

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1439 Session of  
2012

INTRODUCED BY PIPPY, MARCH 16, 2012

REFERRED TO FINANCE, MARCH 16, 2012

AN ACT

1 Providing for property reassessment audits.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Property  
6 Reassessment Audit Act.

7 Section 2. Legislative findings and declaration of policy.

8 The General Assembly finds and declares that:

9 (1) Countywide reassessments, including court-ordered  
10 reassessments, have been justified and initiated on the basis  
11 of data derived from the State Tax Equalization Board. Both a  
12 special performance audit conducted by the Auditor General in  
13 February of 2011 and a report issued by the Legislative  
14 Budget and Finance Committee in July of 2010 questioned the  
15 veracity of data generated by the State Tax Equalization  
16 Board.

17 (2) Reassessment valuation models that rely on the State  
18 Tax Equalization Board sales data may exclude sales

1 considered valid by the International Association of  
2 Assessing Officers guidelines, contributing to inaccurate  
3 valuation during a reassessment.

4 (3) Inaccurate sales data, inappropriate modeling and  
5 inaccurate property inventory data in reassessments affect  
6 the uniformity of taxation mandated by section 1 of Article  
7 VIII of the Constitution of Pennsylvania by yielding  
8 unnecessarily inaccurate valuations and disproportionate tax  
9 burdens.

#### 10 Section 3. Definitions.

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

14 "Board." The State Tax Equalization Board.

15 "Completion." The establishment of values for all properties  
16 in the county and released on an informal basis to the public.

17 "Contractor." A mass appraisal company or other contractors,  
18 subcontractors or vendors involved in constructing the property  
19 inventory database or other activities related to establishing  
20 property values.

21 "County." A county of the second class, second class A,  
22 third class, fourth class, fifth class, sixth class, seventh  
23 class or eighth class.

#### 24 Section 4. Powers and duties of Auditor General.

25 (a) Countywide reassessments.--The Auditor General shall  
26 conduct a procedural and performance audit of a county or  
27 contractor conducting a reassessment initiated after the  
28 effective date of this section. The Auditor General shall  
29 conduct an investigation, conduct the audits, issue remedial  
30 recommendations and take any additional action as provided in

1 this act.

2 (b) Other reassessments.--The Auditor General may, or upon  
3 the request of the Governor or a member of the General Assembly  
4 shall, investigate any countywide reassessment being conducted  
5 on the effective date of this section in accordance with section  
6 5, except that no investigation may be initiated if more than  
7 six months have elapsed since the certification of any  
8 valuations by the county.

9 (c) Prohibition.--No countywide reassessment may be  
10 certified by a county until the certificate under section 7(e)  
11 has been issued.

12 Section 5. Investigations.

13 (a) General.--The Auditor General shall investigate any  
14 countywide reassessment in accordance with this section.

15 (b) Procedure.--

16 (1) The Auditor General shall provide written notice to  
17 the governing body of the county and the county chief  
18 executive, if any, that an investigation has been initiated.  
19 County officials and employees shall cooperate with the  
20 Auditor General or his designees and shall provide requested  
21 records within 30 days of a request.

22 (2) The Auditor General, or his designee, may issue  
23 subpoenas to compel the attendance of county officials,  
24 employees or contractors involved in the maintenance of the  
25 property inventory database and the production of any data or  
26 records in the possession of county officials, employees or  
27 contractors. If any person fails to comply with any subpoena  
28 under this paragraph or refuses to be sworn or testify as a  
29 witness, or if any person refuses to permit the Auditor  
30 General to inspect records, the Auditor General may, in

1 addition to other remedies provided by law, petition the  
2 court of common pleas to order compliance. The court shall  
3 order compliance if it deems the testimony relevant to  
4 determining the accuracy of the valuations used in the  
5 reassessment. Nothing under this section shall authorize the  
6 disclosure of any information deemed proprietary by law or  
7 contract.

8 (c) Contracts.--Notwithstanding any provision of law, a  
9 contract for reassessment services executed after the effective  
10 date of this section shall include provisions providing for the  
11 mutual agreement of the parties to the contract that their  
12 officers, employees and agents shall cooperate with any  
13 investigation as provided in this section.

14 (d) Report.--For investigations initiated under section  
15 4(b), the Auditor General shall, within 60 days of the written  
16 notice provided under subsection (b), issue a report to the  
17 governing body and chief executive of the county setting forth  
18 the results of the investigation and whether there are  
19 sufficient grounds to warrant judicial action as provided under  
20 section 6.

