
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 605 Session of
1991

INTRODUCED BY FOSTER, STUBAN, GAMBLE, LESCOVITZ AND
D. W. SNYDER, MARCH 12, 1991

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 12, 1991

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.

8 TABLE OF CONTENTS

9 Chapter 1. Preliminary and Administrative Provisions

10 Section 101. Short title.

11 Section 102. Purpose and legislative intent.

12 Section 103. Definitions.

13 Section 104. Creation of advisory committee.

14 Section 105. Powers and duties of committee.

15 Section 106. Committee structure.

16 Section 107. Powers and duties of STEB.

17 Chapter 2. Revolving Loan Fund

18 Section 201. Assessment Reform Revolving Loan Fund.

19 Section 202. Prerequisite for loan.

20 Section 203. Contents of plan.

1 Section 204. Review of plan.
2 Section 205. Disbursement of loan funds.
3 Section 206. Restricted use of loan funds.
4 Section 207. Terms and conditions of loan repayment.
5 Chapter 3. Grants-in-Aid
6 Section 301. Eligibility for grants-in-aid.
7 Section 302. Application for certification.
8 Section 303. Disbursement of grants-in-aid.
9 Section 304. Prerequisites to disbursement of grants-in-aid.

10 Chapter 4. Funding

11 Section 401. Appropriations.

12 Chapter 5. Miscellaneous Provisions

13 Section 501. Effective date.

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. Purpose and legislative intent.

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

28 (b) Legislative intent.--

29 (1) It is the intent of the General Assembly to provide
30 counties within this Commonwealth with the financial

1 resources necessary to assist them in improving their
2 respective real estate assessment processes, which
3 improvement may include, but may not be necessarily limited
4 to:

5 (i) Revaluation of real property located within a
6 county.

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

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

16 (2) By this act, the General Assembly anticipates that
17 those counties eligible for funding under the provisions of
18 this act should be able to bring their established
19 predetermined ratios within the 15% tolerance of the board-
20 established common level ratio in the very near future and
21 maintain that tolerance over an extended period of time.

22 (3) The General Assembly has also concluded that
23 numerous counties within this Commonwealth have not
24 reassessed the value of taxable real estate for many years.
25 Consequently, while the market value of this property has
26 increased dramatically in recent years, counties have either
27 not kept pace with this higher valuation or have
28 unintentionally distributed the tax burden inequitably upon
29 their residents by not uniformly reassessing the entire
30 county.

1 Section 103. Definitions.

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

5 "Advisory committee." The Assessment Reform Grant and Loan
6 Advisory Committee created, empowered and defined under this
7 act.

8 "Board." The State Tax Equalization Board, created under the
9 act of June 27, 1947 (P.L.1046, No.447), referred to as the
10 State Tax Equalization Board Law. Board may also be referred to
11 as "STEB."

12 "Coefficient of dispersion." A measure of the accuracy of
13 assessed values to true values, which measures the average
14 assessment error around the common level ratio.

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

19 "County." A county within this Commonwealth, regardless of
20 classification, including a county adopting a home rule charter
21 or optional plan of government pursuant to the act of April 13,
22 1972 (P.L.184, No.62), known as the Home Rule Charter and
23 Optional Plans Law.

24 "Established predetermined ratio." The ratio of assessed
25 value to market value established by the board of county
26 commissioners of the legislative policymaking body in home rule
27 counties and uniformly applied in determining assessed value in
28 any year.

29 "Fund." Assessment Reform Revolving Loan Fund.

30 "STEB." The State Tax Equalization Board, created under the

1 act of June 27, 1947 (P.L.1046, No.447), referred to as the
2 State Tax Equalization Board Law. STEB may also be referred to
3 as "board."

4 Section 104. Creation of advisory committee.

5 There is hereby created the Assessment Reform Grant and Loan
6 Advisory Committee which shall assist STEB in devising,
7 preparing and promulgating comprehensive standards of assessment
8 reform to be applied uniformly throughout the counties in this
9 Commonwealth.

10 Section 105. Powers and duties of committee.

11 (a) Promulgate standards.--In conjunction with STEB, the
12 advisory committee shall devise, prepare and promulgate
13 comprehensive standards and procedures of assessment reform.

