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**LERTA - LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE DRAFT
ORDINANCE / PROGRAM OVERVIEW**

What is the LERTA Act? An Act 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 LERTA of 1977 did not include Residential Properties. Other LERTA-type Acts did.

WHY DID BOROUGH COUNCIL START TO CONSIDER A LERTA ORDINANCE?

Bellefonte Borough's Strategic Management Plan (SMP) recommended this type of Ordinance as a way to increase revenue over time.

Other considerations were based on finding incentives to help property owners in the Central and Waterfront Business Districts. For example, the Crider Exchange building is one of the largest buildings in the downtown. It does not have a sprinkler system. Without a LERTA-type ordinance, any permits for renovations, including putting in a sprinkler system, would equate to additional taxes and possibly no additional increase in revenue. A LERTA-type ordinance would give the property owner a chance to do the improvement and to absorb the increase in taxes over time.

Strategic Management Plan (SMP) GOAL 1 – Increase Revenues

SCHEDULE FOR THE TAX EXEMPTION

Council must determine the Schedule for the tax exemption, both the value and the term length



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BELLEFONTE DRAFT HAS THIS PROPOSED SCHEDULE

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.

MINIMUM DOLLAR AMOUNT SPENT TO QUALIFY?

Council must determine the minimum amount of dollars spent to qualify for the exemption, and if there is a maximum dollar value exemption given. Bellefonte DRAFT has a minimum dollar amount of \$75,000

WHAT IS GENERALLY EXCLUDED?

Ordinary upkeep and maintenance shall not be deemed an improvement.

RULES AND REGULATIONS

Council, within the ordinance, needs to establish all rules and regulations for the program. For example:

- Property owners who apply for reassessment to taxes
- Property owners who do not pay the base assessment tax
- Properties damaged by fire
- Verification of dollars spent/cost of improvement

Bellefonte DRAFT has proposed rules



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POTENTIAL DISTRICT BOUNDARIES – PUBLIC HEARING MUST BE HELD

Council must hold a public hearing to take comment on establishing the LERTA District boundaries. Comments can be from the citizens, the Planning Commission, the Bellefonte Area Industrial Development Authority, etc. The Proposed District Boundaries are borough-wide, borough boundaries.

Bellefonte Borough Council has scheduled a public hearing, in conjunction with the regular council Business meeting that evening, at 7:30PM on Monday, February 7th, 2022. Comments can be made orally at the meeting or be in writing – sent to boro@bellefontepa.gov or Bellefonte Borough Municipal Office, 236 West Lamb Street, Bellefonte PA 16823. Comments must be received by 4PM on Monday, February 7th, 2022.

BOROUGH MUST GO TO COUNTY AND BASD

Council, after the draft ordinance/details are established, must reach out to the County and School District – the other two taxing entities in order to establish a consistent and overlapping program.