

**MEETING OF THE LOCAL GOVERNMENT COMMISSION ASSESSMENT REFORM
TASK FORCE**

Thursday, April 13, 2017

The meeting of the Assessment Reform Task Force was called to order by Senator John H. Eichelberger, Jr., at 10:05 a.m. in Room 60 East Wing-Main Capitol Building with the following individuals present:

MEMBERS

Senator John H. Eichelberger, Jr., Chairman
Senator John P. Blake (via telephone)
Representative Kate Harper
Richard Vilello, PA Department of Community and Economic Development
Renee Reynolds, State Tax Equalization Board
Radee Skipworth, PA Department of Revenue
Doug Hill, County Commissioners Association of Pennsylvania
Joan Righter Price, Assessors' Association of PA
Charles Hardester, Assessors' Association of PA
Maryann Nardone, Ph.D., Legislative Budget and Finance Committee
Philip Klotz, Local Government Commission Executive Director
Danette H. Magee, Local Government Commission Research Associate
Karen S. Bear, Local Government Commission Secretary

As the first order of business, the minutes of the January 26, 2017, Local Government Commission Assessment Reform Task Force meeting were unanimously approved on a motion by Senator Blake and a second by Representative Harper.

Joan Righter Price, Esquire, representing the Assessors' Association of Pennsylvania (AAP), updated the Task Force membership on the progress made to date by the Self-Evaluation Tool Subcommittee. The Subcommittee is working on a self-evaluation tool and accompanying Reassessment Operations Manual that will assist counties in their effort to maximize equity and uniformity in the mass appraisal process. Initially, this tool will guide a county in its determination of whether a countywide reassessment is necessary and if the county has the resources needed to conduct a reassessment. Ms. Righter Price stated that significant progress has been made by the Subcommittee. The group plans to meet on May 5 in concert with the AAP's annual conference in Lancaster. Upon Senator Eichelberger's question as to the projected timeframe for completion, Ms. Righter Price responded that approximately six to nine months would be needed to finalize the document.

Steve Howe, Director of the Offices of Tax Assessment and Tax Claim, Dauphin County, and Chair of the AAP's Contracting Standards Subcommittee, offered that the Subcommittee hopes to have a model contract draft in three to six months for the various stakeholders to review. Mr. Howe noted that the contract should be specific to Pennsylvania. Mr. Howe indicated that he and Ms. Magee, Research Associate of the Local Government Commission (LGC), will meet all day on April 20 to convert the subcommittee's prior work into an electronic format. Representative Harper opined that the contract should include "must" clauses to create uniform standards for all contractors and to provide public disclosure as to how the revaluation process operates. After a brief discussion, Task Force Members unanimously agreed that

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personnel from the two revaluation contractors working in Pennsylvania should be invited to a Contracting Standards Subcommittee meeting to garner feedback from them about their software and operations.

At the January 26, 2017, meeting, Ms. Magee and Mr. Hardester, representing the AAP, made an appeal to amend the Real Estate Appraisers Certification Act (Act 98 of 1990) to require representation by Certified Pennsylvania Evaluators (CPE) on the State Board of Certified Real Estate Appraisers. Proposed legislation that would increase the State Board membership from 11 to 13 so as to include two CPEs was provided to all of the Task Force Members for review. Ms. Magee remarked that the draft has been approved by AAP, the County Commissioners Association of Pennsylvania (CCAP) and the Pennsylvania Realtors Association. The Pennsylvania Department of State (DOS) did not provide feedback as of April 13, 2017. Radee Skipworth, representing the Department of Revenue (DOR), offered to contact the DOS for input. In the meantime, Senator Eichelberger and the other members of the Task Force agreed to draft the proposed legislation and offer the language for sponsorship to the LGC Members at its April business meeting.

Ms. Reynolds, representing the State Tax Equalization Board (STEB), offered amendatory language to Chapter 15 of the Community and Economic Development Enhancement Act (Act 58 of 1996) to authorize STEB to use up to three prior years' sales in its calculation of the CLR if deemed necessary in order to have a sufficient sample size. STEB is responsible for, prior to July 1, annually establishing the CLR for each county using the prior year of sales data in each county. Ms. Reynolds stated that the language was a component of one of the recommendations by Mr. Alan Dornfest, AAS, in his report dated June 6, 2014. Mr. Dornfest was a private consultant under contract with the Department of Community and Economic Development (DCED), who reviewed the methodology used by STEB to calculate the county CLR for each county and determines whether the CLR was calculated in a manner consistent with International Association of Assessing Officers (IAAO) standards. Senator Eichelberger directed that the proposed amendatory language be drafted and presented to the LGC Members for their consideration at its April business meeting.

