

Assessment Appeals Since Allegheny County's Reassessment

Earlier this year we wrote about the 2014 appeals of assessed values heard by Allegheny County's Board of Property Assessment Appeals and Review. That *Brief (Volume 15, Number 12)* showed that appeals on residential and commercial property brought by the owners of the properties, governing bodies that levy taxes on those properties, and, in some cases, a combination of the two resulted in an increase from the pre-appeal to post-appeal values of those properties as taxing bodies were more successful in appeals to bring values higher than were owners seeking to lower values.

Of course, that is but one of the three rounds of appeals that have occurred as a result of the 2013 countywide property reassessment. Since 2013 there have been more than 100,000 appeals of property values in Allegheny County heard by the Board.

The 102,281 appeals from all three appeal dates accounted for a net total \$6.3 billion reduction from the pre-appeal value of \$31.2 billion to the post-appeal value of \$24.9 billion. Of all these appeals, 42,571 resulted in no change of value, 51,112 led to a decrease in property value, and 7,826 led to an increase. It should be noted that a small percentage of the 102,281 cases are still under review.

The assessment data provided by Allegheny County is thorough in providing information on each appeal case. The database not only assigns each property a parcel number, but also provides information on who initiated the appeal and the type of property being appealed. For the purposes of this study, the appellant falls into one of three categories: individual property owners, governing bodies, or a combination of the two. Along the lines of the type of property under appeal, each property has been assessed as either commercial or residential.

Out of the 102,281 appeals, 87,925 were classified as residential and 14,356 were classified as commercial, equaling a near seven to one ratio of residential appeals to commercial appeals. The 87,925 residential appeals led to a \$1.4 billion net reduction of property value. With considerably less appeal cases, the commercial property appeals led to a net decrease in property value of \$4.8 billion. Averaging out these totals leads to an interesting conclusion. Even though commercial property appeals account for only one seventh of the total number appeals, these appeals account for 75 percent of the net

property value change and average \$392,336 of change per appeal compared to residential property at \$18,263.

Net Change from Property Appeals, 2013 and 2014 (in 000s)

Appeal Brought By...	Residential	Commercial	Total
Owner	-\$1,923,259	-\$5,136,971	-\$7,060,231
Governing Body	\$502,153	\$260,208	\$762,361
Combination	\$5,010	-\$12,952	-\$7,941
Total	-\$1,416,095	-\$4,889,715	-\$6,305,811

It is interesting to note that while the number of owner-initiated appeals decreased over the two years the number of governing body appeals has done the reverse. Last year there were 4,344 appeals brought by school districts and municipalities. We noted in two *Briefs* on municipal led appeals that there was an effort by the General Assembly in 2008 to put a halt to governing bodies going after properties that had recently sold as a primary target of where to concentrate appeals. That effort was vetoed by the Governor at the time and the remedy suggested was to create legislation to mandate more frequent and regular reassessments. Such an undertaking seems quite unlikely in 2015 as it did seven years ago.

Again this drives home the point that the longer the time between assessments the greater the sticker shock for taxpayers and the more likely they are to appeal assessed values. Then taxing bodies are more prone to appeal properties that they feel are undervalued, especially by targeting recent sales of properties that occur after the reassessment.

Sticker shock has to be a concern in Blair County, which has not had a reassessment since 1958 and new values are expected to be produced by July of 2016. In a brochure that has been made available to Blair County taxpayers and is available on the County's website, it is noted that there are "myths and misunderstandings about countywide reassessment" and points out two.

First "a countywide reassessment means that my taxes are going to increase" and second "the countywide reassessment will provide new revenue for taxing bodies". One must compare their change in assessed value to that of the taxing body as a whole. Those whose property values increased significantly, and above the average for the taxing bodies as a whole, will likely see a tax increase. Those that have increases less than the overall changes will likely see a tax cut. Owing to changes to state law that mandate millages to be rolled back to be revenue neutral (as opposed to being allowed to take 105% or 110% after a reassessment) there is some additional clarity on where millage is to settle. That does not stop a millage hike following a reassessment, it just has to be done in a separate vote.

It is a sure thing that there will be appeals brought by property owners and governing bodies in Blair County just as there have been in Allegheny County and other counties. It is an inevitable part of the process.

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