



Property Assessment Study for Blair County

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PROPERTY ASSESSMENTS ENSURING FAIRNESS AMONG TAXPAYERS

... Each person, natural or artificial, must bear his share of the public burdens, and the burden of each is measured by the ratio ascertained by dividing the total amount of taxes necessary to meet the public burdens in a given district by the whole valuation of property within the territorial limits of that district, and, when the ratio is thus fixed, the amount of tax to be paid by each individual property owner is determined by multiplying the assessed value of his property by this ratio. This rule has resulted from the demands made by the people upon legislative bodies for equality of taxation.

-The Pennsylvania Supreme Court-1909

I. OVERVIEW

Many are not aware that the primary goal of property assessments is to ensure that fair and equitable assessments of property are set so that the tax burden is equally spread among all property owners.

These assessed property values are then applied to current tax rates (*set by county, municipal governments and school districts*) to determine the amount of property tax levied by each taxing jurisdiction.

Governments and school districts use these funds to help provide necessary services such as police and public safety, education, human services, and capital projects. And, when property assessments are kept current, the tax burden is distributed evenly among property owners.

If assessment systems are not periodically adjusted, they become regressive so that properties appreciating at a higher rate are taxed at less than their fair share, and properties appreciating at a lesser rate or those who have depreciated in value, pay more than their fair share in taxes.

This study reviews the assessment structure in Blair County to determine if the current assessed values sufficiently provide for an equitable distribution of the tax burden.

Let's Begin with the Basics...The Difference Between Appraisers and Assessors

Almost everyone understands the function of a real estate agent. However, if asked the difference between an appraiser and an assessor, most would be unsure.

Appraisers generally value a single property at "current market value" for financing or sales purposes; *assessors* value many properties simultaneously with the sole purpose of creating an equitable distribution of taxation.

If a property reassessment hasn't been conducted for several years, properties (including new construction) are valued using pre-established base year values rather than at their current market value. And, any market fluctuations that have occurred since the last reassessment are not factored into the base year value.

How do Property Assessments Affect Tax Payments?

Any discussion involving property tax should begin with an overview of what a property assessment means and how it relates to the eventual tax payment.

To calculate taxes owed on a property, an assessor applies the county's predetermined ratio to the base year value and creates what is known as an Assessed Value. Millage rates, as determined by the local taxing jurisdictions (*county, municipality and school district*) are then applied to the Assessed Value to calculate taxes.

Property tax is considered an "ad valorem" tax meaning it is based on value and must meet the dual requirements of Equity and Fairness. The process of valuing properties for tax purposes is generally referred to as Mass Appraisal. Mass Appraisal is defined by the International Association of Assessor Officers (IAAO) as the method of valuing a group of properties as of a given date using common data, standardized methods and statistical testing.

While the various valuation techniques used to conduct a mass appraisal can be a complicated mix of statistics and math, a basic equation showing how assessments relate to budgets, millage rates and the eventual tax levy follows:

$$\text{Assessed Value} \times \text{Predetermined Ratio} \times \text{Millage Rate} = \text{Tax Levy}$$

As mentioned earlier, the purpose of a property assessment is to fairly distribute the tax burden among all property owners based on the value of their property. Because all counties have several different housing markets and diverse housing options, not all properties appreciate or depreciate at the same rate over time. That diversity of housing requires counties to periodically review and if necessary, adjust the tax burden distribution to ensure that all property owners are paying their fair share.

One method of adjustment is to change the pre-determined ratio; another is to undertake a county-wide reassessment. As we will explain later in this report, changing the pre-determined ratio does not address uniformity issues.

A county-wide reassessment is the only adjustment that addresses uniformity. It is also important to note that a reassessment cannot be conducted to increase tax revenue; strict anti-windfall

statutes are in place restricting taxing jurisdictions from reaping a windfall due to a reassessment. In fact, following a reassessment, counties and municipalities are prohibited from collecting more than an additional 10% of the aggregate real property taxes collected in the year prior to the reassessment unless the taxing jurisdiction has voted to enact a tax increase. School districts face an additional restriction under Act 1 of 2006, which limits their increase to the index determined for the prior year.

In Blair County, that index ranges from 2.6 percent to 3.1 percent for the eight school districts located within the county.

SCHOOL DISTRICT	2014/2015 INDEXES
Altoona Area	3.0
Bellwood Antis	3.0
Claysburg-Kimmel	3.1
Hollidaysburg Area	2.6
Penn Cambria	3.0
Spring Cove	2.8
Tyrone Area	2.9
Williamsburg Community	3.1

So, after a reassessment, all taxing jurisdictions must calculate new millage rates to ensure compliance with these anti-windfall statutes. Once taxing jurisdictions are provided with their new certified assessed values (*at a predetermined ratio of 100 percent*), they then determine new millage rates that will satisfy these anti-windfall restrictions.

