

## Issue Summary

### Pittsburgh's Parking Situation

#### *The Issue:*

The complaints about parking in Pittsburgh—specifically the Golden Triangle—are loud and constant. The reasons are a mismatch in the supply and demand situation and the nation's highest parking tax.

#### *What We Know:*

Our 2002 study on parking found that Pittsburgh was underserved compared to several comparison cities (Baltimore, Charlotte, Columbus, Denver, and Indianapolis). Pittsburgh was in the middle of the pack in terms of number of parking spaces in the central business district and fringe areas. However, on the basis of parking spaces per 1,000 Downtown workers, Pittsburgh had 50 percent fewer spaces than the average.

In addition, there was only one other city that had a Parking Authority (Baltimore) in addition to private lot and garage ownership. Across the country most parking issues are handled by a city department.

Compounding the problem of the parking situation was and is the fact that Pittsburgh has a hefty tax on parking fees. At the time of the report (2002), it was 31 percent. Again, only one other city in the sample (Baltimore) had a parking tax and its rate was much lower than Pittsburgh's. In 2004, as a way to try and remedy its financial problems, Council boosted the tax to 50 percent. Rates at lots and garages were raised to compensate for the tax increase, some, including those owned by the Parking Authority, rising more than necessary.

As part of the state's reform package for the City, the parking tax was targeted for reduction. In 2008, the rate will stand at 40 percent, and there are reductions slated for 2009 (to 37.5%) and 2010 (to 35%). Here is a look at parking tax collections since 2000 and what they are projected to be by 2012:

Year	Status	Rate (%)	Revenue (000s)	% Change
2000	Actual	31	30,097	
2001	Actual	31	30,902	2.7
2002	Actual	31	30,944	0.1
2003	Actual	31	30,879	-0.2
2004	Actual	50	44,511	44
2005	Actual	50	50,323	13
2006	Actual	50	50,506	0.4
2007	Revised Projected	45	47,843	-5.3
2008	Projected	40	44,107	-7.8
2009	Projected	37.5	41,437	-6.1
2010	Projected	35	38,800	-6.4
2011	Projected	35	38,800	0
2012	Projected	35	39,100	0.8

As the tax rate began to fall, some members of City Council expressed reservations since they did not see the commensurate reductions in parking tax rates that they felt should be occurring. As a result, Council voted 8-1 to halt the 2008 reduction and freeze the tax at 45 percent and direct the revenue they would have lost to help pay for debt and pensions.

Of course, if operators had raised their rates by the necessary amount to account for the jump in the tax increase in 2004, reductions to account for the tax decrease would be rather small due to the need to cover rising costs including operations since 20004. Add to that the fact that all of the vitriol was directed at private lot operators and none at the Parking Authority, whose board of directors are appointed by the Mayor.

But with the state oversight board's approval of the proposed 2008 budget, which includes the decrease in the parking tax, along with the Mayor's veto of the freeze, the parking tax will continue its downward fall to 35 percent.

*Recommendations:*

Short of a massive increase to the supply of parking in the Golden Triangle and the immediate surrounding areas, it is doubtful that there will be significant downward pressure on rates.

The existence of a parking tax poses severe disadvantages for the growth of residential and commercial enterprises in Downtown Pittsburgh. The 2004 tax increase produced the type of revenue boost the City had hoped for, implying that, for a lot of folks, parking is a necessity that they will bear. There has been an effect on casual visitors to Downtown for whom parking is more of a luxury.

If the City can get grips on its spending, the City could aggressively cut the parking tax well below the maximum rates prescribed by the state. Act 222 prescribes that the tax shall not exceed certain levels—there is nothing that prevents the tax from being cut even further. That would send a clear message that Pittsburgh is going in the right direction and wants to grow.

The City should privatize the Parking Authority and bringing any enforcement responsibilities in-house to the City administration. Proceeds of the sale of garages could be used to retire debt.

*Allegheny Institute References:*

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