21 Section 6. Judicial action.

22 (a) Petition.--If, after an investigation under section 5,  
23 the Auditor General determines that sufficient evidence of  
24 inaccurate valuations exists to warrant procedural and  
25 performance audits under section 7, the Auditor General shall  
26 petition the Commonwealth Court to stay further use of the new  
27 assessed values until the time as the Auditor General has  
28 conducted the audits and issued remedial recommendations. Notice  
29 of the petition shall be provided to the governing body and  
30 chief executive of the county and its contractors.

1 (b) Hearing.--Within 15 days of the petition under  
2 subsection (a), the Commonwealth Court shall hold a hearing and  
3 obtain evidence as may be necessary to issue an order.

4 (c) Order.--If the Commonwealth Court determines that  
5 sufficient evidence of inaccurate valuation of property exists,  
6 it shall issue an order staying further implementation of the  
7 reassessment, including, if necessary, staying any  
8 determinations of formal appeals, pending the issuance of the  
9 report provided under section 7. The order may contain  
10 additional direction to the county to ensure the continuity of  
11 operations of all taxing districts pending the issuance of the  
12 report.

13 (d) Extensions.--The Auditor General may petition the  
14 Commonwealth Court for an extension of any deadlines provided  
15 for under this act if necessary to complete an audit or the  
16 implementation of recommendations.

17 Section 7. Audits.

18 (a) General.--If required by this act, the Auditor General  
19 shall conduct the following:

20 (1) A performance audit of the county and the contractor  
21 to determine whether the quantity or quality of work  
22 performed yields valuations of property of sufficient  
23 accuracy and fairness. Ratio studies between assessed values  
24 and market values, as determined through sales or appraisals,  
25 may be used.

26 (2) A procedural audit to examine whether the county and  
27 the contractor are following established or recommended  
28 procedures as set forth by the county or in accordance with  
29 law.

30 (b) Personnel.--The Auditor General shall have the same

1 powers of investigation provided under section 5 and may employ  
2 accountants, assessors or statisticians who shall receive  
3 compensation as fixed by the Auditor General.

4 (c) Reports.--The Auditor General shall issue a written  
5 report setting forth the results of the audits and any remedial  
6 recommendations as provided under subsection (d), as follows:

7 (1) For audits required under section 4(a), the Auditor  
8 General shall issue the report to the governing body and  
9 chief executive of the county, not later than 90 days after  
10 the completion of the reassessment. The recommendations of  
11 the Auditor General shall be implemented by the county within  
12 90 days of the receipt of the report.

13 (2) For audits required under section 6(c), the Auditor  
14 General shall issue the report to the legislative body and  
15 chief executive of the county, if any, and the Commonwealth  
16 Court not later than 90 days after the date of the order. The  
17 recommendations of the Auditor General shall be implemented  
18 by the county within 90 days of the receipt of the report.

19 (d) Recommendations.--The report shall contain  
20 recommendations that the Auditor General believes may be  
21 necessary to better ensure the accuracy and fairness of the  
22 reassessment. The chief assessor of the county shall notify the  
23 Auditor General in writing when the recommendations have been  
24 fully implemented.

25 (e) Certificate.--The Auditor General or Commonwealth Court  
26 shall issue a written certificate to the county setting forth  
27 that either recommendations were not included in the audit or  
28 that all recommendations have been fully implemented by the  
29 county.

30 (f) Appointed liaison.--If the Auditor General deems it

1 necessary to assist a county in the implementation of  
2 recommendations, the Auditor General may appoint a liaison to  
3 assist the county and report on the progress of the  
4 implementation. The liaison shall be an individual with at least  
5 five years' experience in reassessment practices and procedures,  
6 and shall receive compensation as determined by the Auditor  
7 General.

8 Section 8. Reassessment appeals.

9 Nothing in this act shall affect the progress of informal  
10 appeals or conferences conducted by a county to resolve disputes  
11 over valuation. Notwithstanding any other provision of law, for  
12 audits conducted as required under section 4(a), formal appeals  
13 shall not be conducted until after the certification of the  
14 reassessment by the county.

15 Section 9. Expiration.

16 This act shall expire December 31, 2015.

17 Section 20. Effective date.

18 This act shall take effect in 60 days.