

City of Pittsburgh Real Estate Tax 2015

Determining Taxable Value & Millage

Total Assessed Taxable Value = \$ 18,587,050,496.00

(As of 11/23/14; changes daily)

• Bankruptcies =	-\$ 106,753,750.00
• 2% Discount =	-\$ 242,957,254.00
• Act 77 =	-\$ 258,588,702.18
• Homestead Exemptions =	-\$ 812,009,249.00
• Appeals to Assessed Value =	-\$ 46,000,000.00
• TIF =	-\$ 593,315,463.00

Adjusted Taxable Value = \$ 16,527,426,077.82

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- Bankruptcies (Estimate) = \$106,753,750
- When a owner has or is actively filing bankruptcy, we lose property tax revenue by court order.

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- 2% Discount (Est.) = \$242,957,254
- A 2% discount applied to all property taxes paid prior to February 10th. This is a state mandated discount that the City must apply.

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- **Act 77 (Estimate) = \$258,588,702**
- Senior tax relief program for owner occupants who are:
 - At least 50 years old
 - Owned & occupied a home in Allegheny County for the last 10 years
 - Max household income of \$30,000 (including 50% of social security benefits)

City of Pittsburgh Real Estate Tax 2015

- Homestead Exemption (Estimate) = \$812,009,249
- The City exempts the first \$15,000 of assessed value for every residential property that is owner occupied.

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- **Assessment Appeals (Estimate) = \$46,000,000**
- Allowance for loss created by property value assessment appeals.
 - Both Commercial & Residential
 - This is very challenging to predict with real accuracy , as new appeals are filed regularly and the courts can change values at will.

City of Pittsburgh Real Estate Tax 2015

- TIF and other Abatements (Estimate) =
\$593,315,463.00
- TIF is a method to use future gains in taxes to subsidize current improvements, which are expected to create conditions for gains above the routine yearly increases; other abatements delay the payment of taxes for a period of time.

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- **Q:** So how much revenue does the City of Pittsburgh need to collect?
- **A:** The City will require \$128,100,000 for 2015 while averaging a collection rate of 96%
 - \$128,100,000 is the approved Act 47 figure

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- Using our tax rate equation from the first slide, we get:

$$\frac{\text{Revenue Required}}{\text{Taxable Real Estate Value}} = \text{Tax Rate}$$

$$\frac{\$128,100,000 @ 96\% \text{ Collection}}{\$16,527,426,077.82} = .00806\%$$

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If we need to collect at a rate of 8.06 Mills...

(.00806%)

...and the current rate is 7.56 Mills

(.00756%)

The change in tax rate needs to be 0.50 Mills or ½ Mill

(.00050%)

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Impact of the Millage Change

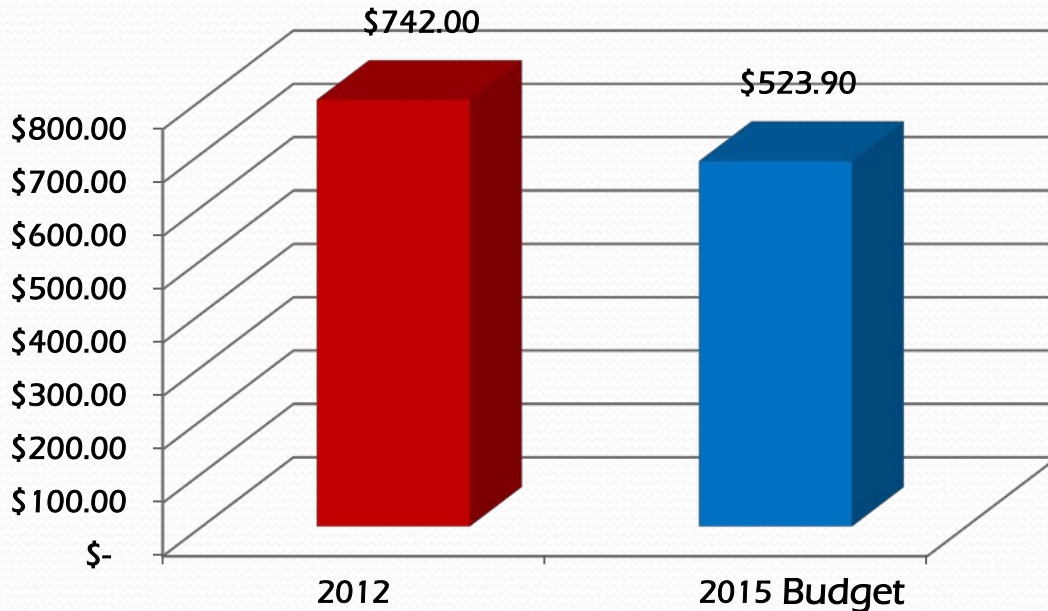
- Average assessed value of a house in Pittsburgh is approximately \$80,000
- A ½ Mill of tax will cost the average homeowner between \$20-40
- The budgeted property tax revenue needs to be \$128,100,000 – the ½ Mill change will make that level of revenue collection happen at a 96% collection rate

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Impact of the Millage Change

- This is the lowest possible correction to the 2013 tax rate that ensures the City will have enough revenue to provide services; there is no windfall or total correction
- The 2013 tax cut reduced average homeowners taxes by about \$240. We are restoring less than \$20-40 of that reduction - keeping over \$200 of the 2013 savings. (Most people have a Homestead or Act 77 tax reduction.)

City of Pittsburgh Real Estate Tax 2015



At a rate of 8.06 mills, City homeowners will pay \$203 less in 2015 than they would have in 2012 (on average). With the homestead exemption they'd pay \$218 less on the first \$80,000.

	<u>2012 Payment</u>	<u>2015 Payment</u>	<u>Difference</u>	<u>% Change</u>
	10.8 mills	8.06 mills	2012-2015	
Owner W/Homestead				
\$80,000.00	\$742.00	\$523.90	\$(218.10)	-29.30%
W/O Homestead				
\$80,000.00	\$848.00	\$644.80	\$(203.20)	-23.96%

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Impact of the Millage Change

- The proposed $\frac{1}{2}$ Mill change would generate an additional **\$7,933,164** in 2015 based on 96% collection
- **PLEASE NOTE: \$12,567,094,688** of assessed property value in Pittsburgh is tax exempt! This would yield \$101.2 million if this property were taxable.

Real Estate Taxes paid in last 10 years=

2004 = \$ 132,000,000

2005 = \$ 133,000,000

2006 = \$ 139,000,000

2007 = \$ 129,000,000

2008 = \$ 128,00,000

2009 = \$ 132000,000

2010 = \$ 132,000,000

2011= 136,000,000

2012 = \$ 139,000,000

2013 = \$ 126,000,000

\$ 1,326,000,000