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Inequitable ‘equity’: Allegheny’s reassessment quandary

By Colin McNickle

The Pennsylvania Legislature and the courts of the commonwealth could do much to not only demystify but also to rectify ambiguities in the state’s property tax assessment and appeals process.

But recent developments more than suggest the public should not hold its breath, say scholars at the Allegheny Institute for Public Policy.

A new Allegheny County Common Pleas Court ruling (immediately appealed to Commonwealth Court) stopped short of ordering regular reassessments in a class-action lawsuit that claimed illegal “spot assessments” were taking place. And legislation calling for a ban on sales-price appeals has stalled in the General Assembly.

“(T)he county’s leadership refuses to reassess,” the courts don’t appear to be ready to intervene again and “the state doesn’t want to force counties into a reassessment cycle and appeals keep happening,” say Eric Montarti, a senior policy analyst, and Jake Haulk, president of the Pittsburgh think tank (*in Policy Brief Vol. 18, No. 19*).

The ambiguity that is the hallmark of the county’s broken property assessment system was brought into stark relief yet again when a Common Pleas judge ruled that taxing bodies have the same rights as property owners to appeal property valuations. And using recent sales is permissible, he said.

Far from the unfair “spot assessments” the plaintiffs argued are precluded under county law, the judge said state law does not deny taxing bodies the right to appeal based on current market values. In fact, the judge argued such appeals reinstate fairness into the system.

That’s not to say the lower court did not mention the lack of regular reassessments.

“Counsel for plaintiffs repeatedly expressed frustration that (Allegheny County) fails to conduct regular, countywide reassessments. This frustration is understood,” the judge opined. “Certainly the risk of non-uniformity increases when countywide reassessments do not occur on a regular basis.”

But, on two counts, he demurred in taking what most people would consider to be the next logical step: “(N)o party is requesting that a countywide reassessment be ordered, and the court is not inviting such a request, as the court sees no evidence of its necessity established by the pleadings filed to date.”

“Too bad about the last sentence quoted from the ruling,” Montarti and Haulk say. “The judge could prevent a lot of angst and cost brought about (by) the thousands of appeals that are still occurring six years after the last (court-ordered) reassessment by ordering the county to do the right thing.”

To wit, just last year, of the 7,015 property value appeals filed, 4,058 were filed by taxing bodies. As the Allegheny Institute has pointed out previously, “there is massive resistance among politicians to doing the right thing ... to reassess on a regular and frequent basis to keep assessments as close to market value and (as) accurate as possible.”

Which has left sound public policy and its advocates blue-faced.

“Notwithstanding the wishes of many people, there is little reason to expect a state law prohibiting taxing bodies examining sales and appealing the assessments of properties where they are far lower than recent sales prices,” Montarti and Haulk say. “(A) bill to prohibit the practice ... has been pending in the (state House) for over a year, which suggests the Legislature has no intention of ... looking around and seeing what all but one other state does regarding regular assessment updates.”

While “there is an element of improving tax fairness in the (recent sales-prices) appeals,” Montarti and Haulk remind “it is also clearly a sub-optimal and hardly an equitable way to create equity.”

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