



Upper Mount Bethel Township

LERTA: Local Economic Revitalization Tax Assistance

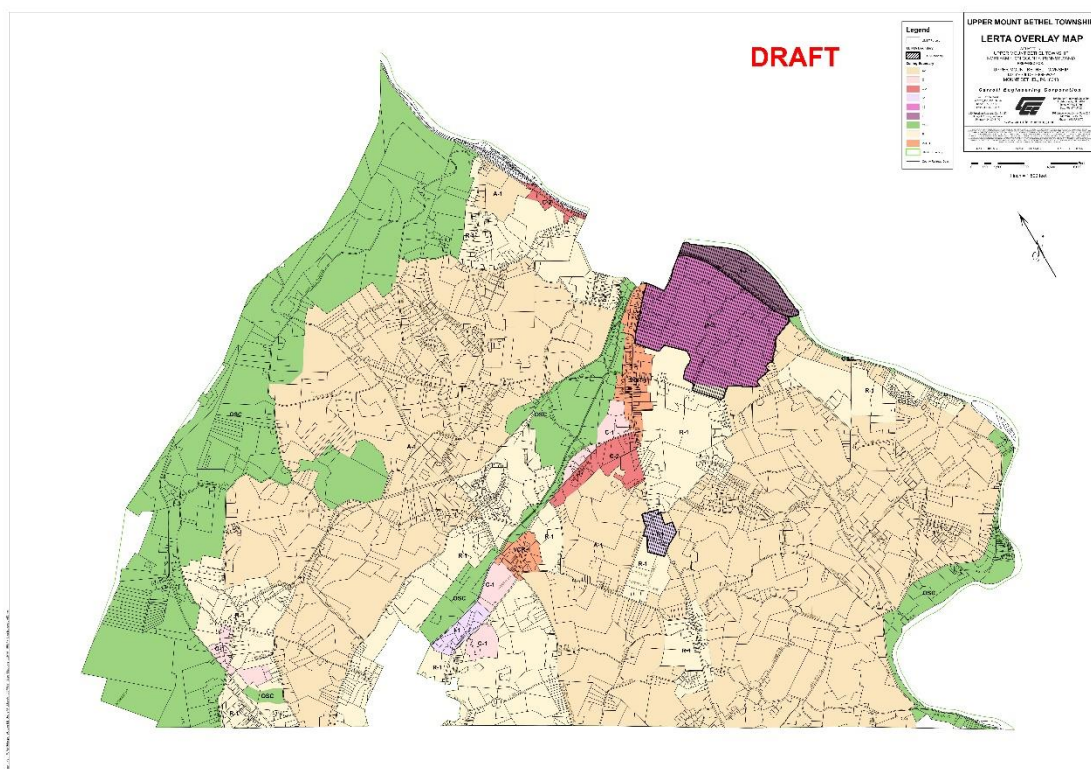
LERTA Overview

LERTA is a tax abatement program that was created in 1977 to incentivize property investment and redevelopment of difficult or undesirable properties- such as brownfields. LERTA creates a graduated increase in tax payments on new construction and property rehabilitation for owners of commercial, industrial, and business properties located within designated zones in the township. LERTA does require that property owners pay full land taxes, while taxes on improvements to the land grow incrementally over 10 years.

What qualifies for LERTA benefits?

The owner of any property (commercial, industrial, office) 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 which results in the reassessment of the property by Northampton County.

As the map below illustrates, the LERTA District is contained to the three industrially zoned parcels found within the township (I-1, I-2, & I-3), located primarily in the western portions of the township along the Delaware River. LERTA benefits attach to the property, not the property owner. The tax abatement continues after the sale of a property. The tax abatement cannot be transferred to a different property. A property is not eligible if the owner owes any outstanding Township, County, or School District taxes or if there are any outstanding or disputed utility bills for the property. A property may also lose LERTA eligibility if taxes are not paid within the year that they are due during the abatement period.



How does the tax abatement work?

All properties in Upper Mount Bethel Township are assessed and taxed by Northampton County. 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 taxes on this tax increment, for a period of 10 years. As illustrated in the table below, property owners pay no tax on the increased assessment for a LERTA property in Year 1 after construction, and taxes increase incrementally each year until Year 11 after construction, when the owner must pay the full taxes on the increased value of the property.

| LERTA TAX SCHEDULE | |
|------------------------------|--|
| Year 0 = Construction | 100% Land Tax |
| Year 1 = Post Build | 100% Existing Base Tax, 0% of Tax Increment |
| Year 2 | 100% Existing Base Tax, 10% of Tax Increment |
| Year 3 | 100% Existing Base Tax, 20% of Tax Increment |
| Year 4 | 100% Existing Base Tax, 30% of Tax Increment |
| Year 5 | 100% Existing Base Tax, 40% of Tax Increment |
| Year 6 | 100% Existing Base Tax, 50% of Tax Increment |
| Year 7 | 100% Existing Base Tax, 60% of Tax Increment |
| Year 8 | 100% Existing Base Tax, 70% of Tax Increment |
| Year 9 | 100% Existing Base Tax, 80% of Tax Increment |
| Year 10 | 100% Existing Base Tax, 90% of Tax Increment |
| Year 11 | 100% Existing Base Tax, 100% of Tax Increment |

What is the process for LERTA?

A property owner should first inquire with Upper Mount Bethel Township to determine whether their property falls within the LERTA Districts. 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.

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 Upper Mount Bethel Township's LERTA, please contact the township manager at (570) 897-6127.