

## REASSESSMENT: WHY NOW, ITS IMPACT AND ITS COST

Some people still ask why the County is doing a reassessment now and what its impact will be. They also express concern about the \$3 million cost of reassessment, figuring it will also increase their real estate taxes. Although suggested as a cost-saver, reassessing properties based upon sale price is simply not permitted under Pennsylvania law.

**WHY NOW:** From the beginning, the Commissioners have advised that county budget projections indicated a 2017 deficit exceeding \$1 million with no reserve for the shortage. The primary reasons for the shortage are stagnant revenues, continually rising costs and a necessary multi-million dollar annual contribution to our state required pension plan.

Another very important reason is the gross lack of uniformity of assessed values resulting in the worst disparity of land values of any county in Pennsylvania. State studies show that on average there is a \$60 error in every \$100 of real estate taxes paid because of outdated assessed values. They also show that approximately one-third of our property owners pay on average 60% more in taxes than their property's actual value warrants

**IMPACT:** Reassessment will result in properties being taxed on their accurate current value, not some unreliable 1958-based value. Additionally, despite a common misconception, none of our seven school districts and twenty-four municipalities need reassessment to impose future real estate tax increases.

There will be an initial reassessment adjustment to correct the lack of uniformity. This readjustment generally results in one-third of the properties having their taxes stay the same, one-third being reduced and one-third being increased.

After that, however, only those taxing bodies near their statutory millage maximum need reassessment to increase taxes. Being within 2.5 mills (8.3%) of its 30 mill maximum, the County is the only taxing body that realistically needs reassessment to increase taxes.

Townships have a 19 mill maximum. Currently Freedom Township has the highest township general millage at 9.45 mills. It would have to increase its taxes 100% to reach its cap.

Boroughs have a 35 mill maximum. Bellwood has the highest borough general millage at 28.5 mills and would need to increase its taxes 23% to reach its maximum.

Altoona and Tyrone Borough are home rule communities and have no millage cap.

As for school districts, Act 1 changed how they can increase real estate taxes, now basing it on an Index which simply allows an overall percentage increase.

**COST:** Real estate taxes in Blair County were not and will not need to be increased to pay for reassessment.

Even though reassessment costs \$3 million, many county capital projects have required greater borrowings. The 911 towers paid through the 2011 Bond cost in excess of \$7 million. The 2014 Bond totaled \$11 million, including \$5 million for courthouse and parking garage repairs and \$3 million for reassessment.

County bonds are paid with debt millage. Our 2008 debt millage was 5.738, its highest level in the past 8 years. With our Finance Director's advice, current low interest rates and paying off older bonds, our debt millage has been reduced to its current 2015 level of 4.164 mills. This includes payment on all existing county bonds **including the cost of our reassessment!**

If there are no future borrowings, debt millage will stay at the same level in 2016 and then drop in 2017 to approximately 3.39 mills. It will remain at this level or lower until 2029 when the 2014 bond is paid off.

Hopefully, this summary gives you a better understanding of some important facts concerning Blair County's reassessment.

Terry Tomassetti  
Blair County Commissioner