

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1117 Session of
1997

INTRODUCED BY BARD, HERMAN, LESCOVITZ AND COY, APRIL 2, 1997

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 2, 1997

AN ACT

1 Authorizing the State Tax Equalization Board to provide
2 financial assistance to counties for assessment reform;
3 creating a revolving loan fund from a restricted account
4 within the General Fund; providing for grants-in-aid and
5 loans for assessment improvement including countywide
6 reassessment; providing for the powers and duties of the
7 State Tax Equalization Board; and making an appropriation.

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14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 CHAPTER 1

17 PRELIMINARY AND ADMINISTRATIVE PROVISIONS

18 Section 101. Short title.

19 This act shall be known and may be cited as the Assessment
20 Reform Grant and Loan Act.

21 Section 102. Declaration of policy.

22 The General Assembly finds and declares as follows:

23 (1) It is a public policy of the Commonwealth to improve
24 the quality of the real estate assessment process in each of
25 the counties of this Commonwealth. It is further a policy of
26 the Commonwealth to assist counties which desire to reassess
27 valuations of real property by offering a program of grants,
28 loans, or both, to accomplish this purpose.

29 (2) Counties within this Commonwealth should be provided
30 with the financial resources necessary to assist them in

1 improving their respective real estate assessment processes.

2 Improvement includes:

3 (i) Revaluation of real property located within a
4 county.

5 (ii) Improvement of the maintenance and accuracy of
6 a county's assessment systems; procedures and standards;
7 and the tax maps, property records, and assessment rolls
8 related to them.

9 (iii) Improvement or establishment of a county's
10 appraisal practices, computer-assisted appraisal system
11 functional specifications, specifications for the conduct
12 of a revaluation program and procedures for the conduct
13 of public information programs.

14 (3) Counties eligible for funding under the provisions
15 of this act should be able to bring their established
16 predetermined ratios within the 15% tolerance of the board-
17 established common level ratio in the very near future and
18 maintain that tolerance over an extended period of time.

19 (4) Numerous counties within this Commonwealth have not
20 reassessed the value of taxable real estate for many years.
21 Consequently, while the market value of this property has
22 increased dramatically in recent years, counties have either
23 not kept pace with this higher valuation or have
24 unintentionally distributed the tax burden inequitably upon
25 their residents by not uniformly reassessing the entire
26 county.

27 Section 103. Definitions.

28 The following words and phrases when used in this act shall
29 have the meanings given to them in this section unless the
30 context clearly indicates otherwise:

1 "Advisory committee." The Assessment Reform Grant and Loan
2 Advisory Committee established in section 104.

3 "Board." The State Tax Equalization Board.

4 "Coefficient of dispersion." A measure of the accuracy of
5 assessed values to true values which measures the average
6 assessment error around the common level ratio.

7 "Common level ratio." The ratio of assessed value to current
8 market value used generally in the county as last determined by
9 the State Tax Equalization Board under the act of June 27, 1947
10 (P.L.1046, No.447), referred to as the State Tax Equalization
11 Board Law.

12 "County." A county within this Commonwealth, regardless of
13 classification. The term includes a county adopting a home rule
14 charter or optional plan of government under the act of April
15 13, 1972 (P.L.184, No.62), known as the Home Rule Charter and
16 Optional Plans Law.

17 "Established predetermined ratio." The ratio of assessed
18 value to market value established by the board of county
19 commissioners of the legislative policymaking body in a home
20 rule county and uniformly applied in determining assessed value
21 in any year.

22 "Fund." The Assessment Reform Revolving Loan Fund
23 established in section 301.

24 Section 104. Advisory committee.

25 There is created the Assessment Reform Grant and Loan
26 Advisory Committee, which shall assist the board in promulgating
27 comprehensive standards of assessment reform to be applied
28 uniformly throughout the counties in this Commonwealth.

29 Section 105. Powers and duties of committee.

30 (a) Promulgate standards.--In conjunction with the board,

1 the advisory committee shall promulgate comprehensive standards
2 and procedures of assessment reform.

3 (b) Review applications.--In conjunction with the board, the
4 advisory committee shall review applications for certification
5 by counties seeking to become recipients of the direct grant-in-
6 aid in order to ascertain whether the county has demonstrated an
7 acceptable level of assessment accuracy under this act.