Example of a Millage Rate Adjustment to Comply with the County and Municipal Anti-Windfall Provision:

If in the year prior to a reassessment, the taxing authority's Certified Assessed Value is **\$1 million** and their Millage Rate is **10 mills**, their total tax revenue collected would be \$10,000:

$$\text{Total Certified Assessed Value} \times \text{Millage Rate} = \text{Total Tax Revenue}$$

Or:

$$\text{\$1,000,000} \times .010 \text{ (10 mills)} = \text{\$10,000}$$

If after a reassessment, the total Certified Assessed Value increases from \$1 million to **\$2 million**, the taxing jurisdiction may only receive \$11,000 (*ten percent increase*) in total real property tax revenue. Therefore, the Millage Rate must be **reduced** from 10 mills to **5.5 mills**.

$$\text{New Certified Assessed Value} \times \text{Reduced Millage Rate} = \text{\$11,000}$$

Or:

$$\text{\$2,000,000} \times .0055 \text{ (5.5 mills)} = \text{\$11,000}$$

Because of the mandated millage rate adjustment, an increase in assessed value on an individual property resulting from a reassessment does NOT automatically result in an increased tax bill for individual property owners.

Example of New Tax Payment by Individual Property Owner:

Using the previous example, in situations where the reassessment results in a 50 percent increased assessment on an individual property, say from **\$100,000 to \$150,000**, the property owner's annual tax bill would actually **decrease** due to the millage rate adjustment:

$$\begin{aligned} & \$100,000 \times .010 = \$1,000 \\ & \text{To} \\ & \$150,000 \times .0055 = \$825 \end{aligned}$$

...The purpose of requiring all tax laws to be uniform is to produce equality of taxation. Absolute equality is difficult of attainment and approximate equality is all that can reasonably be expected. Hence it has been held that where there is substantial uniformity the constitutional requirement has been met.

-The Pennsylvania Supreme Court-1909

Do the County's Current Assessed Values Provide for Equitable Distribution of the Tax Burden?

To study this, we reviewed sales for the period of 2010 through 2013 and calculated the County's ratios of assessment-to-actual value (Assessment divided by the Sale Price).

Infocon Corporation provided the assessment and sales data used for this report. Only sales listed as "valid sales" were included.

Valid sales should fit the definition of an "arms-length" transaction. Therefore, sales between related parties, sales as a result of foreclosures, and "love and affection" sales were not considered.

The sample includes the 4,871 valid sales for taxable properties that occurred from 2010 through 2013.

The data breakdown by Land Use Code includes:

<u>LAND USE CODE</u>	<u>NUMBER OF PROPERTIES</u>
Residential	4,116
Lots less than 10 acres	340
Industrial	4
Commercial	266
Agricultural (including buildings)	44
Vacant land (10 acres or more with building)	55
Miscellaneous	43
Total	4,871

II. DEMOGRAPHICS

In this section, we have created a “portrait” of Blair County through the use of various area demographics.

A. Property Inventory

The following chart lists the breakdown of all Blair County properties based on the Land Use Codes assigned in the county's property assessment database supplied to us by Infocon Corporation.

<u>PROPERTY INVENTORY</u>	
RESIDENTIAL	53,723
LOTS (less than 10 acres)	4,257
COMMERCIAL with building/apartments	3,495
MISCELLANEOUS	3,412
VACANT LAND/WOODLAND (10 acres or more)	1,347
TRAILERS	1,169
AGRICULTURAL (10 acres or more with building)	1,125
INDUSTRIAL with building	95
OIL/GAS/MINERALS	21
SEASONAL	<u>1</u>
TOTAL PROPERTIES	68,645

There are 65,469 taxable properties and 3,176 exempt properties totaling \$937,768,403* in assessed value (2013).

The total assessed value of the Taxable properties is \$725,343,363:

Land	\$ 81,100,490
Building	644,236,113
Mineral	6,760

The total assessed value of the Exempt properties is \$212,425,040:

Land	\$ 11,675,960
Building	200,749,080

* It is important to note that the database of property information is too incomplete to be effective for any single property review. The database contains no information for square foot living area, grade, condition, or year built. This omission of data causes concern and should encourage the County to undertake a complete review of all properties in the county. A comprehensive review, including site visit and measurements of all properties, is the first step in any reassessment process. Properties cannot be effectively reviewed or valued without this basic information. There is also a very real possibility that the data collection process of a reassessment will discover omitted and untaxed property in Blair County.

B. Property Demographics

The American Community Survey is a survey conducted by the U.S. Census Bureau and certain results of the survey as they relate to Blair County are listed in this section.

According to the 2008-2012 American Community Survey 5-year estimates, 91.5 percent of the housing units in Blair County are occupied compared to 89.1 percent statewide. The survey estimates 8.5 percent to be vacant housing units in Blair County compared to 10.9 percent statewide.

Many of the structures (34.4 percent compared to 27.5 percent statewide) were built in 1939 or earlier. Indicating that while Blair County exceeds averages with occupied properties, its housing stock is on average much older.

Owner occupied units make up 72.3 percent of the occupied units while 27.7 percent are renter occupied. Statewide 70.1 percent are owner occupied and 29.9 percent renter occupied.

The majority of the renters (39.4 percent) pay in the range of \$500 to \$749 per month in Gross Rent.

