



---

March 13, 2019

Allegheny Institute Op-Ed

---

575 words

### Allegheny Co.'s 'charitable purposes' review falls short

By Colin McNickle

It was in 2007 that Allegheny County Council passed an ordinance mandating a review every three years of properties claiming exemption from property taxes under the Purely Public Charity Act.

But 12 years after the fact, only one review has commenced – in 2013, six years after the fact and still ongoing – and there's no clear indication if those charged with the process ever will comply with the letter of the law, conclude scholars at the Allegheny Institute for Public Policy.

"It's unclear as to the intent or plan for the county to follow the 2007 ordinance," say Elizabeth Miller, a research associate at the Pittsburgh think tank, and Eric Montarti, the research director there (in *Policy Brief No. 19, Vol. 11*).

Of Allegheny County's 26,000 tax-exempt parcels, 2,800 are classified as purely public charities. Yet even after a dozen years, 708 parcels are awaiting legal review.

Per the law, reviews should have been conducted in 2010, 2013, 2016, 2019 and so forth. The county solicitor, Andrew Szefi, told the Tribune-Review "the time and level of expertise that is needed to complete this review" is responsible for the delay.

He also noted continuing efforts to reach agreements for some organizations to make payments in lieu of taxes. Many of those property reviews still pending involve hospital/health care property with an assessed value of about \$5.5 billion, the Trib reports.

Among those properties that have been reviewed – again, those whose owners say they are purely public charities – 61 percent have maintained their tax-exempt status.

But 289 parcels did move from tax-exempt to taxable. The move, however, hardly represents a windfall the county, municipalities or school districts as predicted in studies from several years ago.

“The parcels that were denied and are now taxable have a total assessed value of \$89 million,” Miller and Montarti say. “At the current county millage rate of 4.73 mills, they contribute \$421,229 in county taxes. Total local tax revenues amount to \$2.9 million based on average rates for municipalities (6 mills) and school districts (22 mills) in the county.”

One difficulty in determining the effectiveness of the review is that 188 of the 289 parcels have changed hands since 2013, when the first review notices were mailed.

“If a property being used for purely public charitable purposes was sold to a new owner for a use other than that it is hard to see how the review would have had an impact on making the parcel taxable since it was more likely a change in use would have put it on the taxable rolls,” the Allegheny Institute researchers remind.

Conversely, with 86 properties that last sold prior to 2013, there is some possibility that the review revealed a property might have been claiming an unwarranted tax exemption. With a total assessed value of \$7.9 million, those properties would generate \$261,000 in local property taxes.

With 708 parcels still pending legal review, it begs the question if Allegheny County’s chief assessment officer will ever comply with the 2007 ordinance requiring triennial reviews.

“Given the lack of updated reassessments it is all very problematic since these reviews are now dealing with only a small part of the inequities the county has with property assessments,” Miller and Montarti conclude.

*Colin McNickle is communications and marketing director at the Allegheny Institute for Public Policy ([cmcnickle@alleghenyinstitute.org](mailto:cmcnickle@alleghenyinstitute.org)).*

---

*Op-Eds may be reprinted as long as proper attribution is given.  
For more information about this and other topics, please visit our website:  
[www.alleghenyinstitute.org](http://www.alleghenyinstitute.org)*

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: <a href="mailto:aipp@alleghenyinstitute.org">aipp@alleghenyinstitute.org</a></p>
---