



TESTIMONY ON PROPERTY REASSESSMENTS IN PENNSYLVANIA

Presented to the Senate Democratic Policy Committee

By

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Good morning, my name is Lisa Schaefer, and I am the Executive Director for the County Commissioners Association of Pennsylvania (CCAP). CCAP is a non-profit, non-partisan association providing legislative, educational, insurance, research, technology, and similar services on behalf of all of the commonwealth's 67 counties.

We appreciate the opportunity to offer our thoughts on the property assessment system in Pennsylvania. Counties are wholly responsible for administering and maintaining the real property assessment system on behalf of all local governments (counties, municipalities and school districts), including establishing assessment rolls, valuing properties, hearing appeals, and administering homestead exclusions, Clean and Green, and other preferential assessment programs.

History of Reform Efforts

Administration of the assessment system is complex, difficult and expensive. Although property assessment is often viewed as a means for county, municipal and school revenue generation, the primary purpose and primary task of assessment administration is maintenance of fairness and equity. However, fairness and equity are not easily achieved in the current administrative system and the current statutory construct, and along with many others, counties recognize the property assessment system is in need of reform.

CCAP has worked with our affiliate, the Assessors Association of Pennsylvania (AAP), the General Assembly, the Local Government Commission and other stakeholders on several projects to improve the assessment system over the past 15 years, most notably the Consolidated County Assessment Law (CCAL), Act 93 of 2010. A 2010 Legislative and Budget Finance Committee (LBFC) study of the assessment system made a number of recommendations for reform, and CCAP and AAP were also active participants in late 2011 and early 2012 on the HR 343 and HR 344 task forces, which reviewed assessment standards, assessment contracting and reform of the State Tax Equalization Board (STEB).

Since these task forces released their reports and recommendations, several pieces of legislation have been signed into law that have positively impacted the assessment process. For instance, Act 155 of 2018 now requires county boards of assessment appeals to be trained in order to hear appeals, and Act 88 of 2020 clarifies that revaluation company personnel contracted by counties to complete a countywide reassessment must be certified as Certified Pennsylvania Evaluators (CPEs), a designation which must be obtained by county assessors who are responsible for valuing property for real estate tax purposes. In addition, Act 87 of 2020 added two CPEs to the State Board of Real Estate Appraisers, which has oversight of CPE training and education, while Act 41 gave counties additional options to assure they receive information about improvements to properties and can maintain accurate property values.

Perhaps most importantly, however, the task forces resulted in additional work by the Local Government Commission, AAP and CCAP that created best practices and guidelines for county assessment offices. These include data collection standards, model RFPs and contracting

guidelines for county reassessment services and assessment office public relations guidance. Of particular significance for this hearing is the Self-Evaluation Guide, designed to help counties identify key trends and factors within a county that may have significant impact on uniformity and equity and influence the need for a countywide assessment.

The Self-Evaluation Guide specifically notes, "Pennsylvania counties vary greatly in ways that can influence changes in their property values (e.g., populations, property types, home values, property market stability, economies, predominant industries, and household incomes). County governing body determinations about the need for and timing of the revaluation of all properties in the county and the revision of its assessments (i.e., conduct a countywide reassessments), therefore, may differ."

There is no one single factor that may determine whether a county needs to, or whether it is adequately prepared to, conduct a countywide reassessment. We encourage committee members to review in greater detail the Self-Evaluation Guide, a copy of which can be found [here](#), to gain a better understanding of the complications of the property reassessment system and the decisions counties face.

However, many of the report's other recommendations have not been actively pursued, and CCAP and AAP have renewed our commitment to seek the implementation of the LBFC recommendations and legislative considerations of the options suggested in the LBFC report.

County Implications

Across the commonwealth, the diversity in population, property types, and market values means the need for reassessments varies significantly. This means, as noted above, that there is no single standard, with counties operating under a wide range of assessment timelines. In particular, a lack of resources, specifically in terms of funding and staffing capacity, in addition to the very real public backlash commonly associated with a countywide reassessment, has made it incredibly challenging for counties to undertake that process. A more sustainable approach is urgently needed to ensure that all counties are equipped to conduct timely and accurate property assessments.

Over the years, counties have identified several changes they would like to see in the assessment system and have incorporated these into their policy platform. For more details, please refer to the [policy platform](#) for the full list of proposed improvements.

