



Pennsylvania Still Not Ready or Willing to Adopt Regular Reassessments

Summary: A task force working on “common sense modifications to address significant flaws and promote fairness and accuracy in the property assessment system” in Pennsylvania has finished its work. The task force acknowledged the problems arising from not carrying out reassessments on a regular basis while also recognizing that base year assessments will likely remain a feature of Pennsylvania’s property tax system for the foreseeable future.

“Pennsylvania is one of only six to eight states without a statutorily specified reappraisal cycle.”

“Most states mandate reassessments annually or on a fixed cycle of no more than six years.”

“A countywide reassessment is almost generational for most counties and property owners.”

The three quotes above come respectively from a study on the Blair County reassessment, a study on the Indiana County reassessment and meeting minutes of the Property Assessment Reform Task Force (task force), a project of the state’s Local Government Commission. Before recent reassessments in Blair and Indiana were completed the counties had last done one in 1958 and 1968, respectively. Sometimes entire generations are skipped without assessment updates.

Pennsylvania does not have a legislatively mandated reassessment cycle. In 1982 the assessment laws were amended to permit counties to use a base year for values but there are counties with base years going back many years before 1982, meaning some had stopped updating values long before the law change. As long as all property is valued in the same base year and at the same ratio of assessed to market value set by the county government (the pre-determined ratio) then there is supposedly no problem.

Of course, market values change over time, properties are appealed, economic forces come into play and the base year values become less and less reflective of actual current market values and certainly relative market values of properties. Clearly, departures from market values would be minimized with a more frequent reassessment cycle. But as has been demonstrated over and over, property reassessments in Pennsylvania are viewed with dread by under-assessed property owners and elected officials who claim everybody’s taxes will increase.

One of the task force’s nine objectives to accomplish during the legislative session was to develop a “self-evaluation tool for counties to determine their need for a countywide reassessment.” The development of the tool was discussed at several of the task force’s meetings

and was finalized as a guide in June. At that meeting the task force members working on the guide said it was not going to provide an answer as to whether a reassessment was appropriate for any county but would provide the tools for county officials to determine if the time is right.

In explaining the role of the county government in the reassessment process the guide notes that Pennsylvania does not have a state assessment oversight agency with a direct supervisory role of counties. Instead, counties decide on the frequency of reassessments, whether to use base year or current market value and the pre-determined ratio to be used. The guide goes into depth on the various ratio study methodologies that can be utilized to analyze whether uniformity is being threatened. That's much of the same information that has been found in previous studies, including the Allegheny Institute's 2007 report on property assessment practices.

Counties can decide on their own to carry out a countywide reassessment, and that is where the guide is supposedly designed to assist in the coming years. Since 2013, Blair, Indiana, Erie, Lehigh, and Lancaster counties all passed ordinances or resolutions to conduct a reassessment. Monroe will be the next county to carry out a reassessment based on a government decision. The reassessment will move values from a 1989 base year with taxpayers assessed at 25 percent of their market value to a 2020 base year and a 100 percent pre-determined ratio. Reassessment literature posted on Monroe County's website states "property value fluctuations within areas of the county and the thousands of assessment appeal hearings...[produced] widely varying assessed values resulting in inconsistent taxes."

Even with the primacy of the county in the assessment process, if and when the constitutional requirement of uniformity of taxation is being seriously violated, then lawsuits and court actions become likely. According to the guide the courts' involvement in uniformity goes back over a century and in a 2006 case the Supreme Court noted that "a taxpayer is entitled to relief under the Uniformity Clause where his property is assessed at a higher percentage of fair market value than other properties throughout the taxing district."

Since 2013, court-ordered reassessments have been completed in Allegheny, Lebanon and Washington counties. Delaware County is in the process of conducting a reassessment ordered by the Court of Common Pleas that will go into effect in 2021. The county is already using a pre-determined ratio of 100 percent, so the reassessment will only be updating the values from 2000.

For Delaware and Monroe that is a 20- and 30-year gap between revaluations. The guide rightly notes that when there is significant time between reassessments, inequitable tax burdens can result. Moreover, failure to update assessed values can add significantly to costs of reassessments if the property data require reconstruction and can also greatly complicate the development of a mass-appraisal model.

Clearly, there can be no more serious obligation of lawmakers than to ensure fair and equitable treatment of taxpayers as required by the Pennsylvania Constitution, especially in a state that relies heavily on property taxes to fund education. Taxpayers should not have to engage in expensive lawsuits and long delays in the court system to receive fair treatment. The arguments against regular updates of property assessments are tired and shopworn and reflect the worst in political favoritism by elected officials.

The recent Washington County experience demonstrates the flawed and often unscrupulous political opposition to reassessments. Despite all the dire warnings, the process was carried out in an open manner with property owners fully informed and with the windfall provisions in place there was little outcry at the results. Ditto other recent county revaluations.

It is time for the Legislature and the governor to fix this glaring problem. It is a detriment to the state to be so far out of step with sound and fair taxation policies practiced in almost all other states. Every year of delay exacerbates the difficulties in a reassessment process for counties that are decades out of date.

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