The survey estimates that 55.4 percent of the owner-occupied units are encumbered with a mortgage. The statewide percentage is 62.9 percent. This is also indicative of the age of the housing stock.

...While every tax is a burden, it is more cheerfully borne when the citizen feels that he is only required to bear his proportionate share of that burden measured by the value of his property to that of his neighbor. This is not an idle thought in the mind of the taxpayer, nor is it a mere speculative theory advocated by learned writers on the subject, but it is a fundamental principle written into the constitutions and statutes of almost every state in this country.

-The Pennsylvania Supreme Court-1909

III. STEB STUDIES & SALES RATIOS

There are several gauges that are used to study assessed value to actual value comparisons (Assessment divided by Sale Price also known as the "Ratio") and uniformity in property assessments including:

A. Common Level Ratio & Predetermined Ratio

The State Equalization Board of Pennsylvania (STEB) is responsible for the establishment of a Common Level Ratio (CLR), the aggregated ratio of assessed value to actual value (Total Assessments divided by Total Sale Prices), for each county for the prior calendar year.

Blair County's latest CLR is 16.0 percent. That means that on average, assessments represent about 16 percent of the actual value as determined by sale prices. According to the General County Assessment Law, the county applies its PDR (Predetermined Ratio) to the assessed value before applying the millage rate. The CLR is only applied to assessed values when the property is under appeal and the CLR varies from the county's Predetermined Ratio (PDR) by more than 15 percent. In Blair County, the current PDR is 100 percent.

Please note that neither the Common Level Ratio nor the Predetermined Ratio address issues of uniformity. Two different counties could have the same CLR, but one of the counties could have a greater range of variation in assessed value to actual value.

In the Allegheny County assessment litigation known as the "Clifton" case, Judge Wettick, the Common Pleas Judge with the most extensive experience and expertise in assessment matters, stated:

"It is possible that in a county with a common level ratio of 60 percent, the assessed values of most properties are between 55 – 65 percent of fair market value. This assessment would fulfill the requirements of the Uniformity Clause that all property be assessed, to the extent it is practical, at the same percentage of value. However, it is also possible that in a county with a common level ratio of 60 percent, large numbers of properties are assessed at more than 90 percent of fair market value and large numbers of properties are assessed at less than 30 percent of fair market value."

Similarly, setting the Predetermined Ratio at 100 percent does not address or create uniformity of assessments for individual properties since the distribution of tax burden is not changed.

B. Addressing Uniformity – COD & PRD

The International Association of Assessing Officers (IAAO) recognizes two sales ratio studies - the Coefficient of Dispersion (COD) and the Price Related Differential (PRD). Both of these studies are universally accepted as true measurements of equity and uniformity of assessed values.

The COD is generally the most useful measure of uniformity. The COD measures the average percentage deviation of the assessed value to sales ratios from the median ratio. In other words, it measures how vast the differences in the ratios are from the middle ratio. The industry standard of acceptability is a COD of 15. Blair County's COD based on the 2010 through 2013 sales data is a staggering 92.04, over six times the accepted range. This indicates a wide range of variance in assessment ratios.

The PRD measures another form of inequity. It measures the differences in the assessment of low-value and high-value properties. The acceptable range is .98 - 1.03. Measurements above the acceptable range indicate "regressivity," meaning low-valued properties are assessed at a greater percentage of their value than high-value properties. Measurements below the acceptable range indicate the opposite tendency, or progressivity. Blair County's PRD is 1.49 (*far above the acceptable range*) which indicates that low-value properties are paying more than their fair share in property tax while high-value properties are paying less than their fair share.

IV. ASSESSMENT RATIOS

Ratio of Assessed Value to Actual Value

A property's "actual value" (*also called "market value"*) is defined as the most probable selling price of a property in an open market, assuming an arm's-length transaction between both a willing and educated buyer and seller.

And, according to the IAAO Standard on Ratio Studies, "Sale prices provide the only objective measure of market values and under normal circumstances should provide good indicators of market value." In this report, we calculated assessed value to actual value based on sale prices.

In the Clifton decision, Judge Wettick said, "It is clear from established case law that this requirement of equity of taxation, as applied to property taxes, is met only when, to the extent reasonably practicable, the ratio of assessed value to actual value is the same for every property."

The ratio of assessed value to actual value is determined by dividing the assessed value of a property by its most recent sale price. If a property has an assessed value of \$10,000 and it sold for \$100,000 the ratio would be:

$$\mathbf{\$10,000 \div \$100,000 \text{ or } 10 \text{ percent}}$$

The goal of a uniform and equitable assessment system is to assess all properties so that their ratio of assessed value to actual value is comparable.

An assessment system that is proven to have a wide range of ratios of assessed value to actual values indicates non-uniformity of taxation.

