

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

Thursday, September 21, 2017

The meeting of the Assessment Reform Task Force was called to order by Senator John H. Eichelberger, Jr., at 1:05 p.m. in Room 461 Main Capitol Building with the following individuals present:

MEMBERS

Senator John H. Eichelberger, Jr., Chairman
Representative Kate Harper
Representative Mary Jo Daley (via telephone)
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 June 8, 2017, Local Government Commission Assessment Reform Task Force meeting were unanimously approved on a motion by Richard Vilello and a second by Representative Kate Harper.

Mr. Klotz gave 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 *implementing* recommendations primarily made in recent House Resolution reports related to the efficiency, transparency, modernization and fairness of the property assessment process in our Commonwealth. Initiatives developed by the Assessment Reform Task Force and the status of each are as follows:

- Amend Assessors Certification Act to provide for the qualifications and training of revaluation company personnel and Certified Pennsylvania Evaluators.
Status: SB 832, HB 1594. Senate Bill 832 was referred to the Senate Consumer Protection and Professional Licensure Committee, while House Bill 1594 is on first consideration in the House.
- Amend the Real Estate Appraisers Certification Act to provide for the appointment of two Certified Pennsylvania Evaluators to the State Board of Real Estate Appraisers, thereby increasing the number of Board members from 11 to 13.
Status: SB 689, HB 1361. Senate Bill 689 was referred to the Senate Consumer Protection and Professional Licensure Committee, while House Bill 1361 passed the House (192-0) and likewise was referred to the Senate Consumer Protection and Licensure Committee.

MEETING OF THE LOCAL GOVERNMENT COMMISSION ASSESSMENT REFORM TASK FORCE

Page 2 - Thursday, September 21, 2017

- 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.
Status: Draft legislation *complete*. Goal to vet legislation with stakeholders over summer and bring back to Task Force and Commission for consideration in Fall 2017.
- Develop and implement Contracting Standards for contracting with private appraisal firms in conducting countywide reassessments.
Status: In progress by Work Group. Goal to complete draft Contracting Standards by Fall 2017.
- Require 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 Work Group. Goal to complete and implement upon completion of Contracting Standards in Fall 2017, since dependent on Contracting Standards, in part.
- Implement use of Uniform Sales Verification Form needed for the valuation process and sales ratio studies.
Status: Draft Uniform Sales Verification Form and draft Voluntary Sales Verification Form Pilot Program legislation *complete*. Work Group is to develop guidelines for implementation and use of Uniform Sales Verification Form. Goal: Pilot test, finalize and implement in 2018-2019.
- Develop and implement a County Self-Evaluation Tool/Operations Manual 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 Work Group. Goal to complete draft by Fall 2017, and pilot test, finalize and implement in 2018-2019.
- Develop and implement a Statewide Training Standards for any person employed to collect, compile, compare or handle data associated with the valuation of property for purposes of reassessment.
Status: Draft Statewide Training Standards *complete*. Report to Task Force in Fall 2017.
- Examine Constitutional provisions for property valuation and assessment in the Commonwealth and identify any advisable changes.
Status: Under examination by Work Group during Summer 2017. Report to Task Force in Fall 2017.

The Task Force Members were presented with draft legislation that would amend the Consolidated County Assessment Law (CCAL) (53 Pa.C.S. §§ 8802, 8831, 8844, 8848, 8851, 8853) by further providing for a published mailing list of taxing districts in each county, and appointment, terms, duties, training and curriculum for assessment appeal boards and auxiliary

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

Page 3 - Thursday, September 21, 2017

appeal boards. Danette Magee explained that the draft legislation was presented to the Task Force Members for review at the June 8 meeting. Since that time, the legislation has also been examined by other stakeholders who recommended changes. The revised draft legislation was presented again to the Task Force Members for their approval. The major alteration was to specify training requirements for members of county boards of assessment appeals/revision and auxiliary appeal boards in order to be qualified to hear assessment appeals. The draft legislation specifies, among other things, that the County Commissioners Association of Pennsylvania (CCAP), in coordination with the Assessors Association of Pennsylvania (AAP) shall establish a curriculum and the method of training delivery. Training may be conducted electronically or remotely, and the curriculum shall include the following: (1) three hours of training on the assessment valuation process in Pennsylvania; (2) three hours of training on the legal and constitutional issues relating the assessment process in Pennsylvania and the duties and responsibilities of board members; and (3) in the case of board members, three hours of training on real estate exemptions. Costs of the training shall be paid by the respective counties responsible for the appointment of the board and auxiliary boards. A member of the board shall have up to six months from the date of appointment to complete the training required. The member may hear appeals without training during the six-month period. Failure of a board member to obtain the training within six months of appointment shall result in disqualification of the member and shall create a vacancy. Likewise, a member of an auxiliary appeal board shall be authorized to hear appeals only upon completion of training required. In the event that a member of the board or auxiliary appeal board holds an active or an inactive CPE certification, the member shall not be required to complete the training. Steve Howe, Director of the Offices of Tax Assessment and Tax Claim, Dauphin County, and Chair of the AAP Contracting Standards Subcommittee, commented that anyone who holds a CPE license is required to complete 28 hours of training every two years to maintain the CPE license.

