

# JEFF EGGLESTON

## COMMISSIONER

WARREN COUNTY, PA

### FOR IMMEDIATE RELEASE

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## Commissioner Eggleston Proposes Residential Tax Abatement Program to Council of Governments

Wednesday, February 6, 2019 - Warren, PA - At a regularly scheduled meeting of the COG (Council of Governments) which included local township and borough officials, Warren County Commissioner Jeff Eggleston proposed an aggressive residential tax abatement program for adoption by the taxing bodies of Warren County. The proposal would provide a framework for tax exemptions for redevelopment and new construction in Warren County. This proposal is based on recommendations sighted in the recently released "Redevelopment Task Force Report".

"We need to take bold action now," stated Eggleston in his introduction, "We need to spark redevelopment and investment in our community if we are going to turn the tide in the population decline. The time for half measures is over."

Eggleston's proposal would utilize the "Improvement of Deteriorating Real Property or Areas Tax Exemption Act of 1971" to create a framework by which property owners who wanted to redevelop properties or build new dwellings within supporting municipalities could fill out an application and have some or all of any new taxes generated by the improvements exempted for a period of three to ten years. These exemptions would incentivize motivated individuals and companies to take deteriorating and dilapidated properties and rehab them and see a significant tax break as a result.

"There are so many properties which are in a state of decline, whether they need major upgrades for code compliance or to make them livable or even marketable," explained Eggleston, "These updates, in many cases, are a barrier for property owners as they can incur a reassessment on the property and subsequently increase their taxes. We need to take down these barriers and promote redevelopment."

Although these types of residential tax abatement programs are not common in the state, there are several local municipal governments who have enacted similar programs to some success including Franklin Township and Union City Borough in Erie County, the City of Bradford in McKean County, and most notably the City of

Erie. The details of each program are slightly different, but all programs revolve around tax incentives for residential redevelopment and new construction.

The law allows for a variety of schemes related to the schedules of how taxes would be exempted. In the case of Union City, an individual would receive tax exemption on approved properties over the course of five years with the first year including a 100% exemption off of all new taxes, an 80% exemption the second year, 60% the third year, 40% in the fourth, and 20% off new taxes in the fifth year. These exemptions are just for new taxes generated, which means municipalities would lose nothing from their tax base. To further explain, these are taxes on the difference between the current assessment on a property and any increase on the assessed value of a property after construction.

The City of Erie, which was one of the main inspirations for the proposal, has one of the most robust programs for tax abatement in the northwest region of the state, allowing for a ten-year abatement period in “targetted areas” starting at 100% the first year and gradually reducing to 10% in the final year. Erie also has incentives for job creation due to new construction which is managed by a LERTA Administrator. Even Erie’s program isn’t as aggressive as the City of Philadelphia’s current tax abatement model which allows for 100% exemption on new construction over an entire decade.

Commissioner Eggleston stressed his support for these types of programs, “I think there’s a lot of evidence that these type of programs work and have produced positive results for their municipalities. In Philadelphia’s case, they’ve had a dramatic redevelopment of numerous neighborhoods due to their tax incentives, with new and young families moving into areas, buying big homes that need work and redeveloping them due to the tax incentives and becoming their starter homes.”

The next step, said Eggleston, was to provide draft ordinances and documentation to the municipalities for review and adoption and simultaneously petition the Warren County School Board to join the COG’s effort to incentivize redevelopment. “I think it’s really important to get the School District involved in this effort as they are one of the largest taxing bodies. It was important to talk to the Townships and Boroughs first as, without your help, this isn’t going to go anywhere”

Joe Skully, Township Supervisor for Glade Township, was one of several supervisors who express support for the initiative and added a recommendation, “Would you be willing to wait to address the School District so that the municipalities can get behind you? I mean, would it help to have the municipalities be there at whatever meeting you’d discuss this with the School Board?”

Alan Kugler, coordinator and principal architect of the Warren County Council of Governments replied, “Absolutely that would help. It isn’t often they get townships and borough officials at their meetings.”

“I think that’s a great idea,” said Eggleston in response, “I wasn’t sure how the townships and boroughs would react to this proposal, but with the number of folks here willing to support it I think it’s prudent to mobilize the local officials to build a coalition of support for this redevelopment effort. If it takes six months, that’s fine if it ends in a positive gain for the taxpayers.”

A Township Supervisor for Mead Township, Al Fox, summed up the sentiments, “I think this is a great idea and is something we’ve been trying to do for years. We’d be happy to write a letter of support and do whatever else you need to get this moving. Just let us know.”

The sentiments of the room, to Eggleston's surprise, were overwhelmingly positive. The next steps, stated by Eggleston in conclusion, were to circulate the proposal documents and draft ordinances, to the other municipalities and the School District and schedule follow up meetings with all of the taxing bodies to coordinate the possible implementation of these policies.

If you have any questions or comments about this news article, please feel free to call (814-728-3403) or email ([jeff.eggleston@warren-county.net](mailto:jeff.eggleston@warren-county.net)) at your convenience.

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