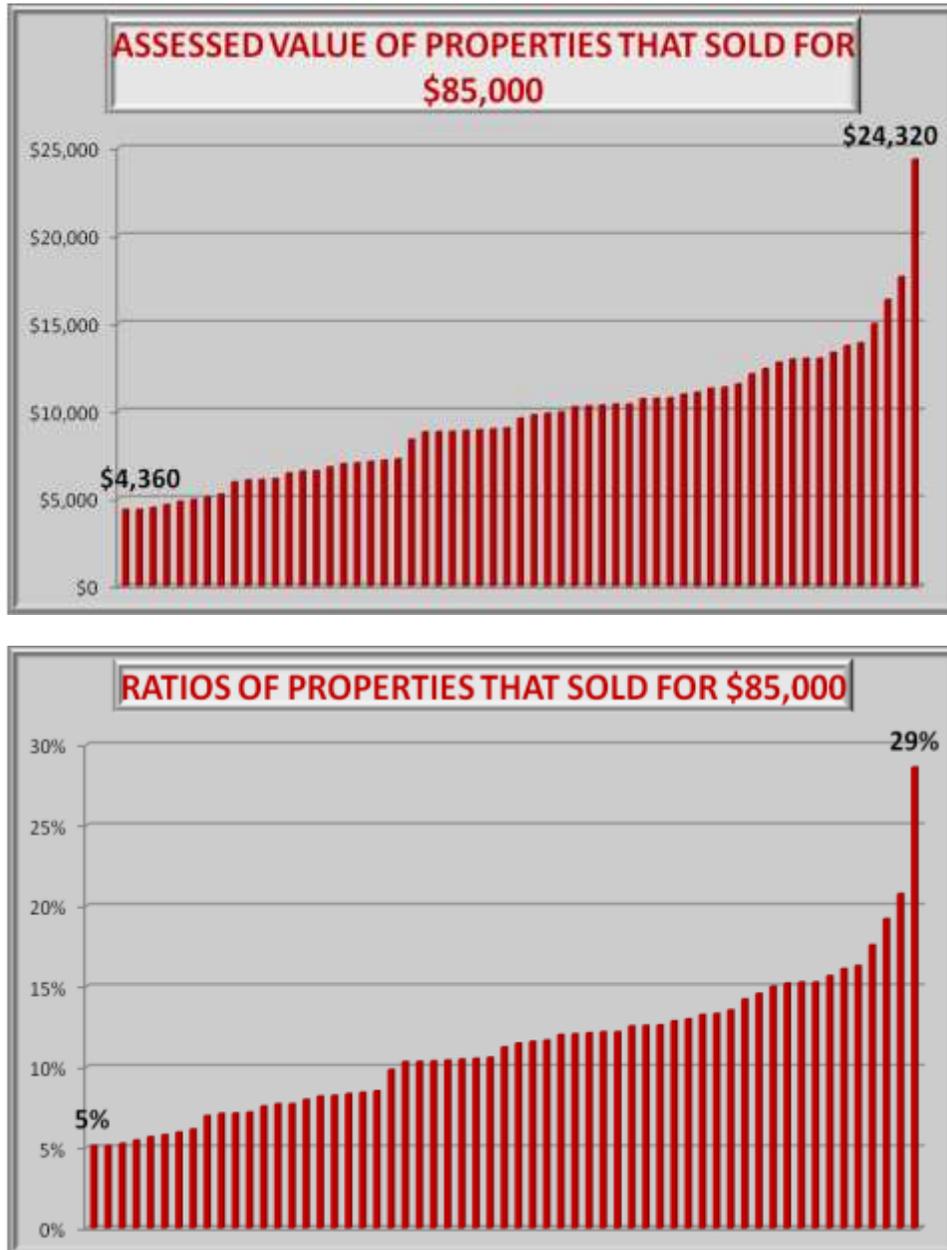
Impact of Ratios of Assessed Value to Actual Value

After review of recent sales in Blair County, we found definite inequality and non-uniformity of taxation.

Specifically, we reviewed 4,871 recent property sales listed as valid sales in the county's database, and found that the average ratio of assessed value to actual value is 16.85 percent. We also discovered that the range of ratios goes as high as 946 percent (assessed at 9 times higher than the sale price) and as low as .3 percent (assessed at less than one percent of sale price). This wide range of ratios indicates inequity and non-uniformity of taxation.

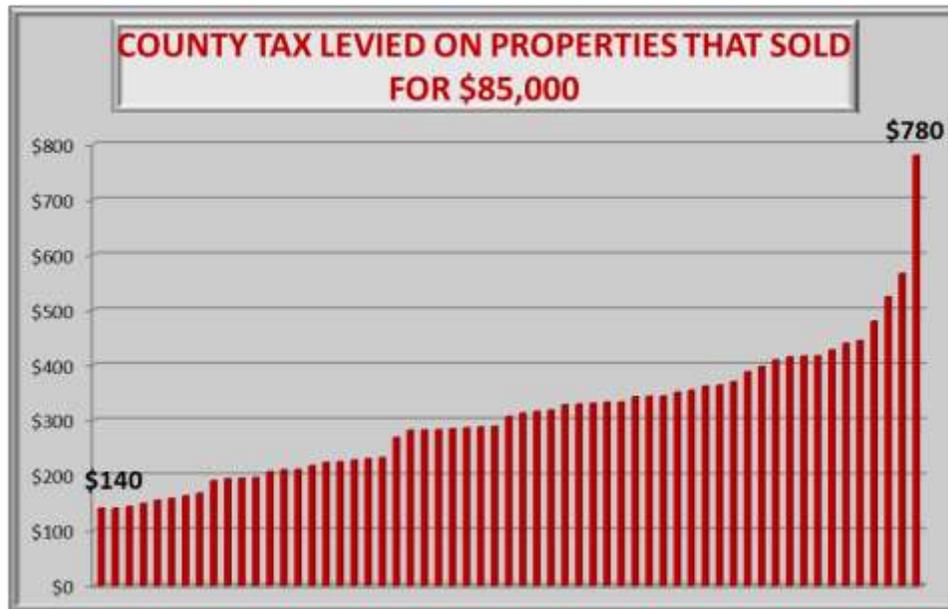
The following chart depicts the assessments of 59 properties that sold for the exact same price of \$85,000 (the median sales price in the database). The individual assessments range from \$4,360 to \$24,320.

