



## Could Assessment Angst Been Avoided?

*“It is important to understand that a taxpayer's tax liability will not necessarily increase when the assessed value of their property increases...One of the common misconceptions held by Allegheny County property owners about the reassessment is that the reassessment will automatically result in a higher property tax bill for the homeowner...”*  
—Allegheny County Controller's Sales Ratio Study, September 2012

It is little wonder why a lot of taxpayers hold the views on property assessments the Controller describes in the latest audit. A constant drumbeat of “reassessments cause tax increases” combined with court cases going all the way to Pennsylvania’s highest court, two County administrations resisting every step of the way, and a legislative attempt to impose a moratorium on reassessments will have that effect after a while.

That’s not to say that there has been plenty of evidence to the contrary. Earlier this year the website of the County’s own Office of Property Assessments added a page explaining how taxpayers can estimate what will happen to their taxes based on the relative change in assessed value for the County as well as the town and school district in which the taxpayer resides. That page points out that it is entirely possible for a home owner’s taxes to go down after a reassessment. Too bad County officials did not launch a major education effort well before the reassessment was even started. And now we can add the Controller’s audit to the camp that says tax changes will depend on the individual property’s assessment change relative to the taxing district’s overall change.

A massive education effort at the outset, as far back as 2005 when values for 2006 were released, but then revoked by the Council and Chief Executive, would have gone a long way toward avoiding the years of court cases and the expenses incurred by the courts, the County and plaintiffs. It would have been pretty easy as well (pamphlets, website, and a colored chart at each public communication about property taxes would have come in handy). But it never happened. So it is worth asking: how much of the effort to stop the reassessment can be attributed to a genuine misunderstanding of how the process would work on the part of those in charge of it and how much can be attributed to deliberate efforts to keep taxpayers scared and confused and opposed to any reassessment by intimating that the majority of homeowners would see a tax increase? Either way, the obfuscation is inexcusable.

State laws have changed since the time Allegheny County last reassessed in 2002. The County and the municipalities are now required to roll millage rates back to a revenue neutral level. If they decide they want more tax revenue, they have to take a separate vote and, if they want more than 5 percent, they must petition the courts for permission to levy an increase. Act 1 applies to school districts and their revenues are limited to the Act 1 index the district has been assigned for the year preceding the reassessment. Note that although there has not been a reassessment since 2002, County, municipal, and school taxes have been raised at various times over the last ten years. That happens when spending climbs and the tax base is locked in by an assessment freeze as the County imposed in 2005.

The Controller's audit estimates that the County's millage rate will fall from the current 5.69 to 4.41 after the assessments are certified. Average rates for municipalities and school districts are to fall from 13.8 to 8.27 and 25.65 to 19.31 respectively. A website called the Property Tax Estimator, designed by faculty at Carnegie Mellon, forecasts the County's revenue neutral rate a bit lower at 4.11 mills.

The audit shows the example of a home currently assessed at \$53,000 which rises to \$71,600 (a 35% increase in value). Taxes would fall \$102 for that home. A property whose value would increase 73 percent, far in excess of the County's change (and far in excess of many municipalities and school districts) would see taxes go up \$227.

As of now the deadline for the County to produce revised values is December 17<sup>th</sup>. Those values are needed for the County, the municipalities, and the Pittsburgh Public Schools to set their tax rates for the 2013 fiscal year that begins on January 1<sup>st</sup> (the remaining school districts have a July-June fiscal year and will have to adjust tax rates then). Given everything that has transpired up until now in this process, a healthy dose of skepticism that all will go according to plan has to be expected.

Keep in mind that the dilatory tactics employed by County officials after the Supreme Court ruled the County must reassess bear much of the responsibility for the low quality and the high error rate of the assessment work done by the contractor. It was obvious that common sense controls were not in place due to the pressures of time to reassess over 500,000 parcels. For example, as we noted years ago in our comments on improving the assessment process, some looking at recent sales prices should be used as a check on the mathematical modeling. In the latest reassessment we saw an egregious example of that not being done. A West Mifflin home that was assessed at \$78,400 in the base year assessment from 2002 was reassessed at \$82,900. The problem: the home sold in 2011 for \$24,900.

Obviously, some blame must go to the contractor. But there can be little doubt that much of the angst created by such erroneous assessments has to be assigned to the delaying tactics used by the County officials, one of whom claimed in his campaign that he would go to jail rather than release the new property valuations.

Hopefully when Council and the Executive sit down to write the ordinance for the next reassessment they come to the conclusion that information overkill will likely be to the benefit of all involved.

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