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**No Upside in City Council's Parking Tax Freeze**

In a move likely to go down in the annals of City Council missteps, eight members have decided to freeze the parking tax rate at 45 percent and prevent its rollback to 35 percent by 2010. Despite the fact that the most vocal proponents of the freeze have stated that the rollback is supposed to benefit people who park in the City, they want to use the money for purposes of correcting past promises to employees and debt accumulated in attempts to grow the City.

Under Ordinance 2007-1796, Council would take the money it would have lost from the rollback and use it for the non-operational purposes of pensions and debt. And, above all, Council is willing to break the law to accomplish these ends.

Here's the legislative language from the law that created the tax reform for the City, Act 222 of 2004: "In tax year 2008, the rate of the [parking] tax shall not exceed 40%". That language is mirrored in the years 2009 and 2010, when the parking tax is not to exceed 35 percent. Freezing the tax at 45 percent is a clear violation of that language. Just imagine how quickly the City bureaucracy would mobilize if the large corporations in Downtown decided to ignore the law and not pay their payroll tax.

The irony here is that for all the screaming about helping parking customers, Council could be very proactive and cut the tax right now to 35 percent or lower. Reductions of a larger magnitude than 5 percentage point annual drops would result in a revenue loss for the City, but it would no doubt put immediate pressure on private and public lot and garage operators to bring down rates. However, the Council is doing the minimal amount of reduction required: this year, even though the tax could have been lower than 45 percent, they did not go any lower than that maximum amount. That does not provide the opportunity to see the kind of parking rate reductions the Council claims they want to see.

An even further irony is that the City's own Parking Authority has refused to lower its rates at garages and lots. The Council, along with the Mayor, should be speaking with one voice to the Authority and instruct them to lower their rates. Or they should agree to find board members who will take such an action.

So now we sit and wait to see what, if any measures, the City's overseers are going to take to counteract this nonsensical ordinance. To date, there has not been much said, at

least publicly. In an August newspaper article, the co-director of the Act 47 recovery team stated that not going through with the cut “could lead to lawsuits by parking lot operators”.

This is the perfect opportunity for the Intergovernmental Cooperation Authority (oversight board) to step up to the plate.

Section 210, E, 3 of the law that created the oversight board notes that if the City is “not in compliance with the financial plan”, the board is to notify the Secretary of the Budget. The Secretary, in turn, notifies the City that “each grant, loan, entitlement, or payment to the assisted City by the Commonwealth shall be suspended”. This suspension lasts until the City comes back into compliance with the financial plan.

The law limits the types of funds that can be held: money for natural disasters, pensions, capital projects underway, or for debt repayment cannot be withheld. But there are other possibilities:

- Gaming money could be withheld (\$10 million as part of the 2 percent local share starts in 2009 and thereafter).
- The General Assembly could nix the shift of 1/10 of a percent of the wage tax that was supposed to come from the school district, costing the City nearly \$6 million.
- The non-profit community could void its contribution through the Pittsburgh Public Service Fund, a possible loss of over \$4 million.

In short, the Council’s action could result in a zero sum game. It goes without saying that the feelings of ill-will the City’s decision will create for people who park, the Downtown business community, and the General Assembly.

The legislature and its overseers need to bring whatever pressure at their disposal to stop this misguided action. That includes taking the City to court if necessary. The concern for consumers is not real and was certainly not present in 2004 when Council took the highest parking tax in the nation to an even higher level.

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