

MEETING OF THE LOCAL GOVERNMENT COMMISSION

Wednesday, September 27, 2017

The meeting of the Local Government Commission was called to order by Senator John Eichelberger, Jr., at 8:50 a.m. in Room 14 East Wing–Main Capitol Building, Harrisburg, Pennsylvania, with the following individuals present:

MEMBERS

Senator John H. Eichelberger, Jr., Chair
Senator Thomas J. McGarrigle (via telephone)
Senator Scott E. Hutchinson (via telephone)
Senator John P. Blake (via telephone)
Representative Kate Harper
Representative Warren Kampf
Representative R. Lee James
Representative Robert Freeman
Representative Mary Jo Daley

STAFF

Philip H. Klotz, Executive Director
David A. Greene, Assistant Director-Legal Counsel
Wanda Snader Dehan, Associate Legal Counsel
Danette H. Magee, Research Associate
Karen S. Bear, Secretary

GUESTS

Lee Derr, Senator Eichelberger's Office
Justin Leventry, Senator Hutchinson's Office
Brianna Medevich, Representative Freeman's Office
Rob Gaertner, House Local Government Committee (R)
Dr. Maryann Nardone, Legislative Budget and Finance Committee
Don O'Shell, Pennsylvania State Association of Elected County Officials
Doug Hill, County Commissioners Association of Pennsylvania
Lisa Schaefer, County Commissioners Association of Pennsylvania
Amy Sturges, Pennsylvania Municipal League
Karey Molnar, Pennsylvania Municipal League
Ron Grutza, Pennsylvania State Association of Boroughs

As the first order of business, the Members discussed the minutes of the June 14, 2017, business meeting, which were unanimously approved on a motion by Representative Harper and a second by Representative Kampf. The financial reports for the months of June, July and August 2017 were presented, and a detailed explanation was given by the Executive Director. The financial reports were unanimously approved on a motion by Representative James and a second by Representative Freeman.

Don O'Shell, representing the Pennsylvania State Association of Elected County Officials (PSAECO) and the Pennsylvania State Association of Prothonotaries and Clerks of Court, noted

that his Association still has interest in House Bill 674, Printer's Number 1499. House Bill 674, which is in the Senate Appropriations Committee, would require the deduction of outstanding taxes and court-ordered obligations from State Lottery winnings of \$2,500 or more before the winnings are paid to the prizewinner. If the prize winner owes court-ordered obligations, the obligations are to be paid to the clerk of courts of the county in which it was issued. Additionally, House Bill 674 directs the Department of Revenue to work with the Administrative Office of Pennsylvania Courts to determine if a prize winner has outstanding court ordered obligations such as court costs, fines and restitution. If the prize winner does have an outstanding obligation, the amount of the obligation will be deducted from winnings after any deductions for child support or outstanding state tax liabilities.

Mr. O'Shell also encouraged the passage of House Bill 388, Printer's Number 381. The Sheriff Fee Act, Act 127 of 1984, consolidated various fees that the office of sheriff had been collecting for actions in civil law requiring action by that office. The Act was last revised in 1995 to increase the amount of money charged for these services and has not been updated since then. House Bill 388 would bring the fees collected to a modern day level and incorporate several fees that are currently in Title 18 (Crimes Code) of the Pennsylvania Consolidated Statutes (Pa.C.S.) and Act 2 (Sheriff and Deputy Sheriffs Education and Training Act). The sheriff's fees would be incorporated in a new section of Title 42, which would make access to these figures easier to find and understand. Representative Harper revealed that House Bill 388 is similar to House Bill 1384, Printer's Number 1746, which is to be considered by the House Local Government Committee at its October 4, 2017, meeting. House Bill 1384 is prime sponsored by Representative Petrarca and would amend the Sheriff Fee Act by allowing sheriffs in counties of the third class to establish, increase, decrease, modify or eliminate fees and charges used exclusively to offset existing costs with the approval of the president judge of the court of common pleas. An additional fee may be charged and collected by the sheriff of a county of the second class or third class for the initiation of any action or legal proceeding. The additional fee would be deposited into a special sheriff computer fund established in each county of the second class or third class. Moneys in the special fund would be used solely for the purpose of computerizing the office of the sheriff. Lisa Schaefer, representing the County Commissioners Association of Pennsylvania (CCAP), announced that CCAP has a meeting scheduled with Representative Petrarca to discuss his bill and perhaps amend it to include elements of House Bill 388. Representative Harper and Representative Freeman advised Ms. Schaefer and Mr. O'Shell to submit any possible amendatory language to Representative Petrarca as soon as possible.