The same sale price suggests that the market values of these properties are similar, and therefore their tax burden should be similar. But because they have such a wide range of assessed value to actual value ratios, the tax burden for each varies widely.



The chart above lists the assessment to actual value ratios for the 59 properties that sold for \$85,000. While some properties are assessed at 5 percent of value others are assessed at 29 percent of value.

To illustrate how the difference in ratios translates to actual tax levies, the chart below identifies the amount of County tax levied on the 59 properties that sold for the exact same amount.



Taxes levied on a property with an assessed value to actual value of twenty-nine percent are **\$780**. A property with the same actual value that has an assessed value to actual value ratio of five percent has a tax levy of only **\$140**.

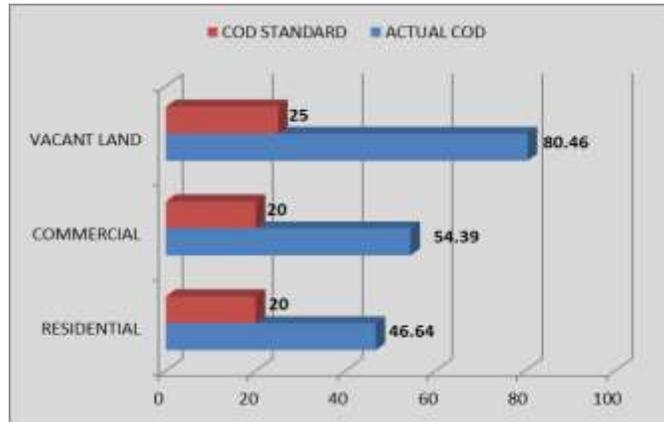
Because of the wide range of ratios in Blair County, from a low of .3 percent up to 946 percent, a further trimming of sales was applied so that extreme ratios would not distort observations.

The refined range of ratios was determined by setting a lower and upper limit of the ratios. The Lowest Ratio was determined by dividing the Average Sale Ratio by 4. The Highest Ratio was determined by multiplying the Average Ratio by 4.

The resulting sales data consists of 4,321 sales from 2010 through 2013. The ratios range from 5 percent to 68 percent. The average sales price is \$120,556 while the average assessment is \$13,875.

VALID SALES 2010 THROUGH 2013 TRIMMED	
RESIDENTIAL	3,895
COMMERCIAL with building/apartments	239
LOTS (less than 10 acres)	145
AGRICULTURAL (10 acres or more with building)	29
VACANT LAND/WOODLAND (10 acres or more)	6
INDUSTRIAL with building	4
MISCELLANEOUS	3
TRAILERS	-
OIL/GAS/MINERALS	-
SEASONAL	-
TOTAL PROPERTIES	4,321

The resulting COD and PRD for the 4,321 sales are displayed in the following charts.



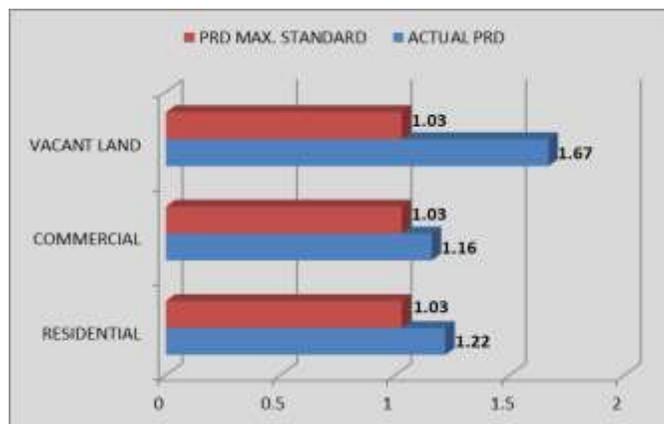
The COD measures uniformity of tax burden. The COD calculated from the sales is far beyond the industry standards and suggests a very wide range of ratios. The maximum standard for residential and commercial property sales is 20 and for vacant land is 25.

