



Longtime Owner Occupant Tax Exemption Program (LOOP)

Act 53 of 2024 Amendments to the First and Second Class County Property Tax Relief Act

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Background

As Pittsburgh continues to experience increased investment and development pressure in specific neighborhoods of the city, longtime owner occupants have been and will continue to be put at risk of being forced out of their homes due to rapid increases in property taxes. Given these rising living costs and constantly increasing tax burdens in areas where real property values have risen markedly as a consequence of the renovation of other deteriorating residences or the construction of new residences, coupled with the practical challenges for counties of the second class to implement such a program, the City of Pittsburgh sought amendments to the "First and Second Class County Property Tax Relief Act" to provide the same abilities to cities of the second class in order to allow longtime owner-occupants of residences to remain in peaceful possession of their homes.

The previous state law required Allegheny County to enact an ordinance that would then allow the other municipalities within the county to enact their own programs to defer or exempt increasing taxes. However, Allegheny County was unable to create a program that defined the parameters of the program specifically enough to satisfy court challenges or flexible enough to meet the varying needs of is many local governments.

There are distinct differences between the application of the statute in a county of the first class with one municipality and a county of the second class with 130 municipalities. Most notably, there are practical challenges in the ability to properly define the eligibility parameters and designated geographic areas for counties of the second class given the large number of municipalities. As evidence, the Board of Commissioners of Allegheny County enacted an ordinance on May 24, 1990 "Instituting a Program of Property Tax Relief Pursuant to The First and Second Class County Property Tax Relief Act" (Ordinance No. 26501) to protect longtime owner occupants and with the seeming intent to provide enough flexibility for its municipalities. However, it was unable to survive legal challenge, with the Court finding in November 1995 that the Allegheny County ordinance was too broad and did not comport with the parameters of the Commonwealth's statute.

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What's Next?

Now that LOOP Has been signed into law, the City of Pittsburgh has secured its own authority to implement a longtime owner occupant program to protect these homeowners from the upward taxation pressure in developing communities. The power to create and enact such a program now lies with city council; longtime owner-occupants will experience no immediate change to their property taxes.

Changes signed into law include:

- Amending the title of the statute from "First and Second Class County Property Tax Relief Act" to "First and Second Class County and City Property Tax Relief Act";
- Amending occurrences of "counties of the first and second class" to read "counties and cities of the first and second class";
- Further discussion on whether any amendments to Section 4749.4(c) would be necessary; and
- Amending Section 4749.5(c)(2) from "School districts and municipalities within a county of the second class may..." to read "School districts and municipalities within a county of the second class, including cities of the second class, may..."



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