

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

Thursday, June 8, 2017

The meeting of the Assessment Reform Task Force was called to order by Senator John H. Eichelberger, Jr., at 1:00 p.m. in Room 461 Main Capitol Building with the following individuals present:

MEMBERS

Senator John H. Eichelberger, Jr., Chairman
Senator John P. Blake (via telephone)
Representative Kate Harper
Representative Mary Jo Daley
Richard Vilello, PA Department of Community and Economic Development
Renee Reynolds, State Tax Equalization Board
Lisa Schaefer, 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 H. Klotz, Local Government Commission Executive Director
David A. Greene, Local Government Commission Assistant Director-Legal Counsel
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 April 13, 2017, Local Government Commission Assessment Reform Task Force meeting were unanimously approved on a motion by Richard Vilello and a second by Representative Harper.

Mr. Klotz reported on the status of the amendment to the Real Estate Appraisers Certification Act that provides for the appointment of two Certified Pennsylvania Evaluators (CPEs) to the State Board of Certified Real Estate Appraisers. Mr. Klotz stated that Senate Bill 689, Printer's Number 847, was introduced on May 15, 2017, and was referred to the Senate Consumer Protection and Professional Licensure Committee, which is chaired by Senator Robert Tomlinson. Both Doug Hill and Lisa Schaefer of the County Commissioners Association of Pennsylvania (CCAP) and Phil Klotz plan to meet with Senator Tomlinson on Tuesday, June 13, 2017, to discuss the merits of the bill. Also, House Bill 1361, Printer's Number 1690, was introduced on May 9, 2017, and is to be considered by the House Local Government Committee at its meeting on Wednesday, June 14, 2017. Both bills would amend the Real Estate Appraisers Certification Act (Act 98 of 1990) to provide for the appointment of two CPEs, as qualified under the Assessors Certification Act (Act 28 of 1992), to serve on the State Board of Certified Real Estate Appraisers (Board). The Board is responsible for the oversight of certified residential and general real estate appraisers, appraiser trainees, and CPEs. Because the scope and practice of the appraiser and assessor professions differ, this legislation proposes to add two CPE appointments to the Board, increasing the number of Board members from 11 to 13. The addition of two CPEs will ensure that in the event of a conflict of interest of one of the CPE members, a CPE still has a voice on the Board.

Danette Magee apprised the Task Force Members of the work that has been performed drafting an amendment to the Assessors Certification Act to further provide for the qualifications

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and training of revaluation company personnel and CPEs. A copy of the draft amendment was provided to all of the Members for their review. Ms. Magee stated that the draft amendment had undergone several revisions since the Task Force meeting held in April. The original intent of the amendment remains the same; however, as per suggestions from stakeholders, clarifying amendments have been made to the draft. Also, upon the recommendation by the Department of State (DOS), technical and organizational changes have also been incorporated into the draft proposal.

The current draft amends the Assessors Certification Act (Act 28 of 1992) to:

- Clarify that defined revaluation company personnel who are directly responsible for the valuation of real property must not only complete the educational requirements pursuant to Act 28, but also be certified as a CPE.
- Extend the educational and CPE certification requirements to any individual employed by a revaluation company, or by a contractor to a county or a revaluation company, who is directly responsible for the development of a property valuation model.
- Define “Property valuation model” in terms recognized by the International Association of Assessing Officers (IAAO) standards and educational materials and the Uniform Standards of Professional Appraisal Practices (USPAP), Standard 6.
- Require, as a component of the basic course of study requirement for CPE certification, instruction about Pennsylvania appellate court decisions interpreting Article VIII, Section 1, of the Pennsylvania Constitution relating to uniformity of taxation.
- Specifically prohibit any person from valuing real property for ad valorem tax purposes, including valuations for mass appraisals or developing property valuation models, unless certified as a CPE.
- Consolidate Sections 5 and 6 of the act.
- Add new Section 6.1 to codify current practices in the assessment offices relating to duties, responsibilities and restrictions of employees who are not CPEs.
- Restructure and amend Section 8 to include revaluation company personnel, as defined, to the penalty and civil penalty provisions of the act.
- Provide for the amendatory act to take effect in 180 days.
- As a technical amendment, bootstrap the minimum continuing education requirements to the current State Board regulations, as suggested by the DOS.

Ms. Magee emphasized that the last five items were new to the latest draft. After a brief discussion among the Members, it was unanimously approved on a motion by Representative Harper and a second by Representative Daley to forward the draft to the Local Government Commission for its consideration and introduction.

