



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1546

PRINTERS NO. 2340

PRIME SPONSOR: **Gordner**

COST / (SAVINGS)

| FUND | FY 2011/12 | FY 2012/13 |
|-----------------------------|------------|-------------|
| General Fund | \$0 | (\$186,000) |
| Political Subdivision Funds | \$0 | \$0 |

SUMMARY: Adds a chapter relating to the State Tax Equalization Board to the Community and Economic Development Enhancement Act (Act 58 of 1996) and repeals the State Tax Equalization Board Law (Act 447 of 1947). This legislation would take effect immediately.

ANALYSIS: This legislation would establish the State Tax Equalization Board within the Department of Community and Economic Development (DCED) by creating Chapter 15 within the Community and Economic Development Enhancement Act. The legislation also repeals Act 447 of 1947 and any inconsistent acts or parts of acts. Continuation language is provided as most of Act 447 is continued into Chapter 15.

Creation of Board, Membership, Chairman, Salary, Quorum: A three-member board is established within DCED. Each board member will be appointed by the Governor for a four-year term, but may be removed for cause by the Governor after notice and an opportunity to be heard. One of the members will be designated by the Governor as chairman of the board. Two members shall constitute a quorum and no more than two members shall be of the same political party.

Individual Powers of Members of the Board: If the board has the power to undertake or hold an investigation, inquiry or hearing, then any individual member has that power provided that the determination, ruling or order is approved and confirmed by a quorum of the board and is filed in the board office.

Administrative Assistance: DCED shall provide appropriate administrative, legal and technical support needed by the board to accomplish its purpose.

Saving Clause: The legislation would add Section 1517, which provides that nothing in Chapter 15 shall be construed to change or affect the validity of the assessed valuation of any real property for the purpose of levying taxes by any political subdivision.

General Powers and Duties: The board's powers and duties are to:

- 1) Determine the market value of taxable real property in each school district and conduct investigations, require information and have access to necessary public records;
- 2) Require counties to furnish a monthly list of all conveyances or other transfers of real estate recorded within the county during the preceding month. Clarifies that in counties of the first class, the board of revision of taxes or its successor agency shall have this responsibility, and in all other counties, the county commissioners or the body or individual exercising equivalent authority has this responsibility.
- 3) Certify to the Department of Education and to the Board of School Directors in each school district by July 1 of odd-numbered years, a list of all school districts showing the market value of taxable real property and assessed valuation for county tax purposes, and by July 1 of each even-numbered year the changes in market values which result from properties going on or off the assessment rolls for taxation purposes.
- 4) Hear and decide appeals of aggrieved parties.
- 5) Investigate the finances of a school district requesting special aid from the Department of Education and advising the Department in making such grants.
- 6) Survey the finances of school districts for equitable distribution of school support.
- 7) Subpoena State and local officials for necessary information to discharge its duties.
- 8) Perform functions imposed upon departmental, rather than independent, administrative boards pursuant to the Administrative Code of 1929.
- 9) Establish by July 1 of each year, a common level ratio of assessed value to market value in each county for the prior year. If the common level ratio is increased or decreased by 10% or more, the board shall immediately review its findings prior to certification of the ratio to the chief assessor of each county.
- 10) Meet as necessary and at least every other to consider any ruling or order.
- 11) Create operations manual in consultation with the County Commissioners Association of PA and the Assessors' Association of PA for counties to utilize when completing a countywide reassessment or when valuating property.
- 12) Create and maintain a centralized and standardized statewide database for counties to utilize and report all property values and data to the Board.
- 13) Develop and maintain statewide basic and detailed training programs for all persons involved in the valuation of property within all counties. The programs shall be completed and passed by any person that is employed to collect, compile, compute or handle data for purposes of reassessment valuation within the State.
- 14) Develop standards on contracting for assessment services in consultation with the County Commissioners Association of PA and the International Association of Assessing Officers. The standards shall require the methodology to be public and the data and calculations shall be the property of the counties and the State.

Funding Contingency: This legislation provides a funding contingency for DCED so that the Board's authority to provide for the creation of the operations manual, creation and maintenance of the database, development and maintenance of the training programs and for the development of standards on contracting assessment services shall be contingent upon an appropriation amount sufficient to complete these duties.

Publication of Information by Board: This new section provides that the board shall publish certain information that shall be updated annually:

- (1) Statistical methods used to calculate the common level ratio and market ratio.
- (2) Procedures for excluding sales data and how the procedures compare with the practices of the International Association of Assessing Officers.
- (3) Procedures to ensure that dissimilar properties are not treated as a single group.
- (4) Standards to be used for sales sample size and procedures to be used when sales samples are not adequate.

This new section also provides that if a municipality contracts for services relating to an assessment, the data collected by the contractor must be transmitted to the municipality within 60 days of its collection or development.

Limitation on Countywide Reassessment: This legislation would prohibit any new court-ordered countywide property tax reassessment on or after the effective date of the legislation. Any county currently conducting a court-ordered countywide property tax reassessment may continue the process at the discretion of the county. This prohibition would remain in effect until the board has implemented and completed the requirements under Section 1507 or until December 31, 2014, whichever comes first.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth or political subdivision funds. The State Tax Equalization Board's enacted appropriation for fiscal year 2011-12 was \$1,057,000. The Governor's FY 2012-13 Executive Budget proposes to eliminate the separate STEB line-item and add \$871,000 to DCED's general government operations appropriation for the consolidation of STEB into the department. Therefore, the legislation would result in General Fund savings of approximately \$186,000 per year.

This legislation provides a funding contingency for DCED so that the Board's authority to provide for the creation of the operations manual, creation and maintenance of the database, development and maintenance of the training programs and for the development of standards on contracting assessment services shall be contingent upon an appropriation amount sufficient to complete these duties. The Governor's Budget Office estimates that those 4 requirements would cost \$35,000 in the event that these funds were available.

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House Appropriations Committee (R)

DATE: June 29, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.