



December 14, 2011

Policy Brief: Volume 11, Number 65

The Assessment Nightmare Before (and After) Christmas

As if the craziness surrounding the much delayed implementation of the Supreme Court's decision regarding Allegheny County's base year could not get any worse, it is possible that property owners living outside the Pittsburgh Public School District could get not one, but two property tax bills in 2012.

Property owners in the City of Pittsburgh and Mt. Oliver Borough (the two municipalities that comprise the Pittsburgh Public Schools) are scheduled to get their notices December 19th. With the City's and the District's fiscal year starting January 1st, the Judge decided those assessments would take top priority. But, with the exception of the suburban school districts, whose fiscal year coincides with the state's July 1-June 30 year, the County's and municipalities' fiscal years also run contemporaneously with the calendar year.

According to newspaper accounts, a property owner outside the Pittsburgh Public School District would get an initial municipal bill for half the taxes owed based on the assessments in place in 2011, and then a second bill based on the reassessed figures adopted for 2012. The second bill for the remaining balance of taxes would go up, down, or stay the same depending on the relative change in the individual assessment compared to the community and the County assessment changes as well as the millage changes made to hold tax revenue level with 2011 or to take a five percent windfall. School districts would be unaffected by the delay since their fiscal year starts halfway through 2012.

What a patchwork of tax collections. The City and school district's property owners would get one bill based on the new 2012 numbers; the municipalities outside of the City two bills cumulatively based on 2012 numbers but in two parts, the first based on 2002 numbers and a second based on 2012 calculated so as to adjust for the payment already made and millage changes required by law. Heads will be swimming.

It is conceded that the County is responsible for performing the assessment function. It is also acknowledged that Pennsylvania is woefully out of step on assessment practices and needs to reform them. But let's be clear that the Supreme Court nullified the base year as practiced in Allegheny County and ordered the County courts to implement a reassessment in a reasonable time frame. That was April of 2009. Two and three quarter years from that date would seem to be a reasonable time frame.

Recall that after a long drawn out negotiation between Judge Wettick and the County an agreement was reached in December 2009. In that agreement, the County would have the reassessment completed for use in the 2012 tax year. In retrospect it is obvious the Judge should

have pressed the County for an agreement much earlier. Taking almost eight months to hammer out an agreement consumed valuable time that could have been spent on reassessment activities. An agreement by August or September would have presumably been sufficient to prevent the angst now being created by the delay in completing the process.

That said, the County has no excuse for its dereliction in failing to do what it agreed to do. Consider the following time line. In March of 2010, the County's chief assessor told the Judge at a progress meeting that "at this point, we are on track to have a reassessment complete by 2012." Then in May of 2010, the County Manager assured the Judge that preliminary assessment notices would be mailed between July and October 2011. Again in July of 2010 the County Manager stated that, "preliminary notices of the new assessment values assigned to homes and businesses will be sent out between July and October 2011." And finally, as late as February of 2011, the County Manager assured the Judge that things were on track and that, "owners are to receive preliminary notices of the values assigned to their homes and businesses starting in July."

July 2011 came and no assessment notices were forthcoming. Indeed, October and November came with no assessment notices. As a result, the entire undertaking has been thrown into disarray forcing the Judge to scramble to find ways to ensure that all properties in the County are reassessed and the new values used to determine 2012 tax bills. Failure to get the reassessment done in 2012 would extend for yet another year the inequities contained in the current assessment figures, the very heart of the reason for the Supreme Court's 2009 ruling.

Three years after the Supreme Court's ruling and five years after Judge Wettick declared the Allegheny County base year unconstitutional, the reassessments are already long overdue. To allow the process to be strung out another year would be unconscionable. Then too, with the Executive-elect saying he will not carry out the court ordered reassessment, Judge Wettick has no choice but to force the issue now and take the steps necessary to get the updated assessments certified. That might take some time and serious unpleasantness if the Executive refuses to obey the court. If the Judge gives the County another year to finish the reassessment, who is to say the same obstreperous refusal to reassess would not be forthcoming in 2013? Better to get this over with now.

Thus, in November, the Judge ordered the County to focus on Pittsburgh and the Pittsburgh School District because their tax bills need to go out very early in the year. The remainder of the County would be completed in phases.

But as it turns out, the other municipalities also need to get tax bills out early in the new year. Thus, the latest scheme to have municipalities issue two tax bills as described above.

Clearly, the two tax bill scheme comes with its own set of attendant problems and will inevitably create substantial confusion for taxpayers and officials charged with implementing the plan. For instance, how will mortgage companies handle escrowed tax payments—will they process two tax bills and make the second payment in a timely manner? How will penalties for late payment of the first bill be calculated? And so on.

Are there any reasonable alternatives to the two tax bill plan? If so, maybe one will be suggested soon. The current Chief Executive has already entered an appeal of the Judge's order for the early completion of the Pittsburgh assessments. In what has to be the height of hubris the Executive is saying the Judge is not being fair to Pittsburgh property owners. As recounted above, the Judge was repeatedly reassured by County officials who report to the Executive that the reassessment would be completed in time for the new values to be mailed out between July and

October 2011. Who is responsible for those misrepresentations and why are they not being held accountable by the Judge? What does this tell us about the low regard the County officials hold for the courts? And in that light, it is ironic that the County would use the courts to overturn Judge Wettick's decisions that were necessitated by the County's inability to meet its obligations.

How unfortunate for this turmoil to be happening in the Holiday Season. But this will not end with the departure of 2011. Months more of the squabbling and confusion are in the offing for 2012.

Jake Haulk, Ph.D., President

*Policy Briefs 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*

<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: aipp@alleghenyinstitute.org</p>
