

Nonprofits Resist Proposed Allegheny County Fee

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Pittsburgh Tribune-Review

March 11, 2008

Nonprofits are opposing a plan that would require tax-exempt building owners to funnel millions of dollars to Allegheny County government.

Annual fees for nonprofits, which County Council's budget and finance committee will address today, could generate up to \$13 million in the first year of collection, said Councilman Chuck McCullough, an Upper St. Clair Republican and former county solicitor, who is championing the move.

That money, originally slated to increase the county's \$15,000 homestead exemption, is being hailed by some as an alternative to the county's unpopular 10 percent drink tax.

But nonprofits are not sold on the idea, even those that wouldn't have to pay. A group of nonprofits contributes more than \$4 million a year to the city's budget.

"Why is it that every time government budgets fall short, the already substantial contributions of higher education to the region are conveniently ignored?" asked Bridget Fare, a Duquesne University spokeswoman.

"In addition to ignoring contributions by Duquesne and others, this fee is also an effort by some on County Council to ignore state law, which clearly defines nonprofits as exempt."

Duquesne University says it pumps more than \$400 million a year into the region's economy and contributes 200,000 volunteer hours through community outreach programs. Carnegie Mellon University and its spinoffs provide 12,000 jobs and \$800 million to the economy, officials said.

"We believe that the fee structure for tax-exempt property proposed by the county would be unfair and burdensome," said Theresa Thomas, a spokeswoman for Carnegie Mellon University.

Charities and elementary schools, among others, would be exempt from the fee. It would start with a \$50 flat fee, and then include \$150 for every 1,000 square feet of building space above the first 1,000 square feet.

That could mean big bucks for some nonprofits. Carnegie Mellon's campus, for example, amounts to 4.7 million square feet, Thomas said. And the university pays more than \$1 million to the city and county, mainly for parking and some real estate.

"I'm not here to say that's the only answer or the best answer," McCullough said. "I think it's something that needs to be explored." He said the fees would require nonprofits to help pay for county services they use.

Drink-tax opponents view the measure as an alternative to the controversial surcharge.

Kevin Joyce, an outspoken drink tax opponent, says the nonprofit fee legislation is a "sensible solution (that is) vitally important to be explored by council." Other restaurateurs have urged its passage.

Nonprofits -- even those for whom the tax would not apply -- are not pleased.

"Generally, I think it's a bad idea," said Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy in Washington. "It's a disturbing trend."

McCullough said his ordinances grant exemptions for places of worship, elementary and high schools, firehouses and some government buildings, but seem to eye large nonprofits such as UPMC, which listed more than \$6 billion in total assets in 2006.

"(We want to) make sure that the truly charitable entities are exempt," he said. "I don't believe any tax-exempt entity makes any more of a contribution to this region than the average, tax-paying Joe."

UPMC did not return numerous calls seeking comment. Others -- such as the region's other large health care provider, the West Penn Allegheny Health System -- declined to comment.

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