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**SR 447 (Printer's No. 2132) Analysis**

**Date: October 13, 2016**

**Prime Sponsor: Senator McGarrigle**

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**A. Purpose and Synopsis of Resolution**

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Given assessment-related litigation in recent years, and reported inconsistencies and inequities in the property assessment system, the Local Government Commission (LGC) introduced SR 447 to form a task force. The task force would provide guidance and support to a working group of representatives from the LGC, County Commissioners Association of Pennsylvania (CCAP), Assessors' Association of Pennsylvania (AAP), Legislative Budget and Finance Committee (LB&FC) and State Tax Equalization Board (STEB) to facilitate development and implementation of remedies to address recommendations in recent House Resolution reports related to the *modernization, efficiency, transparency* and *fairness* of the property assessment process in Pennsylvania.

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**B. Summary and Analysis of Resolution**

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The purpose of the Task Force would be to:

- Examine, facilitate and oversee the implementation of recommendations related to the efficiency, transparency, modernization and fairness of the property valuation and the real property assessment process in the Commonwealth. Recommendations that may be addressed include:
    - Developing and implementing contracting standards for contracting with private appraisal firms in conducting county reassessments.
    - Developing and implementing an operations manual to be used by counties when conducting a countywide reassessment or when valuating property.
    - Developing and implementing a county self-evaluation tool for counties to determine their need for a countywide reassessment, and readiness for a reassessment in terms of data and resources.
    - Requiring public disclosure or transparency of the key elements of a county's chosen system for property valuation and assessment, including how properties are valued and assessed.
    - Developing and implementing a training program for persons employed to collect, compile, compare or handle data associated with the valuation of property for purposes of reassessment.
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- Investigating the fairness and efficiency of the assessment appeals process.
  - Examining current legal requirements for property valuation, assessment and appeals in this Commonwealth and identifying any advisable changes.
  - Identify and propose other practical solutions to inaccuracies or inequities in the assessment process.
  - Develop legislation as may be necessary to effectuate the goals of the Task Force.

The Task Force would be comprised of:

- Four representatives from the LGC, appointed by the chairperson:
  - One from the majority caucus and one from the minority caucus of the Senate.
  - One from the majority caucus and one from the minority caucus of the House of Representatives.Two of whom shall be designated by the chairperson of the LGC as cochairpersons of the Task Force.
- Two members of the Senate Local Government Committee, one appointed by the majority chairperson and one appointed by the minority chairperson.
- Two members of the House Local Government Committee, one appointed by the majority chairperson and one appointed by the minority chairperson.
- Two appointees by the Governor, one from the Department of Community and Economic Development and one from the Department of Revenue.
- Such additional members as may be deemed advisable by the Task Force cochairpersons.

A working group would be utilized by the Task Force to continue previous efforts in assessment reform and provide the technical assistance necessary to achieve the objectives of this resolution. The working group may be comprised of staff or representatives from the LGC, CCAP, AAP, LB&FC and STEB, as designated by the executive director of each agency or organization, and additional personnel as may be required by the Task Force.

The LGC would provide additional support to the efforts of the working group and the Task Force as the Commission deems necessary, consistent with the powers and duties of the Commission as provided in the Local Government Commission Law.

The Task Force, in coordination with the working group, would be required to submit a report with the Task Force's findings and recommendations, including proposed legislative remedies, to the Local Government Committee of the Senate and the Local Government Committee of the House *no later than 24 months after the passage of this resolution*.

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### C. Relevant Current Law

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The *primary* laws providing for the property assessment system in Pennsylvania, by class of county, include:

- All classes of counties: Pennsylvania Constitution, Article VIII (Taxation and Finance).
- Second class A through eighth class counties: Consolidated County Assessment Law (53 Pa.C.S. § 8801 et seq.).
- Second class county (Allegheny County): General County Assessment Law (Act 155 of 1933); Second Class County Assessment Law (Act 294 of 1939); and Second Class County Code (Act 230 of 1953).<sup>1</sup>

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<sup>1</sup> In addition, the Allegheny County home rule charter and administrative code.

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- First class county (Philadelphia): General County Assessment Law; Act 404 of 1939 (relating to taxation, board of revision of taxes); and 53 Pa.C.S. §§ 8561-8565 (relating to assessments in cities and counties of the first class).<sup>2</sup>

The statute providing for STEB, found in Act 58 of 1996, Chapter 15 (State Tax Equalization Board), among other things, delineates the board's powers and duties. STEB has established a Blue Ribbon Committee to help address a number of those duties, such as creating an operations manual for use by counties, developing and maintaining statewide training programs, and developing contracting standards. The Task Force would work in coordination with STEB and the Blue Ribbon Committee so as to aid in achieving their objectives and not duplicate effort.

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#### D. Background of Resolution

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The objectives for the Task Force and working group are based on recommendations from:

- House Resolution 334 of 2009 Report, *Pennsylvania's System for Property Valuation and Reassessment*, Legislative Budget and Finance Committee (July 2010).
- *Final Report of the House Resolution 343 [of 2011] Task Force on Property Valuation and Reassessment* (April 10, 2012).
- *Final Report of the House Resolution 344 [of 2011] Task Force on Property Valuation and Reassessment and the Pennsylvania State Tax Equalization Board* (April 10, 2012).

Over the past several years, members of the AAP and staff of the LGC, LB&FC, CCAP and STEB have been working to gradually address some of the recommendations, but still much remains to be accomplished.

There is no other prior session history on this resolution.

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#### E. Effect of Resolution

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SR 447 would not result in a single legislative proposal amending a given law. Addressing each recommendation would require a separate strategy, which may or may not require legislation for implementation. Any needed legislation would have to be considered by the General Assembly on its own merits. *Therefore, the resolution, in itself, does not result in a fiscal impact, a mandate or additional power.*

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#### F. Issues, Policy Questions and Stakeholder Feedback

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Parties included in the resolution have been conferred with, and have indicated a willingness to participate in, the Task Force's efforts. In addition, other stakeholders and interested parties will be kept informed of and, as appropriate, consulted on the Task Force's work. Other stakeholders and interested parties could include, but not be limited to:

- Other state agencies
  - Pennsylvania Department of Education
- Local government associations/organizations
  - Pennsylvania Municipal League
  - Pennsylvania School Boards Association

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<sup>2</sup> In addition, the Philadelphia County home rule charter and administrative code.

- Pennsylvania State Association of Boroughs
- Pennsylvania State Association of Township Supervisors
- Pennsylvania Economy League
- Business interests
  - Apartment Association of Pennsylvania
  - Pennsylvania Bankers Association
  - Pennsylvania Association of Realtors
  - Pennsylvania Residential Owners Association
  - Pennsylvania Chamber of Business and Industry
  - Pennsylvania Bar Association
  - Pennsylvania Farm Bureau
- Legislative committee staff