14 (b) Review applications.--In conjunction with STEB, the
15 advisory committee shall review applications for certification
16 by counties seeking to become recipients of the direct grant-in-
17 aid in order to ascertain whether the county has demonstrated an
18 acceptable level of assessment accuracy as defined in this act.

19 Section 106. Committee structure.

20 (a) Membership.--The advisory committee shall consist of
21 seven members, none of whom shall be an employee of the General
22 Assembly. They shall be appointed or designated as follows:

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

25 (i) Licensed real estate brokers.

26 (ii) Instructors or researchers in various
27 disciplines related to mathematics or statistics who may
28 be employed by an accredited institution of higher
29 learning.

30 (iii) Citizens with general knowledge or interest in

1 real estate assessment practices.

2 (2) The president pro tempore of the Senate, the
3 Minority Leader of the Senate, the Speaker of the House of
4 Representatives and the Minority Leader of the House of
5 Representatives shall each appoint one member with general
6 knowledge or interest in real estate assessment practices.

7 (b) Term.--The initial term of each member of the advisory
8 committee shall commence upon the date of his appointment and
9 shall expire 30 days after the convening of the next regular
10 session of the General Assembly. Thereafter, the term of each
11 member shall commence upon the date of his appointment and shall
12 expire two years later. All members shall serve until a
13 successor is appointed and qualified, and any member of the
14 advisory committee may serve successive terms. Any vacancy
15 occurring in the membership shall be filled by the appointing
16 power making the original appointment for the duration of the
17 unexpired term.

18 (c) Compensation.--An advisory committee member may not
19 receive a salary but shall be reimbursed for actual expenses
20 incurred in the performance of his official duties.

21 (d) Organization.--The advisory committee shall organize as
22 soon as possible after the appointment of members and shall
23 reorganize upon a change in membership. The advisory committee
24 shall select a chairman and other officers from among its
25 members.

26 (e) Deportment.--A member of the advisory committee, upon
27 clear and convincing evidence of misfeasance, malfeasance or
28 nonfeasance in office, including neglect of duty, may be removed
29 by majority vote of the members of the committee. A member
30 neglecting or refusing to attend two successive regular

1 meetings, unless prevented by sickness or other necessity, shall
2 be subject to removal by majority vote of the members of the
3 advisory committee.

4 Section 107. Powers and duties of STEB.

5 (a) Maintain data.--STEB shall maintain accurate and current
6 data on the valuations of real property and the number and
7 status of all parcels of real property in each county as
8 provided to STEB by the respective assessment offices of each
9 county.

10 (b) Establish assessment procedures.--STEB, in conjunction
11 with the advisory committee, shall devise, prepare and
12 promulgate comprehensive standards and procedures of assessment
13 reform to be applied uniformly throughout all counties in this
14 Commonwealth; this shall not include, however, the power of STEB
15 to set a standard or uniform established predetermined ratio of
16 assessed value to market value to be applied throughout all
17 counties of this Commonwealth.

18 (c) Review county systems.--STEB shall review plans
19 submitted by a county to improve that county's assessment
20 systems, procedures and standards which include countywide
21 reassessment programs.

22 (d) Evaluate county plans.--STEB shall either approve or
23 reject plans submitted by a county; however, in the event that
24 STEB rejects a plan submitted by a county, STEB shall provide
25 detailed documentation to enable the county to resubmit an
26 amended plan which is capable of approval by STEB.

27 (e) Review certification applications.--STEB, in conjunction
28 with the advisory committee, shall review applications for
29 certifications by a county to become a recipient of a direct
30 grant-in-aid to assist the county in its ongoing process of

1 assessment reform.

2 (f) Award loans and grants.--STEB shall award loans and
3 grants to eligible counties in accordance with the provisions of
4 this act.

5 (g) Make regulations.--STEB shall promulgate rules and
6 regulations necessary to implement the provisions of this act.

7 CHAPTER 2

8 REVOLVING LOAN FUND

9 Section 201. Assessment Reform Revolving Loan Fund.

10 (a) Creation.--There is hereby created a restricted revenue
11 account within the General Fund in the Treasury Department, to
12 be known as the Assessment Reform Revolving Loan Fund. Into this
13 account shall be credited all appropriations made by the General
14 Assembly, and the repayment of principal on loans, made under
15 this act.

