

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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The taxable base is adjusted to account for exemptions, programs, and discounts.

In Pittsburgh's case this includes:

- Bankruptcies
- 2% Discount
- Act 77
- Homestead Exemptions
- Appeals to Assessed Value
- TIFs and Abatements



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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)



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- 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.



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- TIF and other Abatements
- 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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Determining Taxable Value

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• 2% Discount =	-\$ 242,957,254.00
• Act 77 =	-\$ 258,588,702.18
• Homestead Exemptions =	-\$ 812,009,249.00
• Assessment Appeals =	-\$ 46,000,000.00
• TIF =	-\$ 593,315,463.00
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	Adjusted Taxable Value = \$ 16,527,426,077.82



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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 - so averaging a collection rate of 96% - this figure becomes \$133,224,000.

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

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

$$\frac{\$133,224,000.00}{\$16,527,426,077.82} = .00806\%$$



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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 should be 0.50 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 less than \$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 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 \$160.00. We are only restoring less than \$40.00 of that reduction - keeping more than \$120.00 of the 2013 savings. (Most people have a Homestead or Act 77 tax reduction.)



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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=

\$ 1,326,000,000