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# Fix Pennsylvania's awful property-tax system

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By Mike Suley

Harrisburg lawmakers have sat by quietly for many years and permitted a flawed, possibly unconstitutional property-tax system to afflict our state. "If it's broke, don't fix it" seems to be the idea.

And while Gov. Tom Wolf and others promise property tax relief, the base-year tax-assessment system without mandatory periodic updates is still the law of the land.

Don't expect anything to change soon.

So what is a property owner to do? Learn to work under present assessment law so that you pay only your fair share in taxes.

How? Here are two rules.

Rule No. 1: If you buy a home with a low base-year assessment, taxing bodies can jack up your taxes by appealing to raise your assessment value to the sale price. The county appeals board has been increasing assessments to sales price for years – in some cases raising tax payments by thousands of dollars per year. This is the so-called "newcomer's tax."

In 2014, the Pennsylvania Commonwealth Court upheld the right of a property owner in Washington County who fought a massive newcomer tax to file a second appeal arguing for the base-year value. The property owner won and saw her taxes return to the amount paid by the previous homeowner. In other words, if you lose the first appeal, appeal again and prepare to argue for the base-year value.

Over the past three years, thousands of homebuyers in Allegheny County have been hit with newcomer tax increases and county lawmakers have done nothing about it.

Allegheny County should enact an ordinance to protect homebuyers from this arduous “reassessment on appeal” process. Here’s how it would work:

Once the quasi-judicial county appeals board increases an assessment based on a new sale price, the county law department should take the burden off the homebuyer by itself appealing the decision to Common Pleas Court. The county should argue for the original base-year value that it is, under law, supposed to defend.

Back in 2006, the county was doing this. It filed thousands of appeals that year when assessments were increased based solely on sales prices. A county ordinance requiring annual appeals of appeals-board increases might finally kill the newcomer tax.

Rule No. 2: The State Tax Equalization Board certifies a “common-level assessment ratio” for all counties each year. This ratio can be used by property owners to see if their taxes are fair and uniform in their county. When taxpayers believe their taxes are too high based on this ratio, they may ask the county appeals board to apply the current ratio to the current value.

Here’s how this would work for 2016 appeals: Determine the market value of your property and multiply it by the most recent common-level ratio (2014) for your county. Here are the certified ratios for five Pittsburgh-area counties.

- Allegheny County: 92 percent
- Beaver County: 27.5 percent
- Butler County: 10.6 percent
- Washington County: 10.5 percent
- Westmoreland County: 19.8 percent

This means that, if you own a home in Butler that’s worth \$100,000, your assessment should be \$10,600. In Allegheny County (which has reassessed all properties more recently), the assessment on a \$100,000 home should be \$92,000. And so on.

**The common-level ratios are published annually by the Pennsylvania Department of Community and Economic Development.**

So follow Rules No. 1 and No. 2 because, until the state Legislature fixes the property-tax assessment system in Pennsylvania, you're pretty much on your own. And what you have to do is think of the appeals process as a two-step deal.

Consider: The city of Pittsburgh has filed almost 2,000 appeals over the past two years seeking assessment increases based on sales prices. They won most of those appeals.

And this has resulted in huge tax increases — which is the point, because raising assessment values on properties allows the city to raise more money without raising tax rates. Many other taxing jurisdictions — municipalities and school districts — do the same thing.

Most people accept appeals-board decisions and do not appeal them to Common Pleas Court — because of the cost or inconvenience or whatever.

So the county should step in to file these appeals for them, since the county is supposed to defend its base-year assessment system anyway.

Of course, the county government has a conflict of interest: It is required to defend its base-year values, but it also reaps more tax dollars when other jurisdictions can get assessments jacked up.

Another problem is that the Wolf administration hasn't published the most recent common-level ratios, for 2014 — even though these ratios must be used for 2016-tax-year appeals, which have begun.

All this said, getting the 2014 ratios published and filing two appeals — whether you do it or the county does it — is a short-term fix. Not to mention a time- and money-wasting exercise.

The solution is for the Wolf administration and the state Legislature to reform the entire assessment system. If they can ever pass a budget, that is.

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