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Reconciling taxable values, millage rates & tax collections

By Colin McNickle

Allegheny County's 2018 taxable property values rose 1.5 percent over 2017. But as a researcher at the Allegheny Institute for Public Policy reminds, changes in taxable values produce differing tax collections depending on millage rates.

Certified numbers from the county Office of Property Assessments pegs this year's overall property values at $100.3 billion. Of that amount, $78.9 billion was taxable with $21.4 billion exempt from taxation.

Those taxable numbers reflect, unless there is a countywide reassessment, new construction, improvements, demolition, corrections to records and appeals by property owners and taxing bodies. More than 7,000 appeals were filed in 2017.

The last countywide reassessment came in 2013. And since that time, the county's taxable value has increased by 7.9 percent, from $73.1 billion to $78.9 billion.

Residential property values rose 1.3 percent to $54.4 billion last year. Commercial property values rose 1.8 percent to $24.4 billion, the county's certification shows. The combined value of residential and commercial land rose 0.4 percent to $21 billion. The value of all buildings was $57.8 billion, up 1.8 percent.

Taxable values rose in 88 Allegheny County municipalities and declined in 40. Marshall Township led all jurisdictions with an 8.8 percent increase in taxable value. Its commercial property value soared 17 percent. Five Mon Valley communities – Braddock, Braddock Hills, Homestead, Wilmerding and West Mifflin -- posted 2018 taxable value declines of more than 1 percent.

Taxable value in the City of Pittsburgh rose 1.6 percent, from $18.5 billion to $18.8 billion, paced largely by a 2.3 percent increase in building value. Commercial building value rose 2.8 percent from $7.1 billion in 2017 to $7.3 billion in 2018, with the city's second ward (including much of the Golden Triangle and Strip District) rising from $2.2 billion to $2.3 billion, a 5.5 percent increase.

As for millage rates, of the 113 municipalities that have reported their 2018 rates, 95 left their rates unchanged, 11 increased them and seven decreased their rate.

And as Eric Montarti, a senior policy analyst at the Pittsburgh think tank, reminds (*in Policy Brief Vol. 18, No. 12*), a "change in taxable value will produce different revenue collection for taxing bodies depending on the millage rate." To wit, four examples:

"Pine Township did not change its 0.998 millage rate this year but taxable value increased to $1.860 billion from $1.796 billion," Montarti notes.

"This translates to an additional $64,464 in property taxes … without a tax increase if the full levy is collected, with a total approaching $1.86 million in property taxes."

In Homestead, the millage rate of 13.33 was unchanged. But certified 2018 values fell to $173.4 million from $180.70 million.

"This means if the full levy was collected in both years, Homestead would collect $2.3 million in 2018, which is about $97,000 less than last year due to the decrease in taxable property value," Montarti says.

Here's another scenario: South Fayette Township's taxable value increased from $1.271 billion to $1.303 billion. But it also increased the millage rate by a quarter mill. Had the millage rate stayed 4.48, the township would have netted an additional $144,000 based solely on the increase in value.

But, "Combined with the millage rate hike to 4.73, full collection will result in an additional $470,000 in real estate taxes compared to 2017 and $326,000 above what would have been brought in without the millage increase," Montarti calculates.

Then there's Rankin, were its certified property values fell to $17.4 million from $17.6 million and its 2018 millage rate was reduced from 9.69 mills to 8.4 mills.

"Mathematically, that will result in a $24,000 drop in property tax revenue," the institute scholar notes.

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