16 (b) Function.--Upon approval of a loan, STEB shall routinely
17 requisition from the fund the amounts allocated by STEB for
18 loans to eligible counties. When and as the amounts so allocated
19 by STEB as loans to counties are repaid to STEB under the terms
20 of the covenants made and entered into with STEB under this act,
21 STEB shall pay the amounts into the fund, it being the intent of
22 this act that the fund shall operate as a revolving fund from
23 which the appropriations and payments made to the fund may be
24 applied and reapplied to the purposes of this act.

25 Section 202. Prerequisite for loan.

26 A county which seeks a loan from the Assessment Reform
27 Revolving Loan Fund shall be required to first submit a detailed
28 plan for assessment reform to STEB.

29 Section 203. Contents of plan.

30 The plan submitted by a county to STEB shall be consistent

1 with applicable law and STEB requirements and shall include the
2 following specifications:

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

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

9 (3) In the event that a county seeks financial
10 assistance to conduct a countywide reassessment of the
11 valuations of the real property located within the county,
12 the county shall include within the plan a comprehensive
13 proposed methodology by which the county intends to perform
14 the reassessment.

15 (4) A plan submitted to STEB shall include a detailed
16 statement of the precise costs associated with proposed
17 assessment reform which includes countywide reassessment.

18 Section 204. Review of plan.

19 (a) Preliminary review.--STEB shall review a plan or amended
20 plan submitted by a county to insure compliance with applicable
21 provisions of this act and shall issue a preliminary approval or
22 rejection of the plan within 60 days from the date the plan is
23 received by STEB.

24 (b) Disbursement of funds.--If satisfied that the
25 requirements of this act have been met, STEB shall issue final
26 approval of a plan, including disbursement of approved loan
27 funds, within 60 days of the date of preliminary approval.

28 (c) Rejection statement.--In the event of a preliminary
29 rejection of the plan, STEB shall provide detailed documentation
30 to enable the county to resubmit an amended plan. The

1 resubmission of an amended plan by a county shall occur within
2 60 days of the date a county receives a preliminary rejection of
3 the original or of any amended plan in order for the county to
4 remain eligible for disbursement of loan funds.

5 (d) Resubmission of amended plans.--Resubmission of an
6 amended plan may be made as many times as may be required by
7 STEB in order for a county to be eligible for disbursement of
8 loan funds. However, the original submission of a plan by a
9 county shall occur within three years of the effective date of
10 this act.

11 Section 205. Disbursement of loan funds.

12 In calculating a precise amount of loan funds to be disbursed
13 to a county which submits an approved plan, STEB shall first
14 certify the number of parcels of real estate located within the
15 county. Then STEB shall calculate the amount of the loan by
16 certification of a sum of money up to \$40 per parcel which, when
17 applied to the number of parcels of real estate within the
18 county, shall constitute the final total amount of loan funds to
19 be disbursed to the county.

20 Section 206. Restricted use of loan funds.

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

25 (b) Restrictions.--None of the proceeds of the loan shall be
26 used to retire "debt" or "unfunded debt" as defined in the act
27 of July 12, 1972 (P.L.781, No.185), known as the Local
28 Government Unit Debt Act, and shall not be subject to the
29 provisions of that act.

30 Section 207. Terms and conditions of loan repayment.

1 A county to which loan funds are disbursed following
2 submission of an approved plan to STEB shall comply with the
3 following terms and conditions with respect to repayment and
4 shall enter into a covenant with respect to these terms:

5 (1) Loans shall be repayable by a county without
6 interest charged on the principal sum of the loan.

7 (2) Loans shall be repayable by a county in five equal
8 annual installments, the first of which shall become due and
9 payable within 90 days of one of the following dates,
10 whichever occurs first:

11 (i) The date of complete implementation of the
12 approved plan as certified by STEB.

13 (ii) Three years following the date of disbursement
14 of loan funds.