Senate Bill 529, Printer's Number 854, was the last bill that Mr. O'Shell brought before the Members on behalf of PSAECO. The bill would amend Title 18 (Crimes and Offenses) of the Pa.C.S. by providing for a process of sealing low level, nonviolent misdemeanor records. Under Act 5 of 2016 individuals must petition the court, whereas Senate Bill 529 would implement automatic sealing of records with no action required by the individual. At the request of advocates for juveniles who prefer to seek expungement, juveniles are not included in the legislation. This proposal enjoys bipartisan support from groups across Pennsylvania. Mr. O'Shell stated that he and his Association are working on the bill with Senator Scott Wagner, who is prime sponsor.

The Director provided to the Members the status of each initiative that was established by the 2017-2018 Assessment Reform Task Force and an overview of the 35 meetings that have occurred since January 26, 2017, to achieve the Task Force's objective to address systemic, process-oriented and administrative deficiencies in Pennsylvania's property assessment system by

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implementing recommendations primarily related to the efficiency, transparency, modernization and fairness of the property assessment process in the Commonwealth. The Initiatives and the status of each are as follows:

- **Amending the Assessors Certification Act to provide for the qualifications and training of revaluation company personnel and Certified Pennsylvania Evaluators.**
Status: HB 1594 and SB 832, the former in the Senate Consumer Protection and Professional Licensure Committee and the latter passed by the House.
- **Amending the Real Estate Appraisers Certification Act to provide for the appointment of two Certified Pennsylvania Evaluators to the State Board of Real Estate Appraisers.**
Status: SB 689 and HB 1361, both in the Senate Consumer Protection and Professional Licensure Committee, with the latter unanimously passed by the House.
- **Developing and implementing Data Collector Standards for gathering data on characteristics of parcels required for property valuation.**
Status: Draft Data Collector Standards *completed*. Recommend for consideration by Commission in September 2017 as best practice.
- **Investigating the fairness and efficiency of the assessment appeals process, resulting in amendment of the Consolidated County Assessment Law (CCAL) to further provide for a published mailing list of taxing districts, appeals, revisions of reassessments, and appointment, terms, duties, training and curriculum for assessment appeal boards and auxiliary appeal boards.**
Status: Draft legislation *completed*. Recommend for consideration and sponsorship by Commission in November 2017.
- **Amending CCAL to further provide for submission of building permits and substantial improvement information to the county assessment offices and for civil penalty.**
Status: Draft legislation *completed*. Recommend for consideration and sponsorship by Commission in November 2017.
- **Implementing use of Uniform Sales Verification Form needed for the valuation process, sales ratio studies, and calculating the common level ratio.**
Status: Draft Uniform Sales Verification Form and draft Voluntary Sales Verification Form Pilot Program legislation *completed*. Recommend legislation for consideration and sponsorship by Commission in September 2017. *Goal:* Pilot test, finalize and implement in 2018-2019.
- **Developing and implementing Contracting Standards for contracting with private valuation firms for conducting countywide reassessments.**
Status: In progress by Contracting Standards Subcommittee. *Goal:* Complete draft Standards and present them to Task Force in February-March 2018 for recommendation to Commission.
- **Requiring public disclosure of the key elements of a county's chosen system for property valuation and assessment, including how properties are valued and assessed.**

Status: In progress by Contracting Standards and Public Disclosure Subcommittees.
Goal: Complete and present to Task Force in February-March 2018 for recommendation to Commission.

- Developing and implementing a County Self-Evaluation Tool for use by counties to determine need for a countywide reassessment, and readiness for reassessment in terms of data and resources.

