

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1845 Session of
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DeLUCA, BROUJOS, VAN HORNE, COHEN, TRICH, FREEMAN, PRESSMANN
AND RITTER, SEPTEMBER 18, 1989

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, SEPTEMBER 18, 1989

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 and loans for
5 assessment improvement, including countywide reassessment;
6 further providing for the powers and duties of the State Tax
7 Equalization Board; and making an appropriation.

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16 The General Assembly of the Commonwealth of Pennsylvania
17 hereby enacts as follows:

18 CHAPTER 1
19 PRELIMINARY AND ADMINISTRATIVE PROVISIONS
20 Section 101. Short title.
21 This act shall be known and may be cited as the Assessment
22 Reform Loan and Grant Act.
23 Section 102. Purpose and legislative intent.
24 (a) Policy.--It is hereby declared to be a public policy of
25 this Commonwealth to improve the quality of the real estate
26 assessment process in each of the counties of this Commonwealth.
27 It is further a policy of this Commonwealth to assist counties
28 which desire to reassess valuations of real property by offering
29 a program of grants, loans or both to accomplish this purpose.
30 (b) Legislative intent.--

1 (1) It is the intent of the General Assembly to provide
2 counties within this Commonwealth with the financial
3 resources necessary to assist them in improving their
4 respective real estate assessment processes, which
5 improvement may include, but may not be necessarily limited
6 to:

7 (i) Revaluation of real property located within a
8 county.

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

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

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

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

1 their residents by not uniformly reassessing the entire
2 county.

3 Section 103. Definitions.

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

7 "Advisory committee." The Assessment Reform Advisory
8 Committee created, empowered and defined under this act.

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

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

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

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

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

30 "Fund." Assessment Reform Revolving Loan Fund.

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

5 Section 104. Creation of advisory committee.

6 There is hereby created the Assessment Reform Advisory
7 Committee which shall assist STEB in devising, preparing and
8 promulgating comprehensive standards of assessment reform to be
9 applied uniformly throughout the counties in this 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 grant in order
17 to ascertain whether the county has demonstrated an acceptable
18 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) Removal.--A member of the advisory committee, upon clear
27 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 predetermined ratio of assessed
16 value to market value to be applied throughout all counties of
17 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 grant to
30 assist the county in its ongoing process of assessment reform.

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

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

CHAPTER 2

REVOLVING LOAN FUND

8 Section 201. Assessment Reform Revolving Loan Fund.

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

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

24 Section 202. Prerequisite for loan.

25 A county which seeks a loan from the fund shall be required
26 to first submit a detailed plan for assessment reform to STEB.

27 Section 203. Contents of plan.

28 The plan submitted by a county to STEB shall be consistent
29 with applicable law and STEB requirements and shall include the
30 following specifications:

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

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

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

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

16 Section 204. Review of plan.

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

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

26 (c) Rejection statement.--In the event of a preliminary
27 rejection of the plan, STEB shall provide detailed documentation
28 to enable the county to resubmit an amended plan. The
29 resubmission of an amended plan by a county shall occur within
30 60 days of the date a county receives a preliminary rejection of

1 the original or of any amended plan in order for the county to
2 remain eligible for disbursement of loan moneys.

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

9 Section 205. Disbursement of loan moneys.

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

18 Section 206. Restricted use of loan moneys.

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

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

28 Section 207. Terms and conditions of loan repayment.

29 A county to which loan moneys are disbursed following
30 submission of an approved plan to STEB shall comply with the

1 following terms and conditions with respect to repayment and
2 shall enter into a covenant with respect to these terms:

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

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

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

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

CHAPTER 3

GRANTS FOR QUALITY ASSESSMENTS

20 Section 301. Eligibility for grants.

21 (a) Procedure.--A county within this Commonwealth may seek
22 eligibility for quality assessment grants regardless of the
23 county's participation in the Assessment Reform Revolving Loan
24 Fund program. In order to become eligible for a grant, a county
25 shall do the following:

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

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

1 (b) Restrictions.--Nothing shall prevent a qualifying county
2 from receiving more than one grant under this act; however, a
3 county may not receive approval for more than one grant in any
4 one fiscal year.

5 Section 302. Application for certification.

6 A county which seeks to obtain eligibility for grants shall
7 apply for certification of eligibility from STEB. STEB shall
8 prescribe the form of these applications, which shall include
9 the following:

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

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

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

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

28 (ii) The second measure of accuracy is the average
29 assessment error as measured by the coefficient of
30 dispersion (COD) as calculated around the common level

1 ratio.

2 (iii) STEB, in cooperation with the advisory
3 committee, shall determine the method by which the ratio
4 variation and the coefficient of dispersion shall be
5 calculated.

6 Section 303. Disbursement of grants.

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

14 Section 304. Prerequisites to disbursement of grants.

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

17 (1) A county which has obtained loan moneys 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 (2) A county which has not obtained loan moneys under
21 the provisions of this act, but which has obtained written
22 certification of eligibility for a grant under section 302,
23 shall be entitled to a grant.

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

28 (4) Grants disbursed following written certification of
29 eligibility from STEB in consultation with the advisory
30 committee shall be used solely to maintain the assessment

1 systems, procedures and standards prescribed and approved by
2 STEB or to continue maintenance of an acceptable level of
3 assessment accuracy as determined and certified by STEB. None
4 of the proceeds of the grant shall be used to retire "debt"
5 of "unfunded debt" as defined in act of July 12, 1972
6 (P.L.781, No.185), known as the Local Government Unit Debt
7 Act, and shall not be subject to the provisions of that act.

8 Section 305. Excess grants.

9 Any portion of a grant of an eligible county which exceeds
10 the amount necessary to maintain the assessment system,
11 procedures and standards or to continue maintenance of an
12 acceptable level of assessment accuracy shall be held by the
13 Commonwealth in reserve for the county and may, in subsequent
14 years, be drawn upon for expenses of eligible activities under
15 section 304(4).

16 CHAPTER 4

17 FUNDING

18 Section 401. Appropriation.

19 The sum of \$25,000,000, or as much thereof as may be
20 necessary, is hereby appropriated to the State Tax Equalization
21 Board for fiscal year July 1, 1989, to June 30, 1990, to carry
22 out the provisions of this act. The appropriation shall be
23 distributed as follows:

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

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 to eligible counties for the purposes
2 of assessment reform.

CHAPTER 5

MISCELLANEOUS PROVISIONS

5 Section 501. Effective date.

6 This act shall take effect in 60 days.