At the April meeting of the Task Force, Members reviewed the recommendations generated by the Assessment Appeals Process Work Group. The Members directed Commission staff to draft amendments to the Consolidated County Assessment Law (CCAL). The product of the work group’s efforts was included in the Members’ meeting packets. In summary, the proposed legislation provides for the training and qualifications of members of a board of

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assessment appeals/revision and auxiliary appeal boards, and changes the method by which auxiliary appeal boards are established and staffed. Relating to a countywide reassessment the legislation: (1) revises the date by which the county assessment office must mail change of assessment notices; (2) clarifies the type of corrections that may be made during an informal review of a property owner's proposed market value/assessment; and (3) specifies the date, by which informal reviews must be completed. This legislation further requires the county to make available certain information as it relates to appeals to court. Finally, the proposed legislation amends the penalty provision relating to the failure of a property owner to submit specified information to the county assessment office.

Staff was also directed to further discuss with the working group the following issues:

- Reducing the term of office of members appointed to an independent board of assessment appeals from 4 to 2 years.

Recommendation of Appeals Process Work Group at its May 17, 2017 meeting:

- Amend § 8851(a)(1) of CCAL to authorize the county commissioners to appoint members of an independent board of assessment appeals for *either* a two-year term or a four-year term. If the commissioners make an initial appointment to the board for a two-year term, then the subsequent appointment must also be a two-year term. The amended recommendation is incorporated in the draft.
- Discussing with stakeholders the recommendation to permit a county to seek court approval to extend up to 30 days the certification of the assessment roll following a countywide reassessment.

Recommendation of Appeals Process Work Group at its May 17, 2017 meeting:

- Amend 53 Pa.C.S. § 8848(c)(2) of CCAL to require the county assessment office to mail change of assessment notices relating to a countywide reassessment by *June 1*. Current law specifies that all notices be mailed by July 1. The amended recommendation is incorporated in the draft.

As a note, Task Force Member Radee Skipworth, Department of Revenue (DOR), emailed Commission staff on June 5 to convey that he verified with the Budget Office, the Pennsylvania Department of Education and the DOR that none of the agencies have any concerns regarding the 30-day extension.

Further action items recommended by the Appeals Process Work Group on May 17, 2017:

1. Building Permits

- Amend 53 Pa.C.S. § 8861(c) of CCAL (submission of building and demolition permits to the assessment office) to change the penalty from a summary proceeding to a civil offense. The recommendation is incorporated in the draft on the last two pages. The new language mirrors that contained in Act 319 (Clean and Green law).

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- LGC staff arrange a meeting with stakeholders to discuss requiring municipalities to furnish certificates of occupancy to the county assessment office. This recommendation will be discussed as a separate item on the agenda.
2. Further recommendations relating to Appeals to Court:
- Amend 53 Pa.C.S. § 8844 (e)(2) of CCAL to:
 - Require the county (or the county assessment office) to compile a listing of the name and mailing address of each taxing district in the county, which must be made available on the county’s publicly accessible Internet website and, upon request, as a printed copy.
 - Require the Board of Assessment Appeals/Revision to provide the Board’s decision in writing along with (1) an explanation of the right to appeal to court; (2) a statement informing the appellant that a copy of any appeal to court must be provided to each applicable taxing district; and (3) the availability of the listing of the names and addresses of each taxing district in the county.

The recommendations were incorporated in the draft on page 2 (§ 8831(c), pertaining to duties of the chief assessor) and page 3 (§ 8844(e)(2.1), pertaining to appeals). The Members unanimously approved on a motion by Representative Harper and a second by Mr. Vilello to forward the draft legislation to the Local Government Commission for consideration and introduction.

Charles “JR” Hardester updated the Task Force Members on the development and implementation of a uniform sales validation form needed for the valuation process and sales ratio studies. Mr. Hardester reported that the Uniform Sales Validation Form Work Group met on May 3 and June 1 to review the proposed sales validation form. The work group agreed to the format of the standardized form provided in the Members’ meeting packets. The work group also agreed to conduct a pilot program with counties of varying sizes and locations, and with and without a uniform parcel identifier (UPI) system. Mr. Hardester addressed an inquiry as to the ability of the county tax assessment offices to separate the desired assessment information from the electronic files submitted to the recorders of deeds offices. Mr. Hardester explained that several software companies had been contacted and he was assured that current technology has the capability to separate the pertinent information. The Members voted unanimously on a motion by Joan Righter Price and a second by Representative Daley to accept the work group’s report and approve the recommended pilot program for the uniform sales validation form. Mr. Hardester will work with Commission staff to develop guidelines that will govern the implementation and process of the sales validation form.

