



THE PROVIDENT
PROVIDENT NATIONAL BANK

1700 SANSOM STREET (215) 585-5000 / REPLY TO P.O. BOX 7648, PHILADELPHIA, PA 19101

MORTGAGE DEPARTMENT

May 28, 1982

Mr. Paul Carroll
Personal Representative
The Real Estate Development
Investment Institute
One Wells Avenue, Suite 403
Newtown, MA 02159

RE: Merits of Restructuring of Local Property
Tax Structures to a "Site Value" System

Dear Mr. Carroll:

Following the lead of Pennsylvania's second largest city (Pittsburgh), several smaller municipalities have now adopted a "graded" system of property taxation. This system incorporates application of heavier rates of taxation applied to site values and a rate of one-half or less to the assessed value of improvements.

The City of Philadelphia has offered property tax abatement on new construction for several years in an effort to induce development of office, commercial and industrial space. A bill has now been introduced by City Council to adopt the "graded" system modeled on the Pittsburgh experience.

As a result of association with community redevelopment activities and my involvement in the real estate industry, City Council has requested my testimony on this bill. This letter is to request a candid opinion as to the effect on the local economic and development potential of this conceptual restructuring of the property tax.

I also understand a bill of similar content has recently been introduced at the state level in Massachusetts.

I look forward to your comments on the subject. Should you care to contact me by telephone, my office number is (215) 585-6071.

Sincerely yours,

EDWARD J. DODSON
Mortgage Officer
Manager - Mortgage Administration

EJD:bk

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