Mr. Klotz mentioned that concerns were voiced by some CCAP members at CCAP's August conference as to the cost associated with the training. Lisa Schaefer of CCAP confirmed Mr. Klotz's statement and explained that the members of CCAP recognize the value of the mandatory training but believe that the legislation would add another financial obligation to already strained county budgets. A chart outlining the estimated cost for each county regionally was developed by Mr. Klotz, illustrating the nominal charge to each county if the training is completed by utilizing webinar technology. Webinar training would minimize travel, food, administrative costs, etc., thus, making the training quite affordable. Ms. Schaefer opined that CCAP's November 19-21, 2017, conference will allow time for CCAP members to reach a consensus on the subject of mandatory training. After an extended discussion, the Task Force Members on a motion by Representative Harper and a second by Representative Mary Jo Daley recommended placing the draft legislation on the Local Government Commission's November business meeting agenda for consideration.

Draft legislation was reviewed by the Task Force members amending the CCAL (53 Pa.C.S. § 8861) to further provide for submission of building permit and substantial improvement information to the county assessment office and for civil penalty for noncompliance. David Greene explained that the amendment would, among other things, allow the assessment office to provide for the electronic submission of permits and to establish the format for the submission of permit information. The provision of building permits or permit

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

Page 4 - Thursday, September 21, 2017

information to the county assessment office as required would not be subject to the procedures of the Right-to-Know Law. No agency, public official or public employee would be liable for civil or criminal damages or penalties for complying. In the event of noncompliance, the assessment office would provide the municipality, third-party agency (TPA), and if applicable, the Department of Labor and Industry (Department) with written notice of the noncompliance. Upon receipt of the notice, the municipality, TPA or Department would investigate and consult with the assessment office and take any steps the recipient deems necessary to remediate the noncompliance. If after consultation noncompliance continues, the assessment office may institute an action in mandamus before the court of common pleas to compel compliance. Should the court determine that the noncompliance was intentional, it shall award party costs, including reasonable attorney fees and witness fees relating to the action to the assessment office. In the case of noncompliance after notice to a TPA, the assessment office may file a complaint with the Department. Intentional noncompliance by a TPA would constitute just cause for corrective action by the Department, the agency charged of oversight of TPA licensing.

An amendment was also recommended to the CCAL § 8861 that would permit county commissioners, by ordinance, to require that all persons making substantial improvements to property submit to the county assessment office a county improvement certification form prior to beginning any substantial improvement, regardless of whether a building permit is required. The county may provide for the electronic submission of the form and a fee no greater than the actual cost of producing and processing the form or five dollars, whichever is less. The county could also cooperate with a municipality, TPA or the Department in the distribution of forms. The county board may assess a civil penalty of not more than one hundred dollars upon a person for intentionally failing to comply or intentionally falsifying the information required. If a civil penalty is assessed against a person, the board must notify the person by certified mail of the nature of the violation and the amount of the civil penalty and that the person may notify the board in writing within ten calendar days that the person wishes to contest the civil penalty. If, within ten calendar days from the receipt of that notification, the person does not notify the county board for assessment appeals of intent to contest the assessed penalty, the civil penalty shall become final. If timely notification of the intent to contest the civil penalty is given, the person contesting the civil penalty shall be provided with a hearing. Mr. Greene stated that both suggested amendments were vetted with the proper stakeholders. A response has yet to be received from the Department. After a discussion among the Task Force members, it was decided on a motion by Representative Daley and a second by Representative Harper to place the draft amendments on the Commission's November business meeting agenda for consideration by the Local Government Commission Members.

Proposed legislation providing for a Voluntary Sales Verification Form Pilot Program was given to the Task Force members for review. Charles "JR" Hardester of AAP and Mr. Greene explained that the voluntary pilot program will be conducted from March 2018 through December 2018 and that a sales verification form completed for this program would not be subject to disclosure under the Right-to-Know Law. By no later than March 30, 2019, the participating counties shall submit to the Local Government Commission a final report. The final report is to contain the number of conveyances recorded, the number of sales forms completed and submitted, subdivided by those completing the form in person and those using the E-Recording process, and the number of interested parties objecting to completing the form and, if

MEETING OF THE LOCAL GOVERNMENT COMMISSION ASSESSMENT REFORM TASK FORCE

Page 5 - Thursday, September 21, 2017

available, the reasons for the objections. By June 30, 2019, if more than three counties have implemented the pilot program, the Local Government Commission in coordination with the State Tax Equalization Board will provide to the General Assembly a report on the delivery, operation and impact of the program. Currently, the nine counties that have expressed willingness to participate in the pilot program are of varying sizes and locations, and with and without a uniform parcel identifier (UPI) system. After an extensive discussion among the Task Force members, it was unanimously agreed on a motion by Mr. Hardester and a second by Mr. Vilello to place the draft proposal on the Commission's October business meeting agenda for consideration by the Local Government Commission Members.

