

# ***POLICY BRIEF***

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## **Assessment Ball in Court's Court**

December 11<sup>th</sup> is the tentative date set for the County Court of Common Pleas to hear constitutional challenges to the base year plan for property assessments devised by the County Executive. Newspaper accounts have characterized the case as possibly having statewide implications for property assessments in all counties.

The constitutional challenge hinges primarily on the uniformity clause, which requires that "taxes be uniform upon the same class of subjects..." The plaintiffs in the case against the County's base year plan claimed a violation of this constitutional provision, but since no specific counts were laid out, the Judge allowed for "amended complaints raising constitutional claims". And that is what is happening now.

The court should address two questions: First, how can taxes be uniformly determined when there will be two methods of assessing property? Houses existing before the base year was instituted are assessed using 2001-2002 sales prices of comparable properties while homes constructed in the years after 2006 will undoubtedly increasingly require that inflation adjusted construction costs be used, since comparable sales in 2001 will become less and less meaningful. For example, Butler County uses 1969 construction costs to determine assessments of all homes, regardless of when they were built. The court will have to decide whether using a mixture of assessment methods and criteria meets the uniformity requirement.

Second, how well is the uniformity clause served if the main proponent, the Chief Executive, has stated that the 2002 assessments were riddled with inaccuracies and should be fixed? He has said that the numbers are better because the appeals process has sifted out the problems. That might be true for some who were able to show they had been overassessed but it does not deal with the problem of the huge numbers of underassessed properties. Why would those owners appeal? Obviously they would not. Thus, it cannot be reasonably argued that the appeals have created a good set of base year assessments.

Regardless of what the court decides, for a base year assessment plan to be done right, it should be done prospectively, not retrospectively, and all properties must be assessed on the same standard, such as construction costs. Clearly, that is not what we have now.

Finally, as we have noted on many occasions, regardless of whether a base year approach or market value approach is used, the problem in Allegheny County is the large amount of taxes the County, schools, and municipalities extract in comparison with surrounding counties. The base year approach will not keep millage rates from rising and eventually taxpayers will catch on to the hoax. This is a temporary and inequitable fix. Meanwhile many homeowners are being forced to pay more than their fair share of taxes while many others are paying less than their fair share.

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**Jake Haulk, Ph.D. President**

**Eric Montarti, Policy Analyst**

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Please join us for a conference on *Improving The Western Pennsylvania Economy* on Thursday September 28th. Panel discussions will address the problems of the state's pro-union laws, tax problems faced by Pennsylvania's business, and how business leaders can help advance important initiatives. Speakers will include Pat Toomey from the Club for Growth, national public sector union expert David Denholm, and Jim Roddey, the first elected Chief Executive of Allegheny County. The conference will be held at the Pittsburgh Athletic Association in Oakland from 8:30AM to 12:30PM. For more information please contact us at 412.440.0079.

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<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>
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