

## **Issue Summary**

### **Property Assessments**

#### *The Issue:*

Property assessments are the most controversial, divisive, and time-consuming issue faced by Allegheny County government.

#### *What We Know:*

Though the County, municipalities, and school districts levy property taxes, the County has sole responsibility for making property assessments and hearing appeals. It has been a source of heated political controversy in the County for a long time and only became more pronounced after the County was mandated by a court decision to perform a County wide reassessment. Following that reassessment in 2001, the County performed another one in 2002, then there was a lull until a reassessment was to take place in 2006. That would be the last until annual assessments would begin in 2009.

That was the plan, until the County Executive began to have concerns with the assessed values produced by the 2006 assessment. Instead of allowing the assessments to go out as planned and let appeals take care of problems, a plan was hatched to “cap” increases to a maximum of 4 percent, while letting decreases go without a limit. That plan was thrown out by the courts. After trying other approaches, the plan was to use the 2002 assessments as a base year with no further reassessments. The problems with this approach were readily evident: Allegheny County would be using a base year that they came up with retroactively instead of prospectively, the 2002 values were based on comparable sales instead of construction cost (which would be the standard for future construction), and places where values are rising are rewarded while places where values are falling are punished. Finally, the current Chief Executive complained that the 2002 values were seriously wrong when he campaigned for office in 2003.

In June of 2007, Judge Wettick ruled that having a base year for assessments violates the uniformity clause of the Pennsylvania Constitution. As of this writing, that decision has been appealed by Allegheny County and now sits with the Pennsylvania Supreme Court, which has not yet begun deliberations.

#### *Recommendations:*

The County needs to spend the money to get the assessments as accurate as humanly possible and update them frequently to prevent lag and “sticker shock”

The County should utilize real estate professionals as independent assessing agents to verify assessments

Thinking that simply getting Allegheny County on a base year will make us more competitive with neighboring counties is foolish. For one, the spending is lower in neighboring counties and, as a result, the taxes are lower. And, it is important to note that even though there is a base year in neighboring Butler County, there are millage increases by school districts almost annually.

A good portion of Judge Wettick's decision was spent comparing the assessment practices of Pennsylvania with the other states. Expanding upon this research, we analyzed a 2000 survey of the International Association of Assessing Officers and found that Pennsylvania was only one of a handful of states that exclusively leaves the assessment of property to a local level of government. In addition, Pennsylvania does not conduct audits of assessments, verify sales, or prescribe a cycle for assessments, which puts it woefully out of step with other states. If the Supreme Court upholds the decision, the General Assembly will have to confront the issue of assessments. A new assessment system ought to include a level of state oversight, regularly scheduled assessments, revenue-neutral millage changes after a reassessment, and voter approval of all millage increases.

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