by a Pennsylvania registered design professional.

(7) Whether or not the property has been condemned or cited by any governmental body for noncompliance with laws, regulations and/or ordinances.

(8) The property has been inspected and examined by a Pennsylvania registered design professional acting on behalf of the Borough. The cost of such inspection shall be reimbursed to the Borough by the applicant, regardless of whether or not the application is approved.

(9) Such additional information as the Borough may require.

e. The cost of improvements or new construction to deteriorated properties to be exempted and the schedule of taxes exempted existing at the time

of the initial request for tax exemption shall be applicable to that exemption request, and a subsequent amendment to that portion of the Borough Code of Ordinances as it applies to the LERTA Program, if any, shall not apply to a request initiated prior to its adoption.

f. Each person or entity, or such person's or entity's subsidiaries, affiliates or other associated holdings, making application for and receiving exemption under the LERTA Program agrees, that upon completion of the ten-year exemption schedule, not to take any appeals for reassessment for a period of an additional five years.

g. No person or entity, or such person's or entity's subsidiaries, affiliates or other associated holdings, will be eligible for exemption under the LERTA Program unless all property taxes are current, there are no outstanding municipal liens

against the property, and all fees for municipal services (including, but not limited to, water, sewer and trash services) are current for all properties such person's or entity's, or such person's or entity's subsidiaries, affiliates or other associated holdings owned in the Borough.

h. No assessment appeal reducing the property assessment has been granted within two years prior to the filing of a LERTA application.

i. A copy of the exemption request will be forwarded to the County Board of Assessment Appeals by the Borough Manager. Within 60 days, the Board will, after completion of construction, assess separately the improvement and the land upon which the new construction stands and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the LERTA Program and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption. This reassessment is required by the application of the LERTA abatement, and any applicant applying for the abatement explicitly agrees that it does not constitute a spot reassessment. Reassessment will be applied to the improvement that has been made as part of the LERTA application

SECTION V. TERMINATION DATE.

An application for exemption from Borough real estate taxes may be made at any time within five years from the effective date of this Ordinance.

SECTION VI. EXTENSION.

The Borough may, by ordinance enacted from time to time, extend the time for filing an application from exemption from Borough real estate taxes. However, in no event shall any one extension period exceed five years.

SECTION VII. REVOCATION OF EXEMPTION

The Exemption from Borough real property taxes provided for in this Article shall be forfeited by the application and/or any subsequent owner of the Property and such Exemption shall be revoked by the Borough upon the occurrence of any of the following:

- A. The failure to pay in full any non-exempt real estate taxes by the last day of the time period to pay such taxes in the penalty period. Upon receipt of the notice of nonpayment of non-exempt real property taxes, the Borough Treasurer shall immediately terminate the Exemption.
- B. ~~taxes in the penalty period. Upon receipt of the notice of nonpayment of non-exempt real property~~

~~taxes. The failure to pay when due any amount due and owing to the Borough. Upon receipt of notice of nonpayment of any such amount, the Borough Treasurer shall immediately terminate the Exemption.~~

- C. ~~the Borough Treasurer shall immediately terminate the Exemption~~The failure to obtain and pay in full all fees for all necessary and proper permits, licenses and certificates prior to commencement of construction of the Improvements to, or occupancy of, the Property.
- D. ~~The failure to pay when due any amount due and owing to the Borough. Upon receipt of notice of nonpayment of any such amount, the Borough Treasurer shall immediately terminate the Exemption.~~The failure to comply with the minimum standards established by all applicable laws, ordinances, codes, rules and regulations.
- E. ~~The failure to obtain and pay in full all fees for all necessary and proper permits, licenses and certificates prior to commencement of construction of the Improvements to, or occupancy of, the Property.~~The failure to comply with the provisions of this Article.

SECTION VIII. ANNUAL CAP.

Bellefonte Borough will accept a maximum of five applications per year for the entire LETA District Investment Opportunity Areas, which shall (shall not?) be in addition to any Deteriorated Properties located outside of the Deteriorated Investment Opportunity Areas. The date of application approval will be used to determine when the annual cap has been reached.

SECTION IX. SEVERABILITY.

If any provision of this Ordinance shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Part, which shall be in full force and effect.

~~The failure to comply with the minimum standards established by all applicable laws, ordinances, codes, rules and regulations.~~

~~The failure to comply with the provisions of this Article.~~

SECTION X: EFFECTIVE DATE

This ordinance shall become effective upon adoption by the Bellefonte Area School District and the Centre County Board of Commissioners of a resolution exempting from real property taxation properties in accordance with the terms of this ordinance.

SECTION XI: AMENDMENTS

No amendment to this ordinance shall be effective unless consented to by resolution or ordinance at each local taxing authority which has consented to bound by the terms of this ordinance.

ORDAINED AND ENACTED AS THE LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE LAW (LERTA) ORDINANCE ON THIS (date) BY THE BOROUGH COUNCIL OF THE BOROUGH OF BELLEFONTE, CENTRE COUNTY, PENNSYLVANIA

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