



Major Assessment Developments for Washington County

Two big developments regarding property reassessments have occurred in the last three weeks that will have a tremendous impact on Washington County. As we noted in our inaugural *Brief* of this year, the County has been in a court battle with two of its school districts since 2008 over conducting a revaluation of property, a task not carried out since 1981.

The first big development occurred this week when the Supreme Court of Pennsylvania declined to hear an appeal from the County on the matter. In December of 2012 Commonwealth Court noted that the parties to the case had agreed in 2008 to a document containing “nine stipulations of fact and a proposed order” that stated if the Legislature or the courts had not made substantial change to the property assessment system in Pennsylvania by September 30, 2009, the County was to move forward with a reassessment. County officials opposed to a reassessment dispute the nature of the 2008 agreement and were hoping that the Supreme Court would overturn the lower court rulings, but that was effectively ended with the April 9th decision.

The second development came about three weeks ago when the Pennsylvania House of Representatives passed legislation with no opposition (as did the Senate in late January) to move the State Tax Equalization Board (STEB), an independent agency since 1947, into the Department of Community and Economic Development (DCED). Prior to this legislation, and following the Supreme Court’s 2009 decision on Allegheny County’s base year plan, the Legislature had attempted a legislative moratorium on court ordered reassessments and created a task force to examine the issue.

The rationale is that by making this move DCED will, according to a fiscal note prepared on the bill, “provide appropriate administrative, legal, and technical support needed by the Board to accomplish its purpose”. STEB will be charged with determining the market value of real estate in each school district, obtaining lists of properties transferred in each county on a monthly basis, establishing the common level ratio of assessed to market value by July 1 of each year and informing counties if their ratio has increased or decreased by 10 percent or more, among other duties. Perhaps most important with respect to counties carrying out reassessments, STEB is to:

1. "Create an operations manual in consultation with the County Commissioners Association of PA and the Assessors' Association of PA for counties to utilize when completing a countywide reassessment or when valuating property".
2. "Create and maintain a centralized and standardized statewide database for counties to utilize and report all property values and data to the Board."
3. "Develop and maintain statewide basic and detailed training programs for all persons involved in the valuation of property within all counties. The programs shall be completed and passed by any person that is employed to collect, compile, compute or handle data for purposes of reassessment valuation within the State."
4. "Develop standards on contracting for assessment services in consultation with the County Commissioners Association of PA and the International Association of Assessing Officers."

These steps should go a long way to improving the assessment process, and, according to the fiscal note, would do so for a very inexpensive sum of \$35,000. However, while making these changes, the bill does not say when a reassessment has to happen, how often one has to happen, does not call for a statistical trigger that would inform a county that its values are out of kilter and possibly violating the uniformity clause. On the other hand and to its credit, it does not recommend or dictate a moratorium on court ordered reassessments during the implementation of the STEB-DCED integration. A version of the legislation in last year's session attempted to do that, but it did not pass the General Assembly. As we have noted on several occasions, a legislative order that contravenes a court order is a constitutional crisis waiting to happen.

Here's the question. Are state and local officials from Washington County looking at the state's bureaucratic reorganization and the development of reassessment assistance as a moratorium of another stripe? One Commissioner was quoted as saying "[the County] will take a wait-and-see attitude. We're going to see what this means...how this will affect us and what we need to do to become the pilot program" and a state representative stated "I don't know how a vendor could respond to a (request for proposals) even as state law is changing under their feet...we need to sit down with DCED and estimate a timeline and find out what [the County] need[s] to do."

While this might sound like due diligence, it could also be interpreted as an opportunity for foot dragging by officials who have no desire to conduct a reassessment as evidenced by the court battle and public statements made by members of the Board of Commissioners. It is worth pointing out again that the Commonwealth Court quoted the 2008 stipulations of fact and proposed order that said if there was no state level change by September 2009 the reassessment process would begin. How can anyone argue with any persuasiveness that a legislative change in April 2013, while substantive, could be grounds to hold off moving forward with a reassessment? Especially now that the Supreme Court has denied the County's latest appeal, thereby effectively ending the judicial channel for delaying a reassessment?

Clearly, the recently enacted legislative reforms are long overdue. We pointed out in a 2007 report that some state level department or agency, perhaps the Department of

Revenue or STEB, be involved as an overseer of the assessment process, including bringing some standardization to the process. And it appears there might be some movement in that direction six years later. We also argued for mandated reassessments every three years, zero revenue windfalls from reassessments, and voter approval of all millage hikes. Unfortunately, the first of these three recommendations has yet to be adopted. However, legislation was enacted earlier requiring municipalities to take separate votes to roll back millage rates to achieve revenue neutrality after a reassessment and then another vote to take a five percent increase. If desired, municipalities can petition the courts for millage rate hikes above five percent following a reassessment. School districts are limited to a revenue increase determined by their state calculated index.

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