Status: In progress by Self-Evaluation Tool Subcommittee. **Goal:** Complete and present to Task Force in February-March 2018 for recommendation to Commission, and pilot test, finalize and implement in 2018-2019.

- Examining Constitutional provisions for property valuation and assessment in the Commonwealth and identifying any advisable changes.

Status: The Task Force Constitutional Amendment Subcommittee recommended that development of a constitutional amendment is premature and should be deferred considering possible implications of:

- 2017 Supreme Court *Valley Forge Towers Apartments v. Upper Merion Area School District* decision.
- Proposed constitutional amendment authorizing exclusions not exceeding 100% of the assessed value of each homestead property within a local taxing jurisdiction.
- Ultimate implementation of the Self-Evaluation Tool and results from its application.

Senator Eichelberger echoed Mr. Klotz's thanks to the staff, especially Ms. Magee, for the exceptional work accomplished on behalf of the Task Force.

The Director reviewed for the Members proposed legislation that is to be a part of a three municipal code bill package that would amend Act 34 of 1953 (relating to contracts for incorporated towns) and the Borough Code and Third Class City Code in Titles 8 and 11 of the Pa.C.S., respectively, and the First Class Township Code (Act 331 of 1931) by increasing from \$1,000 to \$2,000 the threshold for when a municipality's personal property must be advertised for sale; increasing from \$1,000 to \$2,000 the value of personal property for which a municipality must have the approval of the governing body to dispose of the personal property by sale or other method; and increasing from \$1,000 to \$2,000 the threshold for when the governing body must adopt a procedure for the sale of surplus personal property that falls below the threshold value. These bills would save taxpayer dollars by decreasing the need for advertising the sale of municipal personal property by raising the threshold that triggers the advertising requirement. Advertising is still required for any sales over the threshold amount. On a motion by Representative Freeman and a second by Representative Harper, the Commission unanimously agreed to introduce the legislation into both chambers. Senator Hutchinson and Representative James will be prime sponsors of the bills.

Ms. Magee reviewed proposed legislation that would provide for the implementation of a Voluntary Real Estate Sales Verification Form Pilot Program by a county that chooses to participate in the program. The Sales Verification Form Work Group of the Local Government Commission Assessment Reform Task Force had several meetings with stakeholders and came to an agreement on the contents of the sales verification form. Real property sales data is used by

the Commonwealth to develop certain State formulae and by each county for real estate ratio study purposes. The goal of the pilot program is to determine whether the real estate sales validation process will be more accurate with the use of a uniform Real Estate Sales Verification Form by the county. The proposed legislation creates a freestanding act which will authorize the county commissioners, by resolution, to implement a Real Estate Sales Verification Form Pilot Program beginning on March 1, 2018. CCAP, in cooperation with the Assessors' Association of Pennsylvania (AAP), the State Tax Equalization Board (STEB) and the Local Government Commission, will develop the form, instructions for completion, and county implementation guidelines subject to the following:

- Tax assessment office personnel shall instruct each grantee or other party interest in a real estate transaction of the existence of the pilot program and provide assistance in the completion of the form.
- No conveyance or recordation of real property shall be conditioned or otherwise affected by the completion of the form.
- No fee shall be charged to any person for any costs associated with the pilot program.
- A form completed pursuant to the pilot program shall not be subject to disclosure under the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law, and need not be retained by the county in accordance with Title 53 of the Pa.C.S. Chapter 13, Subchapter F (relating to records).
- The county tax assessment office shall maintain the form for the duration of the pilot program.
- The contents of the form may not be used in any proceeding challenging the validity of an assessment.
- In counties that participate in Electronic Recording of Deeds, the county commissioners shall require the tax assessment office to coordinate with the Recorders of Deed's Office for completion of the form and delivery methodology to the tax assessment office.
- The pilot program shall expire on June 30, 2019, unless it is reestablished by action of the General Assembly.