While there are absolutely technical matters that can be addressed to give counties tools, such as statistical tools, to maintain uniformity of property values between full-scale reassessments, it remains that two of the biggest challenges are the cost to conduct a reassessment and the public sentiment surrounding the process. Although counties conduct reassessments on behalf of the multiple local governments, they are solely responsible for the costs, without financial support from either local partners or state. For counties that have not undertaken a reassessment in a long period of time, this becomes a double-edged sword as investments may

need to be made to modernize property records and assessment data even before undertaking the costs of the reassessment itself. This in turn can significantly increase an already substantial price tag that ironically is supported only by county property tax dollars.

To address this challenge, counties have long advocated for state funding opportunities that would support the assessment system, such as a grant or revolving loan fund. Locally driven options could include allowing counties to levy a fee on deed and mortgage recording to generate funds that would assist counties in performing reassessments or sharing the burden with the municipalities and school districts who also rely on updated property values for their own tax bases.

In addition, property owners often have strong opinions about a countywide reassessment, and significant educational efforts are needed to explain what a reassessment is, and is not. One of the most common drivers of these opinions is the assumption that property taxes will automatically increase. In reality, a reassessment cannot generate more revenue for a local government than before the reassessment; all local governments must adjust their millage rates to assure the reassessment is revenue neutral overall. Combined with changes in property values, the general rule of thumb is that this means about a third of properties will see their taxes increase, a third will see their taxes decrease, and a third will stay about the same. Ongoing and accurate education about the purpose of the assessment system and how it is conducted will be critical to reducing the stigma of reassessments.

Counties have explored the question of whether it would be more effective to create a statewide requirement to reassess on a specific timeline, which would enable more familiarity among property owners with the process. Two key factors must be addressed in order to move in this direction, however. First, as counties vary so differently in the factors that impact their property values, a timeline must be established that is neither so short that it requires counties whose property values are relatively stable to unnecessarily undertake the cost of a countywide reassessment, nor so long that counties whose property values are more quickly impacted by changes in growth and development are not waiting too long to bring their assessments into line accordingly. Second, counties reiterate the need for financial assistance to support the ongoing costs of properly maintaining the assessment system and conducting countywide reassessments.

Issues Affecting the Property Tax System

We would be remiss if we did not address the other factors that affect the property tax base, and ultimately property tax bills, beyond assessments.

In particular, the tax base of almost all local governments has been economically affected to some extent by tax-exempt properties, for when one part of the tax base does not pay property taxes, this means the property tax burden necessarily shifts onto those properties not directly affected by the exemptions. All publicly owned property, including that owned by the commonwealth of Pennsylvania and the federal government, are excluded from taxation

(although a payment in lieu of taxes, or PILT, is provided by the federal government to offset losses in property taxes, and by the state government with regard to state forest, game and park lands). Additional tax exemptions are provided to those that qualify as purely public charities, as directed by the state Constitution and further defined by statute and case law, and to disabled veterans.

Further, a significant portion of private property – more than nine million acres across the commonwealth – is enrolled in the Clean and Green program put in place under state law. Clean and Green is a preferential tax assessment program that bases property taxes on use values rather than fair market values for eligible properties, typically resulting in a tax reduction for landowners. Legislation has been offered, and enacted, since the original law took effect, to expand the qualifications and allow additional properties to benefit from preferential assessment, often beyond the original intent of the law to encourage protection of farmland, forest land and open space.

This combination has had a significant impact on the tax base in many counties. Based on 2024 data, in Tioga County, just 70% of the county's total assessed value was fully taxable, while 18% was exempt and 12% was enrolled in Clean and Green.

The local government tax base continues to erode by degrees, either by legislative action (Public Utility Realty Tax Act restructuring, Keystone zones, wind farms, billboards) or by judicial fiat (oil and gas). While there are public policy reasons for providing property tax exemptions and other reductions, the trade-off in value for the taxes foregone needs to be appropriate and defensible. When one property owner has their tax burden reduced or eliminated, the burden shifts to the other property taxpayers since the financial needs of the local governments must still be met.

All of these issues are exacerbated by the fact that for counties, the property tax is the only locally generated source of general fund revenues available to them. In other words, when the tax base decreases, costs and mandates go up, and state and federal funding go down, counties have nowhere else to go but the property taxpayer to fund critical programs and services. Counties have called for years for additional options, such as a county sales or income tax to offset property tax burdens, allowing a mix of taxes that could better fit local economics and demographics.

Counties stand ready to work with the General Assembly to modernize the property assessment system and to work on the adoption of updated assessment laws. At the same time, we firmly believe the entire property tax system must be examined to assure we are able to meet the goals of uniformity and equity both for taxpayers and for the local governments that rely on the revenue generated to provide services to their residents.

Thank you for your attention to these comments, and I would be happy to answer any questions you may have.

