



### Reassessment Brings Washington County Tax Values Up To Date

**Summary:** Washington County’s reassessment—the first since the 1980s—has gone into effect with updated values and adjusted millage rates for the County and its municipalities.

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Allegheny County’s neighbor, Washington County, has implemented new property values as part of a countywide reassessment, its first since 1981. Property values now reflect January 1, 2015 market values and the certified taxable value for 2017 stands at \$17 billion. It is the only county adjacent to Allegheny that has both a pre-determined ratio (the ratio of assessed value to market value) of 100 percent and a recent year of reassessed values. Like Allegheny, Washington County fought a prolonged court battle against conducting a reassessment (see *Policy Brief Volume 13, Number 1 and Number 18*) and was hoping for a statewide moratorium on court ordered reassessments.

Much as we have done for Allegheny County, we will monitor values, tax rates, and appeals for Washington County going forward from the reassessment.

On a per-capita basis, the certified taxable value in Washington (\$82,125) is about a third higher than in Allegheny (\$62,040), the latter with a much larger population (1,225,000 to 207,000). Almost half of the \$17 billion in Washington County’s value is found in four municipalities: Peters (\$3.1 billion), North Strabane (\$2.0 billion), Cecil (\$1.7 billion), and South Strabane (\$1.2 billion), communities largely in the northern part of the County adjacent to the southwest border of Allegheny County.

Washington County previously utilized a pre-determined ratio of 25 percent based on 1981 values. Based on this formula, last year’s total taxable value for the County stood at \$1.6 billion. Thus, countywide, the current taxable value represents a tenfold increase from the year earlier level. Undoubtedly, many taxpayers saw this change and worried their tax bills would rise massively. Given the scare tactics used by opponents of reassessments, that is not too surprising. That’s why when the County published its initial value document it noted (upper case in original) “PLEASE UNDERSTAND THAT AN INCREASE IN ASSESSED VALUE OF 10.53 TIMES DOES NOT MEAN THAT YOUR COUNTY TAXES WILL INCREASE BY THAT AMOUNT”.

Consider a home with a previous assessed value of \$8,000 (\$32,000 market value) having its new assessed value set at \$95,000 (\$95,000 market value)—2.97 times the previous market value. With a county millage rate of 24.9, the county tax bill last year would have been \$199. At a \$95,000 assessment in 2017, the county tax bill, based on 2.43 mills now levied by Washington County, would rise to \$230. The home in this case saw a nearly twelve fold rise in assessed value, but the county tax bill went up only 16 percent. Note that for any property to see the county tax bill increase at all after reassessment its market value would have to jump by more than 2.6 times the level previously used in calculating its taxes.

As in other counties, taxing bodies in Washington County are subject to state law regarding how to set millage rates after a reassessment. Washington County, being a county of the fourth class, and its municipalities are governed by Act 93 of 2010. Millage rates have to be rolled back to a revenue neutral rate, then, if a taxing body wishes to collect more revenue that year, has to take a separate vote to raise millage up to 10 percent beyond the revenue neutral rate.

Here are two examples: the County took one vote on December 15<sup>th</sup> of last year to set the revenue neutral tax rate for 2017. South Strabane Township took two votes on December 20<sup>th</sup>: the first established a revenue neutral millage rate of 0.681335, then, in a subsequent vote, opted to increase millage to 0.7494485 (an increase of 10%). Municipal rates for 2017 range from 6.5 mills in Monongahela to 0.25 mills in West Finley. The City of Washington maintains a split rate with separate levies on land and buildings.

School districts in Washington County, like all others in the state, have to follow Act 1 of 2006 procedures wherein an index rate is set that is the maximum allowable millage rate increase for the districts. Those rates will be established in the coming months as their fiscal year begins on July 1<sup>st</sup>. School taxes on homesteads will be reduced via gaming money as they have been previously. In 2015-16, based on Pennsylvania Department of Education numbers on estimated homestead relief, the average tax relief per homestead was \$194 in the County's 14 school districts.

A February newspaper article stated that 1,100 appeals of the reassessed values were being heard. Note that according to the Washington County Treasurer's web site there are over 117,000 taxable and exempt parcels in the County.

As we have pointed out numerous times the Commonwealth needs to establish a reassessment cycle requirement to keep assessed values up to date and close to market values. The last significant attempt to investigate that possibility was in 2012 with a legislatively appointed task force that failed to recommend any substantive changes in the status quo, opting instead to recommend still more study. Since that time reassessments have gone into effect in six other counties besides Allegheny and Washington (Lebanon, Lehigh, Erie, Philadelphia, Indiana, and Blair).

Of course, opponents of conducting reassessments could offer an end to all property taxes by shifting to some other taxes. The proposal to eliminate school property taxes by raising taxes on sales and personal income might be reintroduced in Harrisburg. That would still leave property taxes for county and municipal purposes, which would require property assessments.

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