

July 15, 2024

Michael J. Suley

RE: TESTIMONY TO THE PENNSYLVANIA SENATE DEMOCRATIC POLICY MEETING

Place: The Allegheny County Courthouse – Gold Room

My name is Michael Suley. I am a resident of Scott Township, Pennsylvania. I presently serve on the Board of Property Assessment, Appeals and Review for Allegheny County. My involvement and responsibility included the following:

- Oversight for two court-ordered reassessments for the years 2001 and 2012.
- Served as Manager of the Office of Property Assessment and have also helped hundreds of property owners challenge their appeals.

It's been Groundhog Day in Pennsylvania for decades. Counties don't update values...someone sues...and wins..the court orders reassessment.... This happens over and over statewide... and nothing changes.

Pennsylvania assessment law needs an overhaul. Forty-Nine (49) states require cyclical updates in the administration of the property tax. Pennsylvania does not. Counties can go for decades without value updates. Butler County had its last reassessment in 1969. Westmoreland County reassessed in 1972. Updates ensure the constitutional requirement of uniformity in taxation on all properties.

Treat everyone the same.

Pennsylvania uses a base year system following reassessment. A base year system freezes values for decades between reassessment cycles. A Common Pleas Court Judge declared ...” the base year system is a figment of the imagination of the General Assembly.”

Counties may choose to opt-in to reassess countywide. When they do not, in many cases, a court will step in and order a reassessment. **In other words, tax bills will not go out unless a county updates its values under court order.**

Politicians have claimed the base year is consistent and stable; however, in Pennsylvania it is not. You can go up and down any street in Pennsylvania.....there is no logical rhyme or reason to how assessments are divvied out. Instead of cyclical reassessment, there is the one option of what I call.....Reassessment on Appeal. The theory is that you can appeal your way to uniformity. It's absurd!

State law mandates a complicated annual equalization factor in the appeal process. The Common Level Ratio (CLR) allegedly provides uniformity.

Here is how it works. After the base year, as property values increase, the common level ratio drops. For example:

The appeals board determines a home has a market value of \$1,000,000. That is not your new assessment. If the common level ratio is 50% ...the new assessment is \$500,000. That is what you pay taxes on. In most counties, less than 2% of all properties are appealed annually.

Now...back to the common level ratio.....The ratio is used to apply lower assessments to current value as time goes by. As we now know that ratio is subject to manipulation. I believe an honest audit in most counties will conclude that the CLR is artificially high.

Here's how Allegheny County's appeal system has seen turbulence over the last three years:

- 2021 School District Appeals Results **\$462,000,000 Assessed Value Increase**
- 2024 Property Owner Appeal Results **Assessed Value Decrease -\$350,000,000.**

An \$800,000,000 dollar swing in assessed values!

Pennsylvania's flawed base year system and its **reassessment on appeal** model needs to be scrapped and replaced with a uniform system of reappraisal with periodic updates.

State lawmakers need to act now. Why?

Here is what our State Supreme Court wrote the 2009 Clifton case:

1. “.... only the General Assembly can develop a comprehensive system of assessing property that considers the approaches of the different states.
2. While there may very well come a time when this Court will be obliged to fill a legislative void in this area, it is today's decision that provides **notice** to the General Assembly to make any necessary amendments to the Commonwealth's property assessment laws to ensure their constitutionality when applied in the various counties. The likelihood or unlikelihood of the General Assembly's doing so in the future is not for us to presume. Rather, we should await a future case where a party requests and argues for such relief and where the General Assembly's **failure** to respond to today's decision has become apparent. Respectfully, we view this restricted approach as the essence of the judicial function, and not an abdication of responsibility. (Clifton v AC 2009)”
3. #####

Most of these legal issues will go away if state lawmakers update the present assessment law.

It is time for the General Assembly to get to roll your sleeves up and check **two** boxes through new legislation:

1. **Reassess all properties every (3) three years with strong anti-windfall provisions.**
2. **A Comprehensive Field Review of all properties every (6) six years**

Without a planned revaluation, reassessment on appeal will continue to offer taxpayers and taxing jurisdictions instability, confusion and angst moving forward.

Thank you, Chairperson Muth, Senator Fontana and the Policy Committee for giving me the opportunity to speak today. I hope that state lawmakers will consider my recommendations on cyclical reassessment and countywide field reviews. We will be the last state to check those boxes.

Mike Suley