Mr. Howe apprised the Task Force members of the Contracting Standards Subcommittee's progress in developing model RFP/contracting standards for counties when contracting with a revaluation firm to conduct countywide reassessments. The subcommittee has established a rough draft and plans have been established for the subcommittee members to have a read through of the rough draft by October 4. After that time, the proposed draft will be properly vetted by appropriate stakeholders. Mr. Howe commented that substantial progress has been made since the June 8 Assessment Reform Task Force meeting.

Joan Righter Price, Esquire, of AAP, announced that AAP's Self-Evaluation Tool Subcommittee has had three meetings since the June 8 Assessment Reform Task Force meeting and has made significant progress on a preliminary rough draft of the self-evaluation tool. The subcommittee's members have focused on developing a framework of statistical measures that may help guide a county in planning for and determining when a countywide reassessment is warranted. The subcommittee plans to continue its efforts at its next meeting on October 9, 2017. During the week of September 24, 2017, two of the subcommittee members will be meeting with Alan Dornfest, AAS, to discuss the preliminary framework of the self-evaluation tool as relates to the statistical measures. Mr. Dornfest is a private consultant for the International Association of Assessing Officers (IAAO) and the Property Tax Policy Bureau Chief at the Idaho State Tax Commission. The subcommittee's goal is to complete a preliminary draft of the self-evaluation tool for review by the Assessment Reform Task Force in the winter of 2018.

An update by the Data Collector Standards Work Group to consider training provided to persons employed to collect, compile, compare or handle data associated with the valuation of property for purposes of reassessment was given by Dr. Maryann Nardone. Dr. Nardone explained that the draft presented to the Task Force members was previously agreed upon by all the Work Group members except for two issues necessitating input from the Task Force members. The first two-prong concern related to a data collector's interior inspection of a home, as well as the proper protocol for entry onto a property. The proposed Data Collector Standards direct that two county representatives be present at all times for required interior home inspections. The Standards further direct that a data collector should not enter property grounds to conduct measurements if: (a) the property is posted with a "no trespassing" sign or the perimeter of the property is fenced in with an access gate; or (b) met by a minor and advised that the parents are not present. A member of the Work Group noted that these practices could potentially increase the cost for a contracted countywide reassessment. Other members of the Work Group noted that those standards are consistent with best practices in other states and in other Pennsylvania counties that have had their solicitors carefully consider such subjects.

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

Page 6 - Thursday, September 21, 2017

Mr. Howe and Mr. Hardester both remarked that interior property inspections rarely occur. All of the Task Force members uniformly believed that the benefit of having two county representatives present at all times outweighed any additional cost of doing the assessment. Further, for legal protection of the county, data collectors should plan a revisit to the property if the circumstances under (b) exist. The second matter raised by the Work Group related to whether it was appropriate for data collectors to gather and record property elements that require the consideration of factors such as the condition of a property. Such information would then be used by a trained CPE for purposes of valuation. Other members of the Work Group noted that such observations are, in part, subjective and require substantial training and experience in order to be appropriate and valid for appraisal purposes. After a lengthy discussion, the Task Force members on a motion by Representative Harper and a second by Representative Daley agreed that the Data Collector Standards be adopted by the Task Force, as written, and should be presented to the Local Government Commission Members as Best Practices Procedures at the Commission's October business meeting. Ms. Righter Price recommended that the contents of the document developed by the Data Collectors Standards Work Group be added to the CCAP/AAP training courses.

On June 8, 2017, the Assessment Reform Task Force established a Constitutional Amendment Work Group to study the possibility of amending Article VIII, Section 1 (Uniformity of Taxation) of the Pennsylvania Constitution to allow counties to partially or selectively reassess. As a starting point for the subject Work Group meeting, Representative Harper reported that at the Work Group's meeting Ms. Magee highlighted a sampling of relevant constitutional provisions from Maryland, New Jersey, West Virginia and Wisconsin, which precipitated a robust discussion, including possible implications of the 2017 Supreme Court *Valley Forge Towers Apartments v. Upper Merion Area School District* decision and the proposed constitutional amendment authorizing exclusions not exceeding 100 percent of the assessed value of each homestead property within a local taxing jurisdiction. The Constitutional Amendment Work Group further contemplated that implementation of a Self-Evaluation Tool, which is being developed and ultimately tested by a separate work group, would be useful in determining whether there is justification for a constitutional amendment. The Work Group concluded unanimously to recommend to the Task Force that development of a constitutional amendment is premature and should be deferred at least until the Self-Evaluation Tool is developed and implemented, and results from its application are evaluated.

As the last order of business, Senator Eichelberger and Mr. Klotz commended all Task Force participants for the excellent progress that has been achieved to date, and recommended that the Assessment Reform Task Force meet again on Thursday, February 8, 2018, at 1:00 p.m.

The meeting adjourned at 2:45 p.m.

Attested: _____

November 14, 2017