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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1136 Session of  
1993

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INTRODUCED BY PISTELLA, LESCOVITZ, BATTISTO, MERRY AND  
D. W. SNYDER, APRIL 19, 1993

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 19, 1993

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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. 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 under the act of April 13, 1972  
22 (P.L.184, No.62), known as the Home Rule Charter and Optional  
23 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 the 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" or "unfunded debt" as defined in the 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, 1993, to June 30, 1994, 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.