8 Section 106. Advisory committee structure.

9 (a) Membership.--The advisory committee shall consist of
10 seven members, none of whom may be an employee of the General
11 Assembly, as follows:

12 (1) The Governor shall appoint three members who are
13 broadly representative of the following groups:

14 (i) Licensed real estate brokers.

15 (ii) Instructors or researchers in various
16 disciplines related to mathematics or statistics, who may
17 be employed by an accredited institution of higher
18 learning.

19 (iii) Citizens with general knowledge or interest in
20 real estate assessment practices.

21 (2) The president pro tempore of the Senate, the
22 Minority Leader of the Senate, the Speaker of the House of
23 Representatives and the Minority Leader of the House of
24 Representatives shall each appoint one member with general
25 knowledge or interest in real estate assessment practices.

26 (b) Term.--The initial term of each member of the advisory
27 committee shall commence upon the date of appointment and shall
28 expire 30 days after the convening of the next regular session
29 of the General Assembly. Thereafter, the term of each member
30 shall commence upon the date of appointment and shall expire two

1 years later. All members shall serve until a successor is
2 appointed and qualified, and any member of the advisory
3 committee may serve successive terms. Any vacancy occurring in
4 the membership shall be filled by the appointing power making
5 the original appointment for the duration of the unexpired term.

6 (c) Compensation.--An advisory committee member shall not
7 receive a salary but shall be reimbursed for actual expenses
8 incurred in the performance of official duties.

9 (d) Organization.--The advisory committee shall organize as
10 soon as possible after the appointment of members and shall
11 reorganize upon a change in membership. The advisory committee
12 shall select a chairman and other officers from among its
13 members.

14 (e) Deportment.--A member of the advisory committee, upon
15 clear and convincing evidence of misfeasance, malfeasance or
16 nonfeasance in office, including neglect of duty, may be removed
17 by majority vote of the members of the advisory committee. A
18 member neglecting or refusing to attend two successive regular
19 meetings, unless prevented by sickness or other necessity, shall
20 be subject to removal by majority vote of the members of the
21 advisory committee.

22 Section 107. Powers and duties of board.

23 (a) Maintain data.--The board shall maintain accurate and
24 current data on the valuations of real property and the number
25 and status of all parcels of real property in each county as
26 provided to the board by the respective assessment offices of
27 each county.

28 (b) Establish assessment procedures.--The board, in
29 conjunction with the advisory committee, shall promulgate
30 comprehensive standards and procedures of assessment reform to

1 be applied uniformly throughout all counties in this
2 Commonwealth. This shall not include the power of the board to
3 set a standard or uniform established predetermined ratio to be
4 applied throughout all counties of this Commonwealth. The board,
5 in cooperation with the advisory committee, shall determine the
6 method of calculating the accuracy measure under section 502(3).

7 (c) Review county systems.--The board shall review plans
8 submitted by a county to improve that county's assessment
9 systems, procedures and standards, including countywide
10 reassessment programs.

11 (d) Evaluate county plans.--The board shall either approve
12 or reject plans submitted by a county. If the board rejects a
13 plan submitted by a county, the board shall provide detailed
14 documentation to enable the county to resubmit an amended plan
15 which is capable of approval by the board.

16 (e) Review certification applications.--The board, in
17 conjunction with the advisory committee, shall review
18 applications for certifications by a county to become a
19 recipient of a direct grant-in-aid to assist the county in its
20 ongoing process of assessment reform.

21 (f) Award loans and grants.--The board shall award loans and
22 grants to eligible counties in accordance with the provisions of
23 this act.

24 (g) Regulations.--The board shall promulgate regulations
25 necessary to implement the provisions of this act.

26 CHAPTER 3

27 FUND

28 Section 301. Establishment and function.

29 (a) Establishment.--There is created a restricted revenue
30 account within the General Fund, to be known as the Assessment

1 Reform Revolving Loan Fund. All appropriations made by the
2 General Assembly and the repayment of principal on loans made
3 under this act shall be credited into the fund.

