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Pennsylvania's Assessment Laws Need Major Overhaul

On June 6 of this year Judge Wettick ruled Allegheny County's base year assessments unconstitutional. In his lengthy decision, the Judge examined assessment statutes from the other 49 states and found, somewhat surprisingly, that only Pennsylvania and Delaware have no state mandate requiring reassessments to be carried out periodically. Indeed, 22 states require annual assessments with another 18 limiting the period between re-assessments to no more than five years. For example, in neighboring New York and New Jersey assessments must be updated every year. And, in nearby Maryland and West Virginia there is a state mandated three year cycle for reassessments.

Following up on the findings in Judge Wettick's decision, we have obtained and examined a 2000 survey on assessment practices in all 50 states conducted by the International Association of Assessing Officers (IAAO). Results of the survey show Pennsylvania's overall approach to managing the property assessment process to be far out of step with other states.

Besides being one of only two states with no definite limit on the period between assessments, *Pennsylvania is one of only 16 states that neither carry out a state supervised audit of local assessment offices nor provide state oversight of local assessment offices.* Pennsylvania has the State Equalization Board, which determines Common Level Ratio and provides important data on the reassessments being carried out in the state. But it does not perform oversight nor does it audit local assessment functions. The level of auditing and oversight varies in the other states in the IAAO survey: some require a regular audit on a regular basis, while others do so only on request. Regular audits are a good way to ensure best practices are being followed as well as keeping assessments accurate and up to date.

Moreover, Pennsylvania is one of only four states that have no sales verification performed by a state or local official or agency. Indiana, Kentucky, and Maine are the other states where neither a state nor local assessor verifies sales data. Local assessment officials do certify assessed values, but Pennsylvania lags other states in this measure, particularly the 21 states where both the state and local officials verify sales data. What's more, there is not even a requirement in Pennsylvania to keep property information updated or reviewed.

Surprisingly, according to the survey—and verified by Commonwealth officials—Pennsylvania, unlike most states, does not require specific criteria to be used by local assessors in arriving at appraisals.

There are many other instances where Pennsylvania trails practices used by other states to ensure good assessments, including provision of services such as: legal advice, technical advice, direct on-site, computer processing, CAMA Modeling & valuation, review of contracts, inspections general and interior. Thirty-five states provide at least three out of eight of these services to local assessment units. Only four states including Pennsylvania provide none of these services.

In view of Pennsylvania's dramatic departures from assessment regulations and practices in other states, it is reasonable to suggest the time is at hand for a major overhaul of state legislation regarding assessments. Granted, just because other states do things differently is not necessarily an indication or proof that Pennsylvania needs to change. However, in light of the mess and hodgepodge of assessments that exist across the state and the common sense notions embodied in many of the practices followed by other states and eschewed by Pennsylvania, there is no good excuse for the Governor and General Assembly to avoid a hard look at the issue. At the very least, set up a task force to study best practices across the nation and begin to model legislation based on those practices.

Property taxes are unpopular everywhere, but in Pennsylvania they are positively despised. Fixing assessments will not solve all the problems associated with high taxes, but it can begin to remove the debates over fairness.

If the Commonwealth is going to continue to permit local taxing bodies to levy property taxes, then it is morally and constitutionally bound to take every realistic step to guarantee that property owners are treated equitably and fairly. This is especially true since not only the counties (who do the evaluations and assessments) levy tax on property, but so do school districts and municipalities as well. Thus, it is extraordinarily important to get the assessments right. Even more so perhaps owing to the fact that schools frequently impose higher taxes than the county and municipality combined and they have to live with the numbers prepared by the county—or spend a lot of money challenging the assessments of individual parcels.

What would new, improved assessment legislation look like? For one thing, there should be a designated state agency empowered to supervise, audit, and provide technical services to the local assessment offices. It could also be empowered to establish standards, methodologies, and other aspects of the assessment function to make the process seamless from county to county. Personnel in this office would have to be held to the highest possible standards of professionalism and conduct and be as insulated from politics as humanly possible.

The new system would mandate frequent, if not annual, reassessments. Similarly, it would require timely property information updates and verification of all sales and

values. And, finally but quite important, it should require voter referendum for *any* millage increase.

Obviously, this a tall order and will not be easy to do. Nonetheless, the folks who represent the taxpayers and residents of Pennsylvania owe it to them to get the ball rolling toward a logical, common sense and best practices model of state guidance of the property assessment process.

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