



### **More Successful Assessment Appeals by Taxing Bodies in 2015**

Last year, 7,796 appeals were heard in Allegheny County involving over \$2 billion in residential and non-residential properties. In terms of property classification, 6,935 (close to 90% of the appeals) were on residential property. Much like the results from 2014 (see *Policy Brief Volume 15, Number 12*) the overall net result of assessed value appeals was an increase in the value of the properties that were appealed. Bear in mind however, that in 2013, the year of the reassessment, appeals led to a large decline in assessed value.

Tallying the cumulative effect of the more than 110,000 total appeals filed in the three years, (2013, 2014, and 2015) following the last reassessment, we find the County had a net decrease of \$6.159 billion in assessed value compared to the initially reported reassessment values (See *Policy Brief Volume 15, Number 32 for details*).

Prior to the 2015 appeals, the total assessed value of the 7,796 appealed properties was \$2.422 billion. Following the appeals process the total value was raised to \$2.588 billion. Appeals brought by owners resulted in a decrease of \$144 million in aggregate value whereas appeals brought by governing bodies resulted in an increase of \$293.6 million, and appeals in which both the owner and a governing body were involved resulted in a decrease of \$3.1 million, resulting in an overall net increase of \$146 million in the County's assessed value in 2015. *This of course does not include any new construction that entered the property rolls.*

Residential property appealed in 2015 started with an aggregate value of \$1.210 billion. When appeals were finalized, the aggregate value stood at \$1.404 billion, a rise of \$194 million. Meanwhile, commercial property started with \$1.232 billion in total value, and saw a slight overall decrease of \$48 million to \$1.184 billion after appeals. (*Note that in 2015 the County's data added specifications of agricultural, industrial, and government, and these were counted as commercial property*). Many of the properties labeled as government appear to be formerly owned school/municipal/authority properties that have been sold to private development companies and thus moving from exempt to taxable, and appeals have been brought on the taxable assessed value.

Governing bodies were successful in carrying out appeals in 2015 (4,185 were brought by school districts and municipalities), with assessed value of residential and commercial properties raised by \$293.6 million as a result of appeals. All but eight of the County’s 43 school districts brought appeals in 2015. Regardless of whether a school district or municipality initiates an appeal, with no lowering of millage rates, successful upward increases on property values translate into higher tax revenue for the district, the municipality and the County. Conversely, with no rise in millage rates successful downward appeals by property owners translate into less tax revenue for the three taxing bodies.

**Results of 2015 Appeals (Change in Pre-Hearing to Post-Hearing Value, \$000s)**

Appeal Brought By...	Residential	Commercial	Total
Owner	-\$50,416	-\$93,919	-\$144,335
Governing Body	\$244,612	\$49,002	\$293,614
Combination	\$199	-\$3,305	-\$3,106
<b>Total</b>	\$194,315	-\$48,223	\$146,092

Interestingly, earlier this year, Pittsburgh City Council passed a resolution calling on the City’s Department of Finance to “...draft all necessary policies and procedures in order to create an equitable property assessment appeal process to maintain the fairness and productivity of the tax base and to give residents assurance that they are being taxed fairly on property values.”

Those policies alter how the City goes about appealing property values. Changes include; a) not appealing based solely on sales prices, b) limiting appeals of any property to not more than once every three years, and c) appealing to lower values on properties that are assessed 50 percent above market value.

However, those changes were not put into place until after the 2015 appeals were completed. As it turns out, the 1,361 appeals filed by the City last year under the old rules resulted in a net increase in assessed value of \$100 million (properties appealed by the City had an aggregate value of \$218 million prior to the appeal process, and \$319.4 million following the appeals). The City “lost” two appeals (values on those properties fell), saw 147 remain the same, and “won” 1,212 appeals (values on those properties were increased). Appeals brought by owners of property in Pittsburgh and appeals filed by the Pittsburgh Public Schools effectively offset one another last year (owners cumulative decrease of \$42.5 million, District cumulative increase of \$38.9 million), so the net change in the City was an increase of \$97 million in value.

It is also interesting to note that in 2015, just as in 2014, the City of Pittsburgh and the Municipality of Mt. Lebanon were the primary *municipal appellants* of assessed values, and both have undergone attempts to change the standards under which they bring appeals on assessed values (see *Policy Brief Volume 14, Number 19* and this [blog](#) from March of 2015 for an explanation of what Mt. Lebanon has done). In 2014, the Municipality filed 287 appeals, in 2015, they filed 26.

In light of the magnitudes of successful taxing body appeals in the last year, it is likely they will continue to use this procedure to create as much equity in the tax burden as possible—not to mention garnering more revenue. It would be nice to see a movement among taxing bodies to roll back millages to offset a higher measurable rise in assessed values due to appeals. It would take some of the sting out of the property owners' higher assessed values resulting from a taxing body appeal.

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