Ms. Magee discussed amending the Assessors Certification Act (Act 28 of 1992) to further provide for qualifications and training of out-of-state contractors. Draft legislation was distributed to the Task Force members for their review. The proposed legislation clarifies that revaluation company personnel who are directly responsible for the valuation of real property must be certified as Certified Pennsylvania Evaluators (CPEs). The legislation further requires that an individual who is employed by a revaluation company and directly responsible for the development of a property valuation model, as defined, complete the educational requirements set forth in the Assessors Certification Act and be certified as a CPE. Finally, the legislation requires, as a condition of certification as a CPE, completion of a basic course of study that includes instruction on the judicial interpretation of the Pennsylvania Constitution's uniformity clause. Comments were offered by Ms. Righter Price, Mr. Hardester, and Dr. Nardone. Representative Harper agreed with the concept of the amendatory language, but questioned if the language fulfilled the Task Force's goal to clarify which individuals need to successfully complete a minimum of 90 hours of basic instruction on judicial interpretation of the

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Pennsylvania Constitution's uniformity clause. Ms. Righter Price explained that data collectors merely obtain facts when executing data gathering for reassessment; however, revaluation personnel actually determine the value of real property and should have knowledge of the Pennsylvania Constitution's uniformity clause. After a lengthy discussion, it was agreed to present the amendatory language to the Legislative Reference Bureau for their review and comment prior to presenting the language to the Commission Members for their consideration.

A uniform sales validation form for the valuation process and sales ratio studies was presented by Mr. Hardester. Examples of uniform sales validation forms utilized by Lawrence County were provided by Mr. Hardester for examination. It was reported by Mr. Hardester that he had been in contact with the Pennsylvania Recorders of Deeds Association, the Pennsylvania Association of Realtors, the Lawrence County Board of Realtors, the Lawrence County Bar Association and the Assessors' Association of Pennsylvania for feedback regarding the required use of a sales validation form. To date, the only response received was from the Lawrence County Bar Association. The Lawrence County Bar Association comments primarily focused on privacy and confidential information. In particular, concern was expressed with question number 21 on the form, which asks if the total sale price was a fair reflection of the market value for the real estate on the sale date. Many attorneys at the Lawrence County Bar Association felt that the question could harm the two parties involved if the response is no. The attorneys were concerned that the DOR might attempt to secure additional real estate transfer tax from the parties if the answer is no. Ms. Righter Price agreed with the attorneys' assessment and suggested that question 21 be removed. Mr. Skipworth of the DOR offered to join the AAP's STEB/Tax Equalization Division Liaison Subcommittee that is developing the uniform sales validation form, among other things. Mr. Hardester thanked Mr. Skipworth for his offer to join the subcommittee. Ms. Reynolds of STEB also offered her assistance with performing a pilot test of the uniform sales validation form in selected counties. Mr. Hardester stated that obviously more work is needed by the subcommittee and was optimistic that proposed legislation would be available to the Task Force membership at its next meeting.

Phil Klotz reported that a subcommittee studying the required public disclosure of key elements of a county's chosen system for property valuation and assessment, including how properties are valued and assessed had met via conference call in March. The subcommittee had reviewed other states' public disclosure requirements. Mr. Klotz reported they had soon realized that part of the foundation for public disclosure would exist in the contracting standards. Therefore, he suggested postponing effort on the public disclosure task until the contracting standards are further developed.

At the January 18, 2017, Task Force meeting, Senator Eichelberger spoke to the need to investigate the fairness and efficiency of the assessment appeals process, including measures to reduce appeals, consistency in methodology, and appointment, composition and qualifications of appeals boards. An Appeals Working Group that included the Senator, Mr. Hill, Ms. Righter Price, Mr. Klotz and Ms. Magee was formed to study ways in which to provide citizens more access to information regarding how to better navigate the appeals process. The Work Group also included Representative Warren Kampf, Mr. Bert Goodman, Indiana County Commissioner

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Rodney Ruddock and Blair County Commissioner Terry Tomassetti. The recommendations generated by the Work Group and the outcomes submitted to the Task Force members are as follows:

Training and Qualifications of Members of a Board of Assessment Appeals/Revisions and Auxiliary Appeal Boards

Recommendation 1:

Amend 53 Pa.C.S. § 8851 of the Consolidated County Assessment Law (CCAL) to require 12 hours of training for members of the *permanent* boards of assessment appeals and assessment revision, within 90 days of appointment or taking the oath of office, on the following topics, generally:

- a. Assessment valuation process in Pennsylvania (3 hours).
- b. Legal and constitutional issues relating to the assessment process in Pennsylvania. Duties and responsibilities of assessment appeal board members. (3 hours).
- c. Real estate exemptions (6 hours).

