



Pennsylvania
Association of
REALTORS®

*The Voice for Real Estate
in Pennsylvania*

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The Honorable Robert Freeman
Chair, House Local Government Committee
207 Irvis Office Bldg.
PO Box 202136
Harrisburg, PA 17120-2033

Dear Representative Freeman:

On behalf of the over 30,000 members of the Pennsylvania Association of REALTORS® (PAR), I would like to take this opportunity to present our views on property tax reassessment in Pennsylvania as well as HB 2020, 2021, 2022 and 2023.

PAR feels strongly that assessment appeals triggered by the sale of property are an inequitable means of increasing tax revenue. Current law has created a loop hole for corporate authorities to legally appeal assessments without technically conducting spot reassessment. This practice was confirmed by the Commonwealth Court and later upheld by the Pennsylvania Supreme Court in *Vees v. Carbon County Board of Assessment Appeals*.

In the *Vees* case the plaintiffs purchased 85 acres of land for \$170,000 in 2002 that was previously assessed for \$92,250 in 2001. The Palmerton Area School District in Carbon County appealed the assessment and the property was reassessed at a fair market value of \$161,900. The taxpayers alleged that the assessment was excessive and violated the uniformity clause of the Pennsylvania Constitution and was therefore discriminatory. They further attempted to prove that the school district automatically appeals assessments when the purchase price exceeds the current assessed value by \$15,000. The courts ruled that this practice is legal under the current assessment laws and does not constitute spot reassessment.

PAR agrees that this situation is in fact legal but views it as an issue of tax fairness. House Bills 2020, 2021, 2022 and 2023 attempt to tighten this loophole by increasing the personal burden and responsibility on individual school board members. In speaking with local REALTOR® associations that receive calls from consumers about assessment appeals, it is common for the school district to be represented only by the solicitor for upwards of 75 appeals at a time. The decisions they make in determining which property assessments are appealed can be devastating to the property owner. In some of the more dramatic cases, the appeal can force an unsuspecting homeowner out of their



home. PAR believes that the increased responsibility on the school board members will discourage a blanket sweep of newly transferred properties.

Throughout the Commonwealth homeowners living in comparable homes pay drastically different amounts in real estate taxes. One reason for the dramatic inequity is the counties decision to defer countywide reassessments. PAR understands that countywide reassessment is an expensive undertaking, often forcing the elected municipal officials to increase taxes. It is our belief that while taxpayers assessed at the rate of the previous countywide reassessment would object to the increase, those that have purchased either new construction or were the target of an appeal by the school district would welcome the balance and sharing of the tax burden.

In Pennsylvania, there are counties that have not conducted a countywide reassessment since the late 1960's. Over the years, as homes are sold and purchased, the school district or any other taxing authority has the right to appeal these assessments. A resident living in a home since 1969 has the pleasure of paying dramatically lower taxes.

Counties that have recently reassessed have a more balanced and equitable tax base. This reduces the need of the school districts or any other taxing authority to seek ways to generate revenue from unsuspecting property owners in order to balance budgets. The common misconception of countywide reassessment is that all residents will have an increased tax bill. In most cases residents pay about the same while the minority pay either more or experience a decrease. In order to better educate the consumer, PAR has included a disclaimer on the Agreement of Sale to warn buyers that a taxing authority may appeal the assessed value of a property at the time of sale, or at any time thereafter.

In summary, PAR supports House Bills 2020, 2021, 2022 and 2023 and encourages the legislature to tighten the loop hole that has plagued the citizens of Pennsylvania with property tax inequities. We urge the Committee and the General Assembly at large to consider our support for these bills and all aspects of the reassessment issue which will undoubtedly affect all property owners throughout the Commonwealth.

Sincerely,

Derenda Updegrave
Pennsylvania Association of REALTORS®
Director, Government Affairs

