



Policy Statement Property Tax Assessment Reform

Background

Real property taxes have been and continue to be a primary source of funds for Pennsylvania's local governments. The real estate tax is the only tax authorized by law in Pennsylvania to be levied by all classes of local governments in the state. Every property owner pays real estate taxes, unless otherwise exempted, to three independent taxing districts: the county, the municipality and the school district. The assessment process in Pennsylvania is governed, generally, by six different assessment laws. Each class county is subject to a special assessment law.

In 2009, a study was commissioned by the Legislative Budget and Finance office to examine the property tax assessment system in Pennsylvania. The key recommendations were to consolidate state general assessment laws, create a state revolving loan program to assist counties to reassess, develop uniform standards for reassessment contracts and improve the performance of the State Tax Equalization Board (STEB).

Secondarily, the report recommended (but did not endorse) authorizing a state agency to supervise county property valuation and assessment activities, provide for financing of reassessments, provide caps on individual property tax increases following assessment, permit residential and commercial property to be treated as separate classes, permit partial or selective reassessments of certain geographic areas or property types and permit property to be valued based on its sale price.

In the spring of 2018, the Legislative Committee appointed a task force to review the current policy statement adopted in 2011. After research and hearing from different experts and professionals in the field, the task force has developed a revised policy regarding tax assessment.

Recommendations

- Support the creation of a self-evaluation tool to inform counties when to reassess. The self-evaluation tool should be completed each 12 to 18 month period.
- Complete a reassessment at least every four to six years, but no more than 10 years
- Change the law to prevent taxing authorities from conducting spot appeals.
- Consider supporting the enactment of a separate millage or other funding source, which is earmarked to cover the cost of future required reassessments.
- Adopt a uniform and computerized mass assessment system. All data collected should be owned by the county.
- The sale of property should not be the sole basis for an assessment appeal by a taxing authority.
- Encourage local association members to seek appointment to their local appeals boards and recommend all appeals board members are knowledgeable and competent in real estate valuation.
- Create an assessment system, which is revenue-neutral but allows for future tax millage increases or decreases.
- Encourage the Auditor General to reevaluate the purpose and usefulness of the State Tax Equalization Board.

- Create a uniformity office, which has the authority to oversee and enforce compliance of county assessment procedures.
- Establish a coalition of like-minded groups to encourage passage of legislation addressing assessment issues.

Approved by PAR Board of Directors
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