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ACT 156 OF 2016 (Senate Bill 899, Printer's Number 1065)

**Title 53 of the Pennsylvania Consolidated Statutes, Chapter 88 (Consolidated County Assessment) –
Providing for revenue neutrality of taxes following countywide reassessment**

PROPOSAL/SUMMARY: This bill is part of a two-bill package which provides some clarification on provisions that require the adjustment of rates of taxes on real property following a countywide reassessment. Currently, language in both the Consolidated County Assessment Law and the Second Class County Code, commonly referred to as “anti-windfall” provisions,¹ specify that if the outcome of a countywide reassessment of the real property in the county would result in an increase in the revenues collected from tax rates, then the governing body of the political subdivision levying the tax must decrease the rate of tax to a rate that would yield that same amount of revenue as the previous year before any further action is taken on the tax. Thereafter, the governing body is permitted to increase the tax to a rate limiting the “windfall” of revenue following a reassessment to 10%. This bill amends the Consolidated County Assessment Law to specify that *each* real property tax must be made revenue neutral after a countywide reassessment, resolving against any contention that multiple tax rates could be adjusted differently so long as total revenue neutrality is the final outcome. Additionally, the bill dictates that tax rates previously set by referendum must also each be adjusted in a revenue neutral manner, notwithstanding the fact that the rate was established by referendum. Subsequent changes in the rate of those referendum taxes must be according to the law providing for the tax.

EXISTING LAW: Currently, the Consolidated County Assessment Law provides a procedure by which any taxing district, in the year following a countywide reassessment, must establish an initial millage rate that is revenue neutral compared to the previous year. However, under existing law, it is unclear how a taxing district would address a tax rate that was set by referendum.

The Pennsylvania State Association of Boroughs (PSAB) requested this legislation pursuant to PSAB Resolution No. 4 (2014). PSAB supports this change to ensure that special tax levies adopted pursuant to referendum would not result in revenue windfalls following a countywide reassessment.

¹ These provisions do not apply to school districts, which are subject to a separate anti-windfall mechanism found at Section 327 of the act of June 27, 2006 (1st Sp. Sess., P.L.1873, No. 1), known as the Taxpayer Relief Act.