

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 66

PRINTER'S NO. 197

AMOUNT

Minimal Fiscal Impact

FUND

General Fund

DATE INTRODUCED

January 9, 2013

PRIME SPONSOR

Senator Gordner

HISTORY OF BILL

Referred to INTERGOVERNMENTAL OPERATIONS, Jan. 9, 2013

Reported as amended, Jan. 23, 2013

First consideration, Jan. 23, 2013

Second consideration, Jan. 28, 2013

Re-referred to APPROPRIATIONS, Jan. 28, 2013 (49-0)

Re-reported as committed, Jan. 28, 2013

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 66 amends the Community and Economic Development Enhancement Act (Act 58 of 1996) to establish the State Tax Equalization Board ("board" or "STEB") within the Department of Community and Economic Development ("DCED").

The legislation codifies and modernizes the existing State Tax Equalization Board Law (Act 447 of 1947) into the Community and Economic Development Enhancement Act, as originally proposed in the Governor's FY 2012-13 Executive Budget.

Senate Bill 66 increases the statutorily prescribed compensation of the board such that the chairman shall receive an annual salary of \$25,000 and each other member shall receive an annual salary of \$24,000. Presently under the STEB law, the salary amounts for the chairman and other members are \$12,000 and \$11,000, respectively.

Senate Bill 66 requires DCED to provide appropriate administrative, legal and technical support as needed by the board in order to accomplish its purpose.

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The legislation expands the current general powers and duties of the board by adding the following requirements:

- To meet as necessary and at least every other month;
- To create, in consultation with the County Commissioners' Association of Pennsylvania ("CCAP"), an operations manual to be used when completing a countywide reassessment or when valuating property;
- To create and maintain a centralized and standardized Statewide database for counties to utilize and report to the board all property values and data as required by STEB;
- To develop and maintain Statewide training programs for all persons involved in the valuation of property; and
- To develop standards on contracting for assessment services in consultation with CCAP and the Assessors' Association of Pennsylvania.

The legislation adds a new section to the STEB law that requires the board to publish the following information, which shall be updated annually:

- The statistical methods used to calculate the common level ratio and the State Tax Equalization Board market ratio.
- Procedures for excluding sales data and how the procedures compare with practices of the International Association of Assessing Officers.
- Procedures to ensure that dissimilar properties are not treated as a single group.
- Standards to be used for sales sample size and procedures to be used when sales samples are not adequate.

In addition, the new section provides that if a municipality contracts for services relating to an assessment, the data collected by the contractor must be transmitted to the municipality within 60 days of its collection or development.

Senate Bill 66 provides a funding contingency so that the board's authority to carry out the creation of an operations manual, Statewide database, training programs and standards on contracting shall be contingent upon receipt by DCED of an appropriation in an amount sufficient to complete these duties.

FISCAL IMPACT:

Enactment of this legislation will have a minimal fiscal impact to the Commonwealth. The FY 2012-13 General Appropriations Act eliminated the separate STEB line-item and rolled it into DCED's general government operations appropriation.

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In June 2012, the Governor's Budget Office estimated that the new requirements with regard to the creation of an operations manual, Statewide database and training programs, and the development of standards on contracting would cost \$35,000 in the event that funds are appropriated for such use.