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An Update on Washington County's Property Values

Summary: A look at the 2018 certified taxable values and millage rates for Washington County in the second year following a countywide reassessment.

Washington County's taxable property values for buildings and land totaled $16.9 billion for 2018. That is a decrease from $17.2 billion in 2017 ($224 million or 1.3 percent), which was the first year new values from a reassessment went into effect. Data from the county show that slightly over 1,100 appeals have been heard since the last certified values were released. Many of the appeals have been settled and contributed to the decline in the county's certified property value. The county moved from a 1981 base year in which property was assessed at 25 percent of that year's market value to a 2015 base year with assessed value at 100 percent of market value.

There are 66 municipalities in the county. From 2017 to 2018 taxable value increased in 21 municipalities, was unchanged in one and decreased in 44. Close to half of the total taxable value in the county is situated in four municipalities near the southern border of Allegheny County: Peters ($3.1 billion), Cecil ($1.9 billion), North Strabane ($1.9 billion) and South Strabane ($1.2 billion). Cecil had the largest rise in value among Washington County municipalities, climbing $154 million over the last year. Taxable value also rose in Peters ($27.8 million) but fell in North and South Strabane ($35 million and $57 million, respectively).

Once value is established, taxing bodies can then determine tax rates. As we have noted on many occasions, there are legal requirements that apply to the setting of millage rates in the year the new values go into effect. Since 2018 is not a reassessment year, the county and municipalities are not constrained by those state law limits. Last year, for example, it would have taken a separate vote to increase the millage rate above the revenue-neutral rate that must be determined first. This year, and in future years when there is no reassessment, this procedure will not be required. School districts won't set millage rates until closer to the start of the fiscal year in July. Those rates are subject to the Act 1 requirements on annual property tax increases.

The county will still levy a 2.43 millage rate in 2018 to fund its budget, meaning no tax increase from last year. With the unchanged tax rate, the slight decrease in value affects the county's tax collections for 2018 negatively by about $600,000. Last year the tax levy was $41.8 million and this year it is $41.2 million, before any discounts, delinquent taxes or uncollectible taxes are considered.

Property tax rates were raised by 22 municipalities—including the City of Washington, which levies separate rates on land and buildings and boosted both rates. Nine of those increases came in municipalities that had taxable value increases from 2017 to 2018. Millage rates did not change in 39 municipalities and were lowered in two (three municipalities have not yet reported to the county). Only one municipality with an increase in value dropped its tax rate. As an example, the higher 2018 value in California Borough would have netted an additional $4,500 without changing the tax rate. But the boost in millage from 3.33 mills to 4.33 mills translates into a much larger $209,000 increase in current levy.

In the coming years there is a very strong likelihood that school districts in particular will be active in the appeals process. If a sale meets the criteria for an appeal (based typically on the percentage difference between the sales price and the taxable assessment) a district will appeal to have the appraised (and taxable value) moved closer to that of the sales price.

And why are appeals expected to continue for years? Because many counties go a very long time before reassessments and updating estimated market values, which they are allowed to do by state law. Currently 15 Pennsylvania counties have a base year that predates 1978. Decisions by county elected officials or court rulings on lawsuits brought by property owners determine when reassessments occur. Last year an observer of an eastern Pennsylvania reassessment noted there is "no county jumping up and down with excitement" to carry out an update to values. If the state were to pass legislation requiring counties to update on a regular cycle, opposition to reassessments would gradually decline as taxable value changes over two- to three-year periods are more predictable, smaller and less shocking than they are when decades have gone by since a reassessment.

Having just gone through the difficulties and angst of updating assessments, could it be that Washington County or a county that completed a reassessment within last five or 10 years is contemplating avoiding that ordeal by doing the next reassessment in a much more timely manner to avoid the problems for officials and property owners that long-delayed updates create? If they do, it would provide strong encouragement for the Legislature to get over its reluctance to bring Pennsylvania into at least the 20th century with regard to fairness in property taxation and enact legislation mandating that reassessments be done on a regularly scheduled basis.

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