The Community and Economic Development Enhancement Act (Act 58 of 1996) requires each county to annually prepare, certify and deliver to STEB a list of all conveyances or other transfers of real estate. The validity of county real estate sales data is critical in determining school finance formulae, the county common level ratio, the Pennsylvania realty transfer tax, Pennsylvania foreign fire insurance tax distributions and real estate ratio studies. The bill would shield the forms from disclosure pursuant to a Right-to-Know request and prohibit the use of the forms in any assessment-related proceeding. Senator Hutchinson questioned the legislation's specific beginning and ending dates of March 1, 2018, and June 30, 2019, for the program, especially if a delay in the legislation's implementation occurs. The Members concurred with Senator Hutchinson's suggestion and requested that the aforementioned dates be removed from the legislation and that timeframes from date of enactment be provided instead. The Members then unanimously agreed on motion by Representative Kampf and a second by Representative Harper to introduce the legislation into both chambers. The legislation will be prime sponsored by Senator Blake and Representative Kampf.

The Members were also given an update of the Data Collector Standards Work Group that was formed to examine training provided to persons employed to collect, compile, compare or handle data associated with the valuation of property for purposes of reassessment or a county's

everyday property data collection. The Data Collector Standards were crafted in accordance with International Association of Assessing Officers (IAAO) standards and best practices in other states. The standards will provide guidance to counties, county assessment offices, contractors and subcontractors in establishing consistent data collection procedures. Generally, the data collector standards provide for the following:

- Professional responsibilities for the data collector;
- Visitation procedures (including standards for entry onto, or into, a property);
- Training and quality assurance procedures; and
- Sample documents that can be shared with property owners.

At the September 21, 2017, Assessment Reform Task Force meeting, the Task Force members approved the Data Collector Standards and directed that they be presented to the Commission Members for consideration. After a brief discussion, the Members unanimously agreed on a motion by Representative Harper and a second by Representative James to recommend to CCAP and AAP that the Associations adopt and implement the Data Collector Standards developed by the Commission's Assessment Reform Task Force as a "best practice" and incorporate the standards into the Associations' training programs.

The Director reported that the County Code comprehensive revision draft is ready for the Commission Members to review. The Members agreed to meet on Monday, October 16, 2017, at 10:30 a.m. so that Commission staff has ample opportunity to apprise the Members as to the proposed changes. In March 2011, Local Government Commission staff started working with PSAECO's County Code Revision Committee to update and merge the County Code and the Second Class County Code as the latter pertains to counties of the second class A. The County Code and the Second Class County Code have not undergone comprehensive updates since their enactments in 1955 and 1953, respectively. The purpose of the revision, in addition to integration of provisions pertaining to second class A counties, is to amend the Code to reflect case law and current practices, standards and requirements, as well as update archaic language. Historically, comprehensive revision of a municipal code, such as that of the Borough Code and the Third Class City Code, most recently, has taken approximately eight years in order to thoroughly examine each article, section-by-section. Upon a County Code recodification bill going through the legislative process and being enacted, the Commission staff envisions working with the Legislative Reference Bureau to place the Code into Title 16 (Counties) of the Pa.C.S., which has occurred with the Borough Code (Title 8) and the Third Class City Code (Title 11).

A review of specifications for a new mail processing system was next on the agenda for discussion. The Commission has a 5-year old mail processing system for which the lease is to expire on October 24, 2017. Priority Systems submitted a bid for a 60 month term lease for which the monthly payment is \$67.51. Currently, the Commission's existing mail meter costs \$112.92 per month to operate. The Commission Members unanimously agreed on motion by Representative James and a second by Representative Kampf to enter into a 5-year lease with Priority Systems for a Hasler IM350 Digital Mailing System at a total 5-year cost of \$4,050.60, which is \$2,724.60 less than the previous contract.

As the last order of business, the Director announced that the next Commission business meeting is scheduled for Wednesday, October 18, 2017, at 8:45 a.m. in Room 14 East Wing-Main

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Capitol Building. Members are urged to attend the October business meeting since the Commission's 2018-2019 budgets will need to be approved for submission to Budget Secretary Randy Albright by the end of October.

The meeting adjourned at 9:55 a.m.

ATTESTED: _____
October 4, 2017