15 (3) The second annual installment payment on any loan
16 shall become due and payable 12 months after the date of
17 payment of the first installment, and subsequent annual
18 installment payments shall be due and payable at 12-month
19 intervals.

20 CHAPTER 3

21 GRANTS-IN-AID

22 Section 301. Eligibility for grants-in-aid.

23 A county within this Commonwealth may seek eligibility for a
24 direct grant-in-aid regardless of the county's participation in
25 the revolving loan fund program. In order to become eligible for
26 a direct grant-in-aid, a county shall do the following:

27 (1) Complete implementation of assessment systems,
28 procedures and standards as prescribed and approved by STEB.

29 (2) Attain an acceptable level of assessment accuracy as
30 determined and certified by STEB in conjunction with the

1 advisory committee.

2 Section 302. Application for certification.

3 A county which seeks to obtain eligibility for a direct
4 grant-in-aid shall apply for certification of eligibility from
5 STEB. STEB shall prescribe the form of these applications, which
6 shall include the following:

7 (1) Clearly documented evidence that the county has
8 complied with minimum STEB-prescribed assessment systems,
9 procedures and standards for tax maps, property records,
10 assessment roll preparation and related matters.

11 (2) Clearly documented evidence that, where necessary,
12 the county has complied with STEB-prescribed appraisal
13 practices, computer-assisted appraisal system functional
14 specifications, model specifications for the conduct of
15 revaluation program and procedures for the conduct of public
16 information programs.

17 (3) Attainment of assessment accuracy, as certified by
18 STEB, in both of the following measures of accuracy:

19 (i) The first measure relates to variation of the
20 common level from established predetermined ratio as
21 currently measured by STEB; that is, the common level
22 ratio must be within a plus or minus factor of 15% of the
23 established predetermined ratio for the county to be
24 eligible for receipt of the grant-in-aid.

25 (ii) The second measure of accuracy is the average
26 assessment error as measured by the coefficient of
27 dispersion (COD) as calculated around the common level
28 ratio.

29 (iii) STEB, in cooperation with the advisory
30 committee, shall determine the method by which the ratio

1 variation and the coefficient of dispersion shall be
2 calculated.

3 Section 303. Disbursement of grants-in-aid.

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

13 Section 304. Prerequisites to disbursement of grants-in-aid.

14 In order for a county to finally receive payment of the
15 direct grant-in-aid, the county must comply with the following
16 requirements:

17 (1) A county which has obtained loan funds under the
18 provisions of this act must have made at least two of the
19 five annual installment payments set forth under section 206
20 and shall have implemented STEB-approved assessment systems,
21 procedures and standards within six years from the effective
22 date of this act.

23 (2) A county which has not obtained loan funds under the
24 provisions of this act, but which has obtained written
25 certification of eligibility for a direct grant-in-aid under
26 section 302, shall be entitled to a direct grant-in-aid.

27 (3) Actual disbursement of a grant-in-aid to an eligible
28 county shall occur within 90 days of the date that the county
29 receives written certification of eligibility from STEB in
30 consultation with the advisory committee.

(4) Grants-in-aid disbursed following written certification of eligibility from STEB in consultation with the advisory committee shall be used solely to maintain the assessment systems, procedures and standards prescribed and approved by STEB or to continue maintenance of an acceptable level of assessment accuracy as determined and certified by STEB. None of the proceeds of the grant-in-aid shall be used to retire "debt" of "unfunded debt" as defined in act of July 12, 1972 (P.L.781, No.185), known as the Local Government Unit Debt Act, and shall not be subject to the provisions of that act.

CHAPTER 4

FUNDING

Section 401. Appropriations.

The sum of \$25,000,000, or as much thereof as may be necessary, is hereby appropriated to the State Tax Equalization Board for the fiscal year July 1, 1991, to June 30, 1992, to carry out the provisions of this act. The appropriation shall be distributed as follows:

(1) Three hundred thousand dollars shall be used by STEB for administrative expenses necessary to carry out the provisions of this act.

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

(3) Four million seven hundred thousand dollars shall be used to provide grants-in-aid to eligible counties for the purposes of assessment reform.

CHAPTER 5

MISCELLANEOUS PROVISIONS

1 Section 501. Effective date.

2 This act shall take effect in 60 days.