The development of contracting standards for contracting with revaluation firms in conducting countywide reassessments was presented by Ms. Magee and Steve Howe, Director of the Offices of Tax Assessment and Tax Claim, Dauphin County, and Chair of the Assessors’ Association of Pennsylvania’s (AAP) Contracting Standards Subcommittee. Mr. Howe opined that six individuals from the AAP have met several times to formulate contracting standards and that the work group has completed approximately 80 percent of its assignment. Thus far, the most difficult task has been to devise the definitions that are to be used in the contracts. Other

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important aspects that are being addressed by the subcommittee are public relations tools, proper training of those involved in the assessment process, and outlining the three types of reassessments that counties may utilize, such as turnkey – outside firm performs the countywide assessment, hybrid – the county and an outside firm perform the countywide assessment, and county – the county performs the countywide assessment. Ms. Magee echoed Mr. Howe’s sentiments, indicating that the subcommittee is looking to have a draft proposal to present to the Task Force Members for their review by September.

Dr. MaryAnn Nardone, Legislative Budget and Finance Committee, sought approval to establish a work group to devise training criteria provided to persons employed to collect, compile, compare or handle data associated with the valuation of property for purposes of reassessment. The task should be completed in approximately two months. Dr. Nardone also explained that the training standards and regulations developed by the work group should also be included as part of the contracting standards established by the Task Force. The Members unanimously agreed on a motion by Representative Daley and a second by Mr. Vilello to establish a training standards work group with Dr. Nardone as chair. Ms. Magee will also serve on the work group.

Mr. Klotz also requested that a work group be formed to consider furnishing copies of occupancy permits to county assessment offices before the first day of every month. In addition to any charge otherwise permitted by law, a municipality, a third-party agency or the Department of Labor and Industry may be allowed to levy an additional fee of \$10 to each person to whom a permit is issued for administrative costs that are incurred. Renee Reynolds of the State Tax Equalization Board (STEB) commented that she was aware of at least one county that does add a \$10 administrative fee to the cost of issuing building permits. Mr. Klotz recommended that the work group consist of representatives from the Department of Labor and Industry and the various municipal associations, along with Mr. Howe and Commissioner Terry Tomasetti of Blair County. Mr. Howe stated that there is no uniform permit process across the Commonwealth. In fact, the Uniform Construction Code exempts municipalities from providing some building permits. The Members unanimously agreed on a motion by Mr. Hardester and a second by Senator Blake to appoint Representative Daley as the chair of the work group for the purpose of studying the issuance of building and occupancy permits. The work group was instructed to present their findings at the next Task Force meeting.

Ms. Righter Price began the discussion regarding a possible amendment to Article VIII, Section 1 (Uniformity and Taxation) to the Pennsylvania Constitution to provide for partial county reassessments. This amendment would allow for certain property valuation and assessment practices similar to those in other states. Professional standard setting organizations, and some of Pennsylvania’s surrounding states, define reassessments to include changes to values in part of a county or changes to value of selected classes of property, or trending based on overall market values without regard to whether the market change applies to a particular neighborhood or class of property. CCAP has endorsed similar practices. In Pennsylvania appellate courts have not permitted partial reassessments or selective reassessments. West Virginia, which permits market trending, has language referencing market trends in its state constitution. For counties to be secure in their implementation of such practices, a special

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provision amending the state's constitution would be required. Representative Harper stated that a Pennsylvania Supreme Court case was heard on March 8 dealing with a similar issue that could have a wide-ranging effect on this topic once the Court decision has been made. After a lengthy discussion, the Task Force members decided unanimously on a motion by Representative Daley and a second by Senator Blake to appoint Representative Harper to chair a work group to study the possibility of amending the Pennsylvania Constitution to allow counties to partially or selectively reassess. Ms. Righter Price, Ms. Magee and Ms. Schaefer were also appointed to the work group. The work group will present their results to the Task Force Members at the next meeting.

Ms. Reynolds of STEB gave a report regarding amending language in 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 common level ration (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 determined whether the CLR was calculated in a manner consistent with IAAO standards. The weighted median allows for a breakdown by land use/property types (stratification). However, after further review and discussion, it appears that the amendment is unnecessary because of existing authorization in Act 58 Sections 1516.1(b) and 1516.2(3), relating to the methodology to be used in the development of the CLR. Deputy General Counsel for DCED has advised that the current authorizations in Act 58 permit STEB to use a "stratification methodology." Ms. Reynolds continued to explain that if STEB makes public in its Policy and Procedures Manual the needed use for a longer period from which sales are drawn, it can reference the appropriate IAAO standard governing this process.

Prior to adjournment, Senator Eichelberger gave his closing remarks and established that the next Task Force meeting would occur on Thursday, September 21, 2017.

The meeting adjourned at 2:35 p.m.

Attested: _____
July 12, 2017