Specify all exemption appeal hearings must be conducted by the board of assessment appeals or board of assessment revision.

Outcome: Draft legislation is to be presented to the Commission Members for their review at their June business meeting.

Recommendation 2:

Amend 53 Pa.C.S. § 8853 of CCAL to include 6 hours of training for members of *auxiliary* appeal boards on the following topics:

- a. The assessment valuation process in Pennsylvania (3 hours).
- b. Legal and constitutional issues relating to the assessment process in Pennsylvania. Duties and responsibilities of the assessment appeal board members. (3 hours).

An auxiliary appeal board may *not* hear exemption appeals.

Outcome: Draft legislation is to be presented to the Commission Members for their review at their June business meeting.

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Recommendation 3:

Amend the General County Assessment Law to require assessment appeal board members in counties of the first and second class to undergo 12 hours of training as specified in Recommendation 1 above.

Outcome: Ms. Magee is to contact the counties of Philadelphia and Allegheny for feedback and present her findings to the Task Force at its next meeting.

Recommendation 4:

Training will be paid for by the respective county.

Outcome: Task Force members unanimously agreed with this proposal.

Recommendation 5:

Members may not hear appeals until trained.

Outcome: The Task Force members unanimously agreed with this proposal.

Recommendation 6:

Training instructors may not be “connected” with a revaluation company in which they are either a principal of the company or a contractor or subcontractor involved in the valuation process.

Outcome: The Task Force members unanimously agreed with this proposal.

Recommendation 7:

CCAP/AAP will recommend and provide training curriculum and method of delivery. Electronic delivery should be available as an option.

Outcome: The Task Force members unanimously agreed with this proposal. Draft legislation is to be presented to the Commission Members for their review at the June business meeting.

On the required training, Mr. Vilello generally cautioned that some counties may object or resist, based on recent experience with required training for local tax collectors.

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Board of Assessment Appeals (independently appointed)

Recommendation:

Amend 53 Pa.C.S. § 8851(a)(1) of CCAL to reduce the term of office of members appointed to an independent board of assessment appeals from four years to two years.

Outcome: This is to be further examined by the Assessment Appeals Process Working Group.

Auxiliary Appeal Boards

Recommendation:

Amend 53 Pa.C.S. § 8853 of CCAL to:

- a. Provide a county with the discretion to appoint the number of appeal boards needed. (CCAL currently authorizes the appointment of no more than 4 boards.)
- b. Authorize the county to appoint a “pool” of trained auxiliary appeal board members who can be appointed and reappointed to serve on any auxiliary appeal board as needed.
- c. Require that each auxiliary appeal board consist of 3 members all of whom must be present for the appeal hearing.

Outcome: Draft language for items a, b and c for review by the Commission Members at their June business meeting

Formal Appeal Process

Recommendation:

Amend 53 Pa.C.S. § 8848 (c) to:

- a. Specify that a county may seek court approval to extend up to 30 days beyond November 15 the certification of the assessment roll.
- b. A county may only seek one extension.

Outcome: Discussion ensued as to how this would affect municipal and school budgets. LGC Staff is to contact the Pennsylvania Association of School Business Officials for clarification of filing dates.

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Informal Review Process

Recommendation:

CCAL does not authorize an informal assessment *appeal*. Section 8848(b) authorizes an informal *review*: “In conjunction with a countywide revision of assessments, a designee of the county assessment office may meet with property owners to review all proposed assessments and *correct errors* prior to the completion of the final assessment roll” (emphasis added).

- a. Amend 53 Pa.C.S. § 8848(b) to prohibit personnel from a revaluation company or county assessment office from making adjustments to the market/assessed value during the informal review. Personnel may only make corrections to tabular data or property characteristics collected by the revaluation company/county.
- b. Amend 53 Pa.C.S. § 8848 (b) to require that informal reviews be completed no later than the date by which the county issues formal appeal notices.

Outcome: Draft legislation for review by the Commission Members at their June business meeting.

After a brief discussion, it was decided that all proposed appeal-related amendments to CCAL be drafted as one bill rather than having separate documents. This document will be available for the Commission Members’ perusal at its June business meeting.

Prior to adjournment, Senator Eichelberger gave his closing remarks and determined that the next Task Force meeting would occur on Thursday, June 8, 2017.

The meeting adjourned at 11:45 a.m.

Attested: _____
April 27, 2017