Listed below are the suggested IAAO Standards for specific types of properties:

TYPES OF PROPERTIES

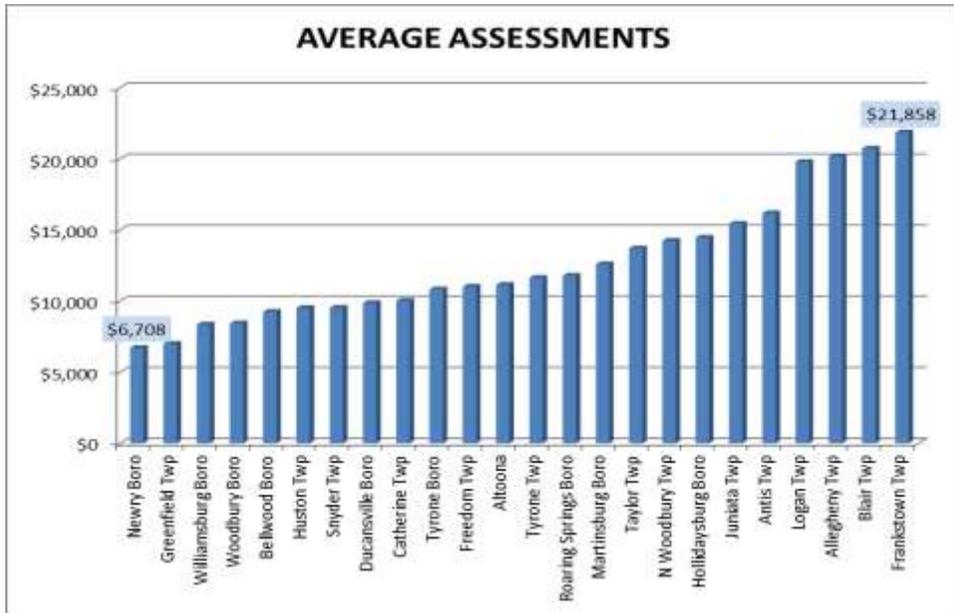
COD RANGE

Single-family residential - newer or more homogeneous areas (including residential condominiums)	5.0 to 10.0
Single-family residential - older or more heterogeneous areas	5.0 to 15.0
Other residential - rural, seasonal, recreational, manufactured housing, 2-4 unit family housing	5.0 to 20.0
Income-producing properties - larger areas representing large samples	5.0 to 15.0
Income-producing properties - smaller areas representing smaller samples	5.0 to 20.0
Vacant land	5.0 to 25.0



The PRD measures the differences in the assessment of low-value and high-value properties. The acceptable range is .98 - 1.03. Measurements above the acceptable range indicate “regressivity,” meaning low-valued properties are assessed at a greater percentage of their value than high-value properties.

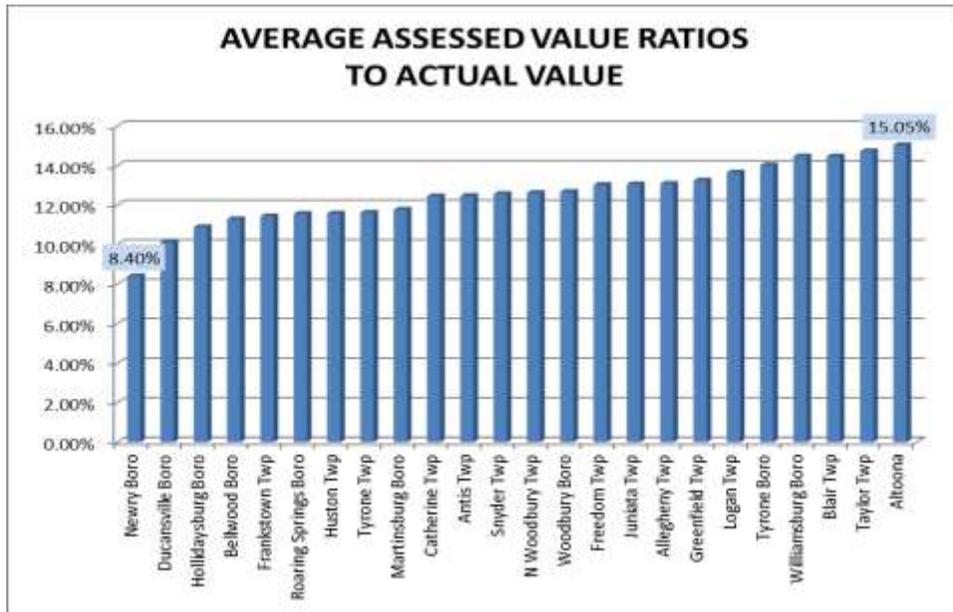
The following charts display the average assessments, sales prices and assessment to actual value ratios for municipalities in the county.



The average assessments range from \$6,708 in Newry Borough to \$21,858 in Frankstown Township.



The average sale prices range from \$61,184 in Greenfield Township to \$202,186 in Frankstown Township.

