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Allegheny County's growing assessment mess

By Colin McNickle

Growing inequities in Allegheny County's property tax assessment regimen, fueled by a likely unconstitutional lack of regular reassessments, could result in a new, and expensive, round of court challenges, say scholars at the Allegheny Institute for Public Policy.

The county now is in its fifth year since the last reassessment. And, based on 2015 sales, the ratio of assessed value in 2016 to market value of sales (known as the common level ratio, or CLR) dipped to 87 percent.

When updated numbers are released in July, that ratio is expected to further widen. The ratio was 100 percent in 2012 following that last reassessment, one ordered by Common Pleas Court.

"As the years go by and property values increase at very uneven rates in different areas of the county, the problem created by inequitable assessments that led to court-ordered reassessments in the past inevitably arise again," say think tank researchers Eric Montarti and Jake Haulk.

Allegheny County's chief executive has begged off any reassessment, claiming that property owners will be saddled with much higher tax bills. But that's a red herring fished in the deep waters of politics.

"Windfall limitations imposed by the state prevent that from happening," Montarti and Haulk remind (*in Policy Brief Vol. 17, No. 11*). "Only properties with market values that have increased faster than the average rate will get hit with substantially higher taxes."

In fact, some properties with slow or no increases in value will see taxes fall post-reassessment, the institute notes.

"In the long interval until the next court-ordered reassessment ... the over assessed and correctly assessed will be paying more than their fair share of taxes while the under assessed will pay less

than their fair share,” say Montarti, an AI senior policy analyst, and Haulk, the institute’s president.

The longer the time between reassessments, the greater the inequities become and that leads to increasing numbers of appeals based on the CLR, the researchers caution.

That said, the institute points out that CLR-based appeals cannot completely eliminate inequities since it is an *average* of the ratio of assessments to sales prices. Moreover, Montarti and Haulk add, these appeals set up possible conflicts between appeals filed by property owners and those filed by taxing bodies.

“There is no substitute for keeping assessments up to date other than having combined school, municipal and county tax rates so low that inequities in assessments do not matter,” they say. “That is not the case in Allegheny County (or Pennsylvania), nor is it likely to ever be the case.”

Frequent, regular reassessments prevent the gross inaccuracies that otherwise develop, not to mention the public angst that can accompany them.

“Almost all states require regular reassessments and have far less controversy and upheaval about assessments than in Pennsylvania and Allegheny County in particular,” Montarti and Haulk note.

“It is not an attractive feature of governance (and is likely unconstitutional [per Article VIII, Section 1, of the Pennsylvania Constitution]) for the commonwealth not to require regular and routine updating of market values for the purpose of determining property taxes.”

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