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Beaver County lets court decide reassessment fate

Summary: Beaver County has not conducted a countywide reassessment since 1982, a span of time which is permitted by Pennsylvania's assessment laws. A lawsuit challenging the county's assessments is currently in front of the Supreme Court of Pennsylvania. The county filed an appeal on January 18 seeking to have lower court rulings overturned.

Having suffered adverse decisions by the Common Pleas and Commonwealth courts, Beaver County officials are hoping that the state's highest court will spare the county from being ordered to conduct a countywide reassessment for the first time in 37 years. A lawsuit against the county's assessment practices was filed in late 2015.

This is the Supreme Court's third foray into reassessments in Southwestern Pennsylvania in the last decade. It rendered a 2009 decision striking down Allegheny County's base year and opted not to hear an appeal from Washington County in 2013. Both counties ended up conducting reassessments.

So what will the court decide in the Beaver County case? If previous rulings are upheld under the principle of *stare decisis* that allows earlier decisions to guide rulings, Beaver County is likely to lose its appeal.

If it upholds the decisions of the lower courts it will likely fall to the Common Pleas Court to oversee a Beaver County reassessment. In that court's original decision from late 2017 the process was to be underway by June 2018 with a completed reassessment two years later. As such taxing bodies would be equipped with new values for the 2021 calendar year and 2021-22 fiscal year. Given the delays created by appeals it seems improbable that new assessments could be ready for 2021-22.

In the three years since the lawsuit was first filed and the appeals have followed, the state's Local Government Commission convened a property assessment task force that produced a guide on how to determine the need for a reassessment by "self-evaluation." In Beaver County's case there has not been much of anything done about assessments since the 1982 revaluation as recited in the court proceedings. The county admitted that "material differences may have arisen in the rates of value changes among various taxable properties in Beaver County since the last reassessment in 1982."

The self-evaluation guide noted the industry standard of four to six years between reassessments to achieve maximum accuracy. Likely realizing the reluctance in the Legislature to move

Pennsylvania to a four year cycle of revaluation, the task force recommended a longer period of 10 years between reassessments. Sadly, but predictably, that more lenient recommendation has not been acted on nor is there any legislation pending that would put into law statutorily mandated revaluations on regular intervals. Note that even under a ten year requirement, Beaver County has gone three times that number of years since its last revaluation.

On the other hand, if the Supreme Court goes against its earlier rulings and overturns the decisions of the lower courts on the Beaver County lawsuit, it would leave in place a base year that “does not reflect, uniformly and accurately, the proper assessed values of the 96,000 tax parcels in the County” as described by the Commonwealth Court decision. The county argued, unsuccessfully, that the plaintiffs failed to submit anything into the trial proceedings that showed how they were personally harmed or damaged by the base year assessment scheme.

Beaver County currently has \$2.1 billion in taxable assessed value with \$1.8 billion of that attributed to residential and agricultural uses. The pre-determined ratio (the ratio of assessed to market value) is 50 percent. That means a house with a market value of \$25,000 would be assessed at \$12,500. The county’s property tax millage is 26 mills, which last increased in 2017 from 22.2 mills. The county collected \$51 million in property taxes in 2017.

Moving to an updated valuation is likely going to cause three things to occur. One, it will increase the total assessed value countywide and, two, the pre-determined ratio will change. And it is probable that most, if not all, school districts and municipalities will see an increase as well.

For comparison purposes note that when Washington County reassessed and changed from taxing property at 25 percent of its 1981 base year value to 100 percent of its 2015 base year value the change in total taxable value rose from \$1.6 billion to \$17 billion. The change in pre-determined ratio to 100 percent brings additional clarity to the assessment process so that a taxpayer who has a property with a market value of \$75,000 is assessed at \$75,000 instead of some value less than that.

As pointed out in the self-evaluation guide, most counties in Pennsylvania that have undertaken a reassessment in recent years have moved to a 100 percent pre-determined ratio.

And the third development is that millage rates will adjust downward and will have to settle at a revenue-neutral rate. This is due to the requirements of Act 93 of 2010 (for the county and municipalities) to roll back the millage rate so that, with the exception of new construction and improvements, the taxing bodies collect in taxes what they brought in the year prior to the reassessment. If there is a desire to increase tax revenue above the previous year level as the new values go into effect then there must be a separate vote by the governing body to boost the millage rate. School districts have to follow the millage requirements of Act 1 of 2006, which requires them to keep increases below the Act 1 index of the year prior to the reassessment.

In deciding to push on with the court appeal and avoid undertaking a reassessment, county commissioners were quoted that they had heard from their constituents. How many of those constituents are aware of what would happen to millage rates following a reassessment? How many are aware that their taxes might actually decrease depending on their value change measured against the changes in the taxing bodies as a whole? Taxpayers being treated inequitably deserve better. Indeed, the state’s Constitution requires it.

Would the county be willing to undertake an education campaign through the mail, on electronic media, and in public venues to make the process clear? Could they have done that many years before the lawsuit arose, seeking to do what the county should have done long before now?

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