

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

nonprofits in Pittsburgh should pay for public services when he proposed a 0.4 percent payroll preparation tax.

Jan. 15, 2013

Pennsylvania State Senator Jim Ferlo added a new wrinkle Monday to the debate about whether nonprofits in Pittsburgh should pay for public services when he proposed a 0.4 percent payroll preparation tax.

Mr. Ferlo said he would introduce enabling legislation in Harrisburg to allow the tax for city nonprofits that have more than 250 employees. The bill also would reduce the payroll preparation tax at for-profit companies from 0.55 percent to 0.5 percent.

If the changes are approved, the city would receive an additional \$6 million to \$10 million in revenue annually, he said.

The city, which has tax-exempt property worth \$3.3 billion, has struggled for many years to get payments in lieu of taxes from nonprofits. The city's 2013 budget calls for payments of \$3.2 million, but those are voluntary contributions that have yet to be negotiated and are paid only by some nonprofits.

In addition, the city's oversight board, the Intergovernmental Cooperation Authority, has ordered a city task force to look at ways of increasing contributions from nonprofits.

Mr. Ferlo said he believes the tax would be "morally fair and equitably fair" because it would apply only to large nonprofits such as medical centers and universities, which are a draw on city services. Nonprofits with more than 250 employees account for 70 percent of the total nonprofit employment in the city, he said.

“This would end the bickering and bartering that goes on when we try to get the

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

of tax-exempt property in the city is “a real concern” and his administration is reviewing some of the larger entities to make sure all of their property should be exempt from taxes.

“What the mayor has said many times is that we need something with teeth and it has to happen at the state level,” said mayoral spokeswoman Joanna Doven of Mr. Ferlo’s proposal. “Us asking them to pay more won’t work.”

Ken Service, executive director of the Pittsburgh Council on Higher Education, said the tax proposal comes at a difficult time because of state funding cuts for higher education. Such a tax would be “counter-productive” to the mission of nonprofits, he said.

“I think one of the things that has gotten lost is the reason they are tax-exempt in the first place,” he said. “That is because they provide a service that is too expensive for government to provide on its own.”

UPMC, one of the city’s largest nonprofit employers, couldn’t be reached for comment, and West Penn Allegheny Health System declined to comment.

Copyright 2013 – Pittsburgh Post-Gazette

Accounting • Nonprofit • Payroll Taxes • State and Local Taxes • Taxes

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us