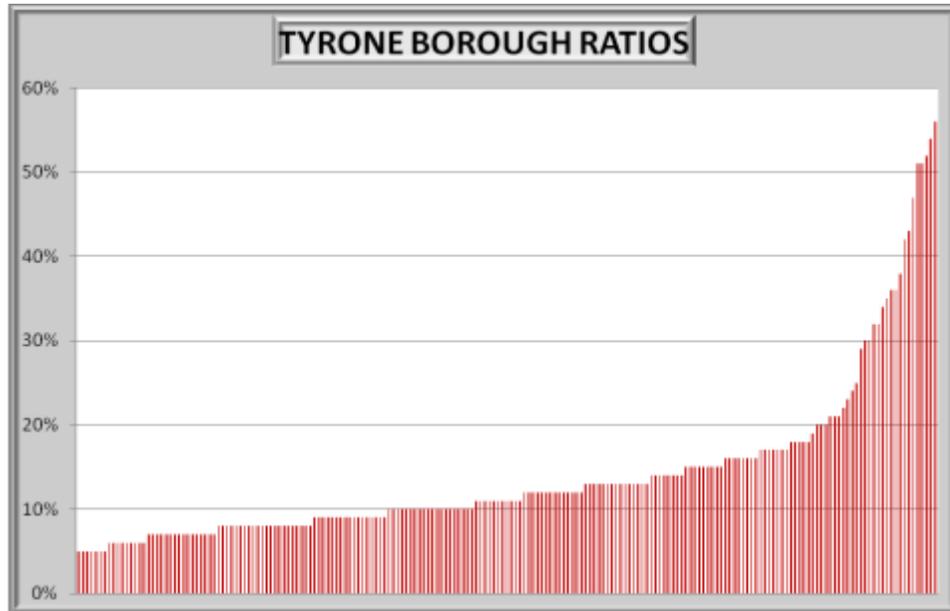


Greenfield Township had the lowest average sale price of \$61,184 and the second lowest average assessment of \$6,898 yet its properties are assessed at the seventh highest ratio (13%) of the twenty-four municipalities in the county. Even Frankstown Township, which had the highest average sale in the county at \$202,186, is taxed at a lower average ratio (11%) than Greenfield Township.

The charts point out the inequities in tax burden that a reassessment would correct by assessing and taxing all of the areas of the county at similar assessment to actual value ratios.

Impact of Ratios on Borough, School and Total Property Tax

The graph below displays the assessed value to actual value ratios of 197 residential and commercial property sales in Tyrone Borough.

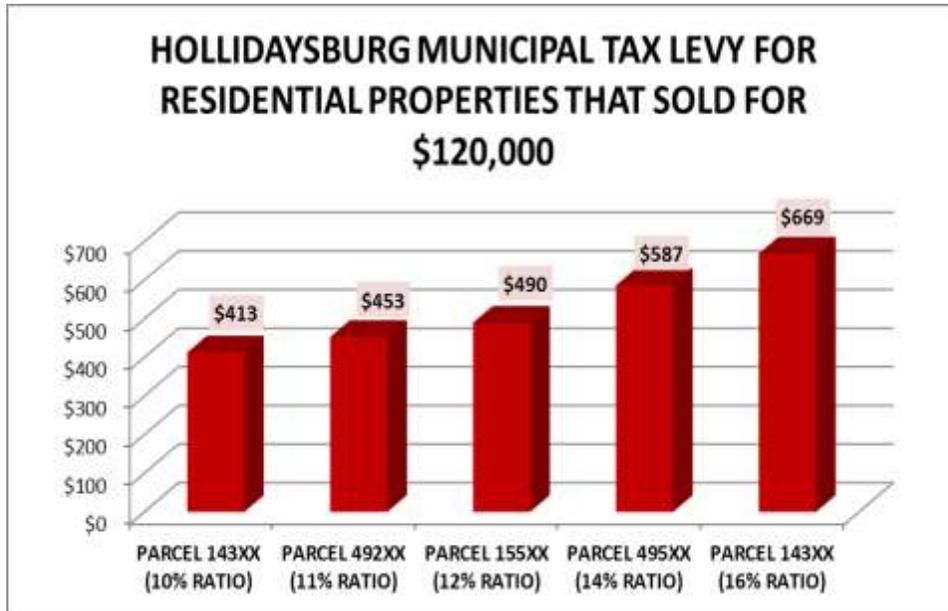


The median (*middle ratio*) is 11 percent, but the range of ratios is extremely wide stretching from 5 to 56 percent. Properties with the lowest ratio are taxed at only 5 percent of their actual value while properties with the highest ratio are taxed at 56 percent of their actual value.

IAAO standards would suggest a general range of approximately 9 percent to 13 percent or 20 percent from the median. Only 77 of the 197 sales would fall within that range.

To determine the impact on taxes resulting from even a slight ratio difference, we examined the taxes levied on properties having sale prices of \$120,000 but were assessed at various assessed value to actual value ratios in Hollidaysburg Borough.

Because these properties have the same sale price, they should have similar tax burdens. Properties shown throughout this study are identified using their Control Numbers.



However, as the chart clearly shows, Borough taxes levied on properties that sold for \$120,000 range from \$413 up to \$669 due to the variance of assessed value to actual value ratios.



The total property taxes levied (municipal, school and county) range from \$1,954 to \$3,161. Just a one percent difference makes a difference of \$187. A mere 2 percent variance can mean an additional \$460 in total tax levied.

The City of Altoona adopted a Land Value based tax (LVT) system meaning only the land value is taxed.

