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### **Robinson Township Can't Stand Prosperity**

It happens quite often: communities seek to attract development by touting their advantages, such as location and tax rates. If they are successful the tax revenues roll in, and the elected officials conveniently find new ways to spend the money. Then, when times get tough, they hatch new plans to tax the very development they tried so hard to get in the first place. Witness the recent case of Robinson Township, where a tax on commercial parking spaces has been proposed.

Those trying to create the tax believe that the tax revenue currently generated from businesses are not enough to cover the costs of public services provided to them. The township does not have a business privilege or mercantile tax—a factor that has played into its competitive advantage—and is forbidden from levying them. Apparently not happy with the real estate tax, wage, and occupation taxes generated by businesses, the parking space tax was devised.

Data shows the significant business presence in the community. Robinson's ratio of assessed value of commercial property to residential property has averaged \$1.09/\$1 over the last few years according to the State Tax Equalization Board. The countywide average is \$0.34/\$1. From 2003 through 2006 the assessed value of commercial property in Robinson grew 7 percent while residential value grew 4 percent. In short, the commercial sector is already generating a large share of Robinson's tax revenue.

The parking space tax would not be like the one levied in the City of Pittsburgh and other municipalities around the state where a tax is built into the rate people pay to park in non-residential, commercial spaces. That type of tax is permissible and has been upheld in court cases over the years. Rather, this would be an assessment on "free" parking spaces located at businesses in Robinson. But if the township's charge that businesses "aren't paying their fair share" or that it is not fair that they can't levy business-specific taxes sounds just like Pittsburgh's officials in the pre-Act 47 days, it should.

It would be a tremendous stretch of authority for the township to begin taxing "free" parking spaces. Such taxes are not permitted under the tax code for townships of the first class (or any other class of municipality) and the existing case law on parking taxes is exclusively focused on places where there is a pay to park transaction of some sort. When the price of parking is zero, there is no commercial transaction to levy a tax upon. That's likely why the solicitor noted that the parking space tax is "perhaps the most complicated piece of legislation I've ever worked on for a municipality."

So for the time being a public hearing on the matter has been delayed. But there is a bigger question here—are businesses paying their fair share to the township?

It is instructive to look at a large development to see. In 2000, Robinson, along with Allegheny County and the Montour School District, approved a TIF to build the Robinson Mall, adding 700,000 square feet of retail space in the mall alone and up to 1.8 million with peripheral development. Clearly the prospect of adding a new commercial structure, jobs, and new tax money enthralled the township's leaders. The proposal for the Mall TIF showed that Robinson Township would pledge \$10.5 million in incremental taxes to retire TIF debt between 2000 and 2020 while getting \$12.2 million in taxes and fees over the same time frame. This 121 percent "return on investment" had to sound enticing to township officials.

The township was informed that "the development of the mall and peripheral properties will place an additional service and financial burden on Robinson Township" but a newspaper report from the time noted that "as part of the package, developers would pay \$125,000 annually for the life of the TIF to hire a full-time Robinson police officer and maintain roads at the site."

So public works and public safety costs and taxes generated by one of the biggest developments in the township don't seem to be an issue. But there is a belief that businesses aren't paying their fair share. Why is that?

The real answer lies in looking at what happened to the overall spending in the community. In 1999, the TIF proposal noted that after the completion of the TIF period, Robinson would get annual revenues from the development of \$1,093,133 "the equivalent of 19 percent of its 1999 annual operating budget". That means in 1999 Robinson was spending around \$5 million. Its 2008 expenditures are \$9.5 million, nearly double what they were ten years ago. Much of the current year's growth was driven by a large increase to health care coverage for municipal employees.

Thus, despite real progress in Robinson Township compared to other municipalities in the County and a favorable commercial/residential assessed value ratio, some of the town fathers seem to have succumbed to the all-too-human penchant to continue to spend money they can not afford as long as health care expenditures and other costs grow out of control. This notion of going after the business community to pay their fair share is nothing less than killing the goose that lays the golden eggs.

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