4 (b) Function.--Upon approval of a loan, the board shall
5 requisition from the fund the amounts allocated by the board for
6 loans to eligible counties. When and as the amounts so allocated
7 as loans to counties are repaid to the board under the terms of
8 the loan, the board shall pay the amounts into the fund. The
9 fund shall operate as a revolving fund from which the
10 appropriations and payments made to the fund may be applied and
11 reapplied for the purposes of this act.

12 Section 302. Prerequisite for loan.

13 A county which seeks a loan from the fund must submit a
14 detailed plan for assessment reform to the board.

15 Section 303. Contents of plan.

16 The plan submitted by a county to the board must be
17 consistent with applicable law and board regulations and must
18 include the following specifications:

19 (1) A detailed statement of the current permanent
20 records system of a county's assessment office, including tax
21 maps, property record cards, property owner's index,
22 computerized systems and related matters.

23 (2) A comprehensive explanation of the method by which a
24 county intends to implement assessment reform.

25 (3) If a county seeks financial assistance to conduct a
26 countywide reassessment of the valuations of the real
27 property located within the county, a comprehensive proposed
28 methodology by which the county intends to perform the
29 reassessment.

30 (4) A detailed statement of the precise costs associated

1 with proposed assessment reform, which includes countywide
2 reassessment.

3 Section 304. Review of plan.

4 (a) Preliminary review.--The board shall review a plan
5 submitted by a county to insure compliance with applicable
6 provisions of this act and shall issue a preliminary approval or
7 rejection of the plan within 60 days from the date the plan is
8 received by the board.

9 (b) Disbursement of funds.--If satisfied that the
10 requirements of this act have been met, the board shall issue
11 final approval of a plan, including disbursement of approved
12 loan funds, within 60 days of the date of preliminary approval.

13 (c) Rejection statement.--If the board preliminarily rejects
14 a plan, the board shall provide detailed documentation to enable
15 the county to resubmit an amended plan. The resubmission of an
16 amended plan by a county must occur within 60 days of the date a
17 county receives a preliminary rejection of the original or of
18 any amended plan in order for the county to remain eligible for
19 disbursement of loan funds.

20 (d) Resubmission of amended plans.--Resubmission of an
21 amended plan may be made as many times as may be required by the
22 board in order for a county to be eligible for disbursement of
23 loan funds. Original submission of a plan by a county must occur
24 within three years of the effective date of this act.

25 Section 305. Disbursement of loan funds.

26 In calculating a precise amount of loan funds to be disbursed
27 to a county which submits an approved plan, the board shall
28 certify the number of parcels of real estate located within the
29 county. Then, the board shall calculate the amount of the loan
30 by certification of a sum of money up to \$40 per parcel. The

1 certified sum shall be applied to the number of parcels of real
2 estate within the county to constitute the final total amount of
3 loan funds to be disbursed to the county.

4 Section 306. Restricted use of loan funds.

5 (a) General rule.--Loan funds disbursed following submission
6 of an approved plan under the provisions of this act shall be
7 used only to implement the assessment reform set forth in the
8 plan submitted by the county.

9 (b) Restrictions.--The proceeds of the loan may not be used
10 to retire "debt" as defined in the act of July 12, 1972
11 (P.L.781, No.185), known as the Local Government Unit Debt Act,
12 and shall not be subject to the provisions of that act.

13 Section 307. Terms and conditions of loan repayment.

14 A county to which loan funds are disbursed following
15 submission of an approved plan to the board shall comply with
16 the following terms and conditions with respect to repayment and
17 shall enter into a covenant with respect to these terms:

18 (1) A loan shall be repayable by a county without
19 interest charged on the principal sum of the loan.

20 (2) A loan shall be repayable by a county in five equal
21 annual installments, the first of which shall become due
22 within 90 days of the earlier of:

23 (i) the date of complete implementation of the
24 approved plan as certified by the board; or

25 (ii) three years following the date of disbursement
26 of loan funds.

27 (3) The second annual installment payment on any loan
28 shall become due 12 months after the date of payment of the
29 first installment, and subsequent annual installment payments
30 shall be due at 12-month intervals.