The idea of the LVT is rooted in the Georgism philosophy from the late 19th century. It was seen as a "progressive" tax in that it would be borne most heavily by the landowners, most of which were the wealthy at the time. Some think that it would encourage development thus discouraging "land banking."

Conversely, some feel that an LVT system would limit the growth of the tax base since land cannot be created and if a structure is built on the land, the actual value of the land could decrease since it is now a committed land use.

The sale price of a property generally includes the value of both the land and any structure on it. However, because only the land value is taxed, a review of the Municipal Tax Bill of the property to its sale price reveals seemingly gross inequities as noted in the following chart.



The chart above lists a property that sold for \$1.8 million dollars that is paying less in municipal tax than lesser-valued properties. In fact, a property that sold for \$10,001 is paying more in municipal taxes than the property that sold for \$1.8 million.

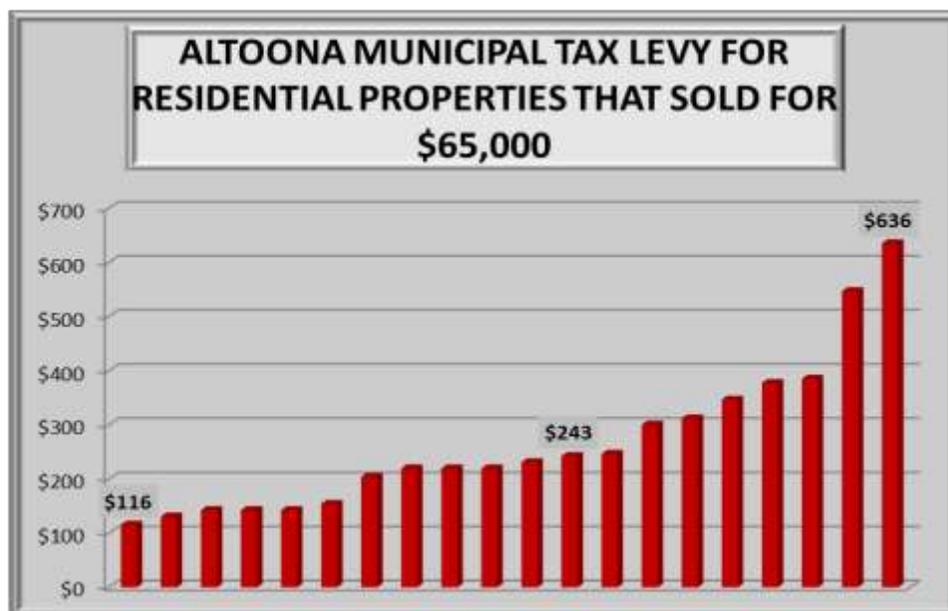
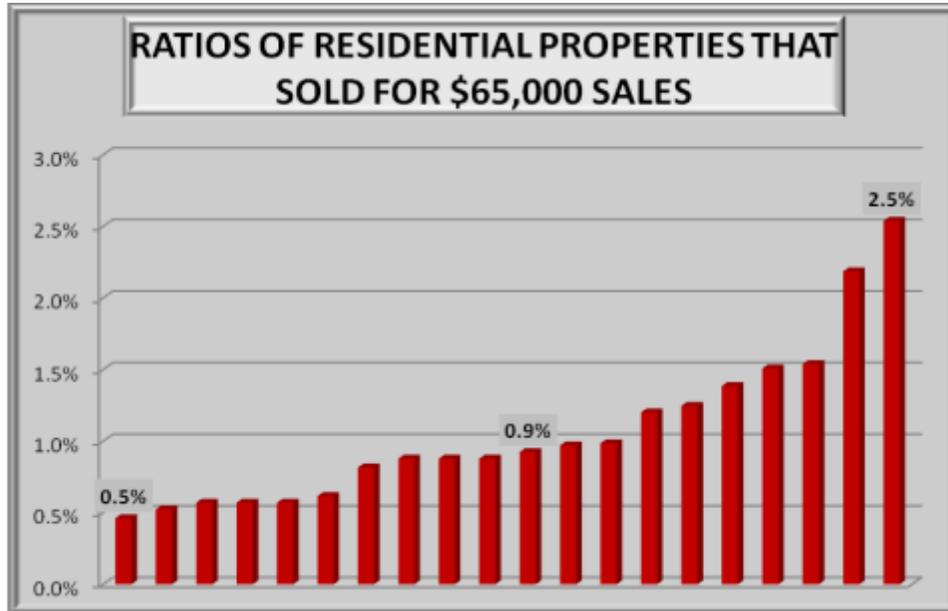
This report is not intended to discuss the fairness or philosophy surrounding the Land Value Tax so any further review of Altoona municipal taxes will be conducted utilizing the Land Values Only as it is applied.

A review of the ratios of Altoona's Land Value to Sale Price reveals similar inequities as with other areas of the county.

The COD for 1,515 residential sales in Altoona is 72.89 and the PRD is 1.37 when utilizing the land values only. Both results grossly exceed IAAO standards. The COD reveals a wide range of ratios and the PRD suggests a very regressive system.

