

## Issue Summary

### Pittsburgh's Non-Tax Revenue

#### *The Issue:*

In its 2008 budget Pittsburgh is counting on raising \$120 million—about 27 percent of total general revenues—from non-tax sources such as Federal and state grants, fines and penalties, and fees for services the City provides to various private, non-profit, and governmental entities.

#### *What We Know:*

Through our examinations of City finances over the years with particular attention to the taxes the City directly levies (property, wage, parking, amusement, BPT, payroll, local services, and realty transfer) we have normally referred to the non-tax category as “other”. What are the components of the “other” category?

As shown in the list below for the 2008 budget, the components range in size and by type:

1. Penalties and Fines, \$8.9 million
  - Penalties and Interest on delinquent taxes (\$2.7 million)
  - Fines and Forfeits (\$6.2 million) mostly related to parking and traffic violations
2. Investments, \$6 million
  - Interest on bank balances (\$6 million) in Treasury bills, Certificates of Deposit, and interest bearing checking accounts
3. Federal and State Government, \$35.4 million
  - Grants from Federal and State Government for pension aid and liquid fuels (\$29.1 million)
  - Direct and indirect costs with implementing the CDBG program (\$0.750 million)
  - Distribution from state utility tax (\$0.500 million)
  - Economic Development Slots Revenue for PDF Retirement (\$5.1 million)
4. Other Local Government Revenue, \$13 million
  - Tax relief to the City from the Regional Asset District (\$13 million)
5. Licenses, \$1.2 million
  - Liquor and malt beverage licenses for sellers (\$0.428 million)
  - Business licenses (negligible)
  - General government licenses for fire permit and false alarms (\$0.820 million)
6. Payments from City performing services for other entities or executing agreements, \$55.8 million

- Rentals and Charges (\$4.3 million) for sidewalk excavation, copying City documents, rents of City properties
- Public Service Privileges (\$0.950 million) for companies running their lines under City streets
- Provision of Services (\$8.9 million) services performed at the request of another party, such as the City collecting and processing School District tax collections (\$4.5 million)
- Breakeven Centers (\$21.3 million) generated by charging the user a fee for the service, like the tow pound, Building Inspection, and animal control
- Joint operations (\$0.150 million) generated through partnerships with other government entities (one item listed as three taxing bodies)
- Non-profit payment for services (\$4.3 million) for services provided by the City to non-profits
- Authority payments (\$13.1 million) paid to the City by authorities in lieu of taxes or for services
- Non-resident Sports Facility Usage Fee (\$2.5 million) a fee levied on athletes and performers at facilities that have been subsidized with public funds
- Intergovernmental Service Fee (\$0.722 million) based on fees due to the City through cooperation agreements for services rendered

*Recommendations:*

There seems to be a lot of incentive for the City to enhance these non-tax sources of revenue, especially while it is in Act 47 status and state oversight. The Act 47 Recovery Plan did mention reforming some fees and looking for market-based revenue opportunities like advertising, secondary use of City real estate, etc. but there has not been a major move in that direction. The City is absolutely bullish on its agreement to collect trash for the neighboring municipality of Wilkinsburg (reflected in the \$722k in Intergovernmental Service fee revenue) and wants to enlarge its reach to other municipalities and other services. Meanwhile, it leans on its related authorities for payments and recently extended the non-profit public service fund. Once the slots parlor is open for operation the City will receive \$10 million annually for being a host community.

If the City is able to control expenditures and bring them into line with other better performing cities these non-tax revenues might provide a vehicle by which the City could reduce or eliminate its higher profile taxes.

*Allegheny Institute References:*

Pittsburgh's 2008 Budget: Still a Long Way to Go Report #07-08  
[www.alleghenyinstitute.org/reports/07\\_08.pdf](http://www.alleghenyinstitute.org/reports/07_08.pdf)

Pittsburgh's 2007 Budget: Few Signs of Recovery Report # 06-04  
[www.alleghenyinstitute.org/reports/06\\_04.pdf](http://www.alleghenyinstitute.org/reports/06_04.pdf)