1 CHAPTER 5

2 GRANTS-IN-AID

3 Section 501. Eligibility for grants-in-aid.

4 A county may seek eligibility for a direct grant-in-aid
5 regardless of the county's participation in the revolving loan
6 fund program. In order to become eligible for a direct grant-in-
7 aid, a county must do all of the following:

8 (1) Complete implementation of assessment systems,
9 procedures and standards as prescribed and approved by the
10 board.

11 (2) Attain an acceptable level of assessment accuracy as
12 determined and certified by the board in conjunction with the
13 advisory committee.

14 Section 502. Application for certification.

15 A county which seeks to obtain eligibility for a direct
16 grant-in-aid must apply for certification of eligibility from
17 the board. The board shall prescribe the form of application,
18 which shall include the following:

19 (1) Clearly documented evidence that the county has
20 complied with minimum board-prescribed assessment systems,
21 procedures and standards for tax maps, property records,
22 assessment roll preparation and related matters.

23 (2) Clearly documented evidence that, where necessary,
24 the county has complied with board-prescribed appraisal
25 practices, computer-assisted appraisal system functional
26 specifications, model specifications for the conduct of
27 revaluation program and procedures for the conduct of public
28 information programs.

29 (3) Attainment of assessment accuracy, as certified by
30 the board, in all of the following measures of accuracy:

1 (i) Variation of the common level from established
2 predetermined ratio, as currently measured by the board.
3 Under this subparagraph, the common level ratio must be
4 within 15% of the established predetermined ratio for the
5 county to be eligible for receipt of the grant-in-aid.

6 (ii) The average assessment error as measured by the
7 coefficient of dispersion.

8 Section 503. Disbursement of grants-in-aid.

9 A county which submits an application for certification of
10 eligibility for a grant-in-aid must obtain written approval of
11 the application by the board in consultation with the advisory
12 committee. The amount of the direct grant-in-aid for an eligible
13 county which has secured this approval shall be calculated by
14 application of the board-certified number of parcels of real
15 estate located within the county multiplied by the sum of \$15
16 per parcel. This amount constitutes the total payment of the
17 grants-in-aid.

18 Section 504. Prerequisites to disbursement of grants-in-aid.

19 In order for a county to finally receive payment of the
20 direct grant-in-aid, the county must comply with the following
21 requirements:

22 (1) A county which has obtained loan funds under the
23 provisions of this act must have made at least two of the
24 five annual installment payments set forth under section 306
25 and must have implemented board-approved assessment systems,
26 procedures and standards within six years from the effective
27 date of this act.

28 (2) A county which has not obtained loan funds under the
29 provisions of this act but which has obtained written
30 certification of eligibility for a direct grant-in-aid under

1 section 502 shall be entitled to a direct grant-in-aid.

2 (3) Actual disbursement of a grant-in-aid to an eligible
3 county shall occur within 90 days of the date that the county
4 receives written certification of eligibility from the board
5 in consultation with the advisory committee.

6 (4) Grants-in-aid disbursed following written
7 certification of eligibility from the board in consultation
8 with the advisory committee shall be used solely to maintain
9 the assessment systems, procedures and standards prescribed
10 and approved by the board or to continue maintenance of an
11 acceptable level of assessment accuracy as determined and
12 certified by the board. Proceeds of the grant-in-aid may not
13 be used to retire "debt" as defined in the act of July 12,
14 1972 (P.L.781, No.185), known as the Local Government Unit
15 Debt Act, and shall not be subject to the provisions of that
16 act.

17 CHAPTER 7

18 FUNDING

19 Section 701. Appropriations.

20 The sum of \$25,000,000, or as much thereof as may be
21 necessary, is hereby appropriated to the State Tax Equalization
22 Board for the fiscal year July 1, 1997, to June 30, 1998, to
23 carry out the provisions of this act. The appropriation shall be
24 distributed as follows:

25 (1) Three hundred thousand dollars shall be used by the
26 board for administrative expenses.

27 (2) Twenty million dollars shall be used to provide
28 loans to eligible counties for the purposes of assessment
29 reform.

30 (3) Four million seven hundred thousand dollars shall be

1 used to provide grants-in-aid to eligible counties for the
2 purposes of assessment reform.

3 CHAPTER 11

4 MISCELLANEOUS PROVISIONS

5 Section 1101. Effective date.

6 This act shall take effect in 60 days.