

# CITY OF BETHLEHEM

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## Department of Community and Economic Development

### Interoffice Memo

**To:** Members of City Council  
**From:** Tony Hanna, Director of Community & Economic Development  
**Re:** **Renewal of LERTA**

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As required by City of Bethlehem Ordinance # 342 Paragraph 342.06, the attached report serves as the official report on the administration of the Local Economic Revitalization Tax Abatement (LERTA) ordinance, its effects, and recommendations for its renewal.

Following are key highlights of why LERTA is sought for renewal and the positive direct impacts that LERTA has had in spurring development in the City of Bethlehem:

- Attracting, retaining and expanding successful, thriving companies to LVIP VII, who can contribute to our tax base is an extremely competitive process on a state and national. In the commonwealth alone, we are competing with 46,000+ acres of Keystone Opportunity Zones (KOZ), where all forms of taxes, including income and all property taxes are 100% eliminated.
- Today, there are a total of 33 properties actively receiving the benefits of LERTA. These 33 projects currently house 80 businesses. LERTA tax assistance played a large role for most of these companies in their decision process to locate or expand within the City of Bethlehem. These active LERTA projects and 80 businesses have created or retained more than 3258 jobs accounting for approximately \$141.6 million in payroll and creating over \$1.4 Million in Earned Income Tax (EIT) revenue annually. Additionally, these project/businesses pay Business Privilege and Mercantile Tax and Licensing Fee (BP), and Local Service Tax (LST) in addition to the base property tax and the appropriate percentage of increased property that is collected throughout the LERTA program timeframe.
- Without LERTA, development will take place at a significantly slower pace because of its inability to remain competitive amongst other sites. This causes a delay in the collection and infusion of new revenues to the City, School and County's budgets.
- There are inherent and premium land development costs associated with building on Brownfields. The current LERTA area in the City of Bethlehem is comprised entirely of former Brownfield properties. The tax savings derived from LERTA can assist in offsetting some of these costs.

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cc: Mayor J. Callahan  
K. Vossough, Deputy Director Economic Development  
W. Wastler, Economic Development Site & GIS Manager

DATE: 9/30/2010

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