



## **LERTA: Local Economic Revitalization Tax Assistance**

### **LERTA Overview**

LERTA is a tax abatement program created to encourage investment in the redevelopment of vacant and underutilized properties. LERTA abates the increase in tax payments resulting from increased building assessment resulting from construction and renovation of commercial, industrial, and residential properties located within designated zones in the City. The abatement schedule for city, county and school taxes differs for the Northside LERTA and the Southside LERTA districts. LERTA does require that property owners pay full land tax.

### **What qualifies for LERTA benefits?**

The owner of any property (commercial, industrial, residential) within the LERTA district is eligible for the 10-year partial tax abatement on property tax increases resulting from the redevelopment or substantial improvement of a property that results in the reassessment of the property by Northampton County.

### **What is the process for LERTA?**

A property owner should first inquire with the City of Bethlehem Department of Community and Economic Development to determine whether their property falls within a LERTA District. The City will provide written confirmation that a property qualifies for LERTA. The property owner must then submit a LERTA permit application at the time of construction or before. LERTA applications can be submitted up to **60 Days after the building permit** is issued, but not after construction is completed and/or a CO has already been issued. The exemption timeline begins with the receipt of a final Certificate of Occupancy (CO) by the property owner.

### **How does the tax abatement work?**

All properties in the City of Bethlehem are assessed and taxed by Lehigh and Northampton Counties. When a property is improved (typically through the substantial renovation or new construction of a structure or site renovations) a property is reassessed and a new value is placed on the property. Upon completion of construction and the receipt of the Certificate of Occupancy (CO) the City updates the assessment for a property. The increase in taxes is called the 'tax increment'. LERTA allows property owners to pay abated city, county and school taxes on this tax increment, for a period of 10 years. The following tables illustrate the tax abatement schedule from Year 0 through Year 11 for each LERTA district.

### **SOUTHSIDE LERTA - CITY, COUNTY, SCHOOL TAX SCHEDULE**

<b>Year 0 = Construction</b>	<b>100% Land Tax</b>
<b>Year 1 = Post Build</b>	<b>100% Land Tax, 0% of Tax Increment</b>
<b>Year 2</b>	<b>100% Land Tax, 10% of Tax Increment</b>
<b>Year 3</b>	<b>100% Land Tax, 20% of Tax Increment</b>
<b>Year 4</b>	<b>100% Land Tax, 30% of Tax Increment</b>
<b>Year 5</b>	<b>100% Land Tax, 40% of Tax Increment</b>
<b>Year 6</b>	<b>100% Land Tax, 50% of Tax Increment</b>
<b>Year 7</b>	<b>100% Land Tax, 60% of Tax Increment</b>
<b>Year 8</b>	<b>100% Land Tax, 70% of Tax Increment</b>
<b>Year 9</b>	<b>100% Land Tax, 80% of Tax Increment</b>
<b>Year 10</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 11</b>	<b>100% Land Tax, 100% of Tax Increment</b>

### **NORTHSIDE LERTA - CITY TAX SCHEDULE**

<b>Year 0 = Construction</b>	<b>100% Land Tax</b>
<b>Year 1 = Post Build</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 2</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 3</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 4</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 5</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 6</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 7</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 8</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 9</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 10</b>	<b>100% Land Tax, 90% of Tax Increment</b>
<b>Year 11</b>	<b>100% Land Tax, 100% of Tax Increment</b>

### **NORTHSIDE LERTA - COUNTY & SCHOOL TAX SCHEDULE**

<b>Year 0 = Construction</b>	<b>100% Land Tax</b>
<b>Year 1 = Post Build</b>	<b>100% Land Tax, 50% of Tax Increment</b>
<b>Year 2 through 10</b>	<b>100% Land Tax, 50% of Tax Increment</b>
<b>Year 11</b>	<b>100% Land Tax, 100% of Tax Increment</b>

#### **Additional Information**

LERTA applies to properties that have undergone substantial improvements, which result in an increased assessment value, as determined by the counties. Most cosmetic improvements do not qualify a property for LERTA. If you have any questions regarding the City of Bethlehem LERTA, please contact the City of Bethlehem's Department of Community & Economic Development at (610) 865-7085.