

**BOROUGH OF NORTH EAST
ORDINANCE NO. 918**

**AN ORDINANCE OF THE BOROUGH OF NORTH EAST,
ERIE COUNTY, COMMONWEALTH OF PENNSYLVANIA
REPEALING AND REPLACING ORDINANCE No. 691
"LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE- LERTA"
AUTHORIZING LOCAL TAXING AUTHORITIES TO PROVIDE
TAX EXEMPTION FOR IMPROVEMENTS TO CERTAIN INDUSTRIAL,
COMMERCIAL, AND OTHER BUSINESS AND RESIDENTIAL
PROPERTIES IN THE BOROUGH; AN EXEMPTION SCHEDULE; AND A
PROCEDURE FOR OBTAINING AN EXEMPTION**

WHEREAS, the Borough of North East enacted Ordinance No. 691 on June 6, 1983 for the purposes of providing tax exemption for certain improvements to deteriorated industrial, commercial and other business property, construction of new dwelling units in deteriorating areas, and certain improvements to certain deteriorating dwellings; providing for an exemption schedule and establishing standards and qualifications and investment opportunity area boundaries; and

WHEREAS, the Borough of North East seeks to Repeal and Replace Ordinance No. 691 with Ordinance No. 918; and

WHEREAS, the General Assembly of Pennsylvania enacted Act No. 34 of 1971 (72 P.S. §4722, et seq.), known as the Pennsylvania Local Economic Revitalization Tax Assistance Act (LERTA) authorizing local taxing authorities to exempt improvements to certain industrial, commercial, and other business properties in deteriorated areas from local property taxes to encourage improvement of deteriorating properties and provide for revitalization; and,

WHEREAS, there are industrial, commercial and other business and residential properties located within the Borough of North East that would benefit from improvement and revitalization; and,

WHEREAS, the Borough Council of the Borough of North East; Erie County, Pennsylvania desires to establish a program for exemption of improvements to certain industrial, commercial and other business and residential properties in the Borough from Borough real property taxes for a limited period of time in accordance with LERTA in order to provide for improvement and revitalization of such properties; and,

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the corporate authorities of the Borough of North East; County of Erie, and Commonwealth of the State of Pennsylvania and its is hereby enacted by the authority of the same as follows:

Section 1- Short Title: This document is a Local Economic Revitalization Tax Assistance Ordinance, and shall be known and cited as the "North East Borough LERTA Ordinance."

Section 2- Definitions: In the interpretation of this Section, the present tense includes the future; the singular number includes the plural and the plural includes the singular; and the word

person includes natural person, property owner, company, trust, individual, partnership, firm, association, corporation, or entity of any kind. The following terms shall have the definitions assigned:

- 2.1 ACT –Individually or collectively, the Pennsylvania Local Economic Revitalization Tax Assistance Act (LERTA), 72 P.S. §4722, et seq. and the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, Act No. 34 of 1971 (72 P.S. §4711, et seq.).
- 2.2 BOROUGH – shall refer to the Borough of North East; Erie County; Commonwealth of Pennsylvania.
- 2.3 BOROUGH COUNCIL – The governing body of the Borough.
- 2.4 DETERIORATED AREA – The entire limit of the Borough of North East.
- 2.5 EFFECTIVE DATE -- The date this Ordinance becomes effective: April 5, 2021.
- 2.6 EXEMPTION – The exemption from the Borough real property taxation established and obtained pursuant to the Ordinance.
- 2.7 IMPROVEMENT – Any repair, construction, or reconstruction, including alterations or additions, having the effect of improving and rehabilitating a Property within the Deteriorated Area so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with all applicable laws, ordinances, codes, rules and regulations governing such standards. Ordinary upkeep and maintenances shall not be deemed an Improvement.
- 2.8 PERSON – An individual, company, corporation, general partnership, limited partnership, association, limited liability company, trust, estate, or other entity of any nature.
- 2.9 PROPERTY- Any industrial, commercial, or other business or Residential Property owned by any Person and located in the Deteriorated Area: excluding home occupations and home-based businesses.
- 2.10 RESIDENTIAL PROPERTY – A house, apartment or group of rooms intended for occupancy as separate living quarters by family or other groups or a person living alone containing a kitchen or cooking equipment for the exclusive use of the occupants in a Deteriorated Area.
- 2.11 TAX EXEMPTION PROGRAM – The tax exemption program established buy this Ordinance in accordance with the Act.

Section 3 – Exemption Area: Each Property located within the Deteriorated Area shall be eligible to participate in the Tax Exemption Program so long as it meets all of the requirements for the Tax Exemption Program set forth in this Ordinance.

Section 4- Exemption Amount:

- 4.1 The amount to be exempted from Borough real property taxes shall be limited to that portion of the additional assessment valuation attributable to the actual costs of the Improvement to the Property constructed after the effective date of this Ordinance up to any maximum costs uniformly established by the Borough from time to time and must be actually incurred by the owner of the Property who is requesting and will be responsible for the payment of Borough real property taxes assessed for such Property.
- 4.2 The Exemption shall be limited to the Improvements for which the Exemption has been requested in the manner set forth in this Article and for which a separate tax assessment has been made by the Erie County Board of Assessment Appeals. The Exemption shall only be granted if the Improvements have been completed in compliance with all applicable laws, Ordinances, Codes, rules, regulations, and a land development plan, if required, was approved by Borough Council, prior to construction of such Improvements.
- 4.3 In the case where a Property in a Deteriorated Area is damaged, destroyed or demolished by any cause or for any reason and the assessed valuation of the Property affected has been reduced as a result of such damage, destruction or demolition, the Exemption from Borough real property taxation shall be limited to the actual cost of the Improvements or construction that is in excess of the original assessment that existed prior to such damage, destruction or demolition. In the event a Property has been fully demolished in accordance with a demolition permit issued by the Borough and such property remained vacant of any structure for more than one (1) year from the date of issuance of such demolition permit, the Exemption from Borough real property taxation shall be the actual cost of the Improvements or construction.
- 4.4 The Exemption from Borough real property taxes granted pursuant to this Article shall be upon the Improvements on the Property and shall run with the land and shall not terminate upon sale or exchange of the Property.

Section 5- Exemption Schedule: The length and the amount of the Exemption provided for in this Ordinance shall be a declining percentage over a five (5) year period, calculated as follows:

- 5.1 For the first (1st) year immediately following the date upon which the Improvements become accessible, in an amount equal to one hundred percent (100%) of the assessed valuation of the eligible Improvements shall be exempted from Borough real property taxation.

- 5.2 For the second (2nd) year immediately following the date upon which the Improvements become accessible, in an amount equal to eighty percent (80%) of the assessed valuation of the eligible Improvements shall be exempted from Borough real property taxation.
- 5.3 For the third (3rd) year immediately following the date upon which the Improvements become accessible, in an amount equal to sixty percent (60%) of the assessed valuation of the eligible Improvements shall be exempted from Borough real property taxation.
- 5.4 For the fourth (4th) year immediately following the date upon which the Improvements become accessible, in an amount equal to forty percent (40%) of the assessed valuation of the eligible Improvements shall be exempted from Borough real property taxation.
- 5.5 For the fifth (5th) year immediately following the date upon which the Improvements become accessible, in an amount equal to one hundred percent (20%) of the assessed valuation of the eligible Improvements shall be exempted from Borough real property taxation.

Section 6- Term of Tax Exemption Program/ Sunset Provision: This Ordinances shall become effective on the Effective Date and shall be applicable for a period of five (5) years thereafter, at which time it shall automatically expire.

Section 7- Exemption after Termination: Any person timely applying for and receiving an Exemption in accordance with the provisions of this Ordinance shall be entitled to the Exemption in accordance with the Exemption Schedule set forth in Section 5 of this Ordinance even if such Exemption Schedule extends beyond the termination of the Tax Exemption Program, and for this purpose the Tax Exemption Program shall continue in force and effect until the last such Exemption amount granted pursuant hereto has expire. In the event of any dispute regarding the timeliness or completion of any such application, the determination of Borough Council made at a public meeting shall be final and binding.

Section 8- Procedure for Obtaining Exemption:

- 8.1 Each application for Exemption shall be in writing on a form established from time to time by Resolution of Borough Council. Application for Exemption forms may be obtained from the North East Borough offices located at 31 West Main Street; North East, PA 16428.
- 8.2 Each person desiring an Exemption in accordance with this Ordinance shall fully complete and submit to the Borough at 31 West Main Street; North East, PA 16428, an application for Exemption at the time of application for a zoning certificate, building permit or construction permit for such Improvements. Failure to timely apply for the Exemption shall disqualify the Improvements from the Exemption provided for in this Ordinance.

- 8.3 Upon receipt by the Borough of a fully completed application for Exemption, the Borough shall forward a copy thereof to the Erie County Board of Assessment Appeals and instruct the Erie County Board of Assessment Appeals to separately assess the eligible Improvements after completion of construction of such Improvements, calculate the amount of the assessment eligible for tax Exemption in accordance with the limits established by the Borough from time to time, if any, and notify the Borough and the taxpayer thereof. Appeals from the assessments and the amount eligible for the Exemption may be taken by the owner of such property or the Borough, as provided by law; provided, however, after the initial assessment, the applicant waives the right to appeal the assessment for the term of the Tax Exemption Program or Exemption. Upon receipt of such notification from the Erie County Board of Assessment Appeals, the Exemption may be taken in accordance with the Exemption Schedule set forth in Section 5 of this Ordinance.

Section 9 – Revocation of Exemption: The Exemption from Borough real property taxes provided for in this Article shall be forfeited by the applicant and/or any subsequent owner of the Property and such Exemption shall be revoked by the Borough upon occurrence of any of the following.

- 9.1 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 Administration shall immediately terminate the Exemption.
- 9.2 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.
- 9.3 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.
- 9.4 The failure to comply with the minimum standards established by all applicable laws, ordinance, codes, rules and regulations.

Section 10- Rules and Regulations: Borough Council is hereby authorized and empowered to adopt, promulgate, amend, implement, and enforce, by Resolution of Borough Council from time to time, reasonable rules and regulations to carry out the terms and provisions of this Ordinance.

Section 11 – Consistency

- 11.1 All ordinances or portions of ordinances inconsistent with the provisions herein are hereby amended to conform to the provisions of the within ordinance. All ordinances and portions of ordinances not inconsistent with the within ordinance, are and shall remain in full force and effect including but not limited to any

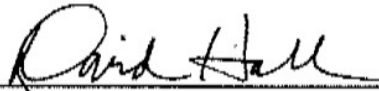
provisions providing for the enactment of a Tax Exemption Program, except for Ordinance No. 691, which is hereby repealed and replaced.

Section 12 – Severability: The provisions of this Ordinance are severable; and if any of its provisions shall be held invalid, the same shall not affect or impair the remaining provisions of the ordinance which would have been enacted had not such invalid provisions been included herein.

Section 13 - Effective Date: The within Ordinance shall take effect immediately upon enactment.

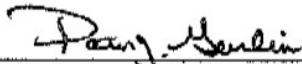
ENACTED INTO AN ORDINANCE THIS 5TH DAY OF APRIL 2021.

BOROUGH OF NORTH EAST



DAVID HALL
President of Borough Council

ATTEST:



PATRICK J. GEHRLEIN
Borough Manager

APPROVED THIS 5th DAY OF APRIL 2021



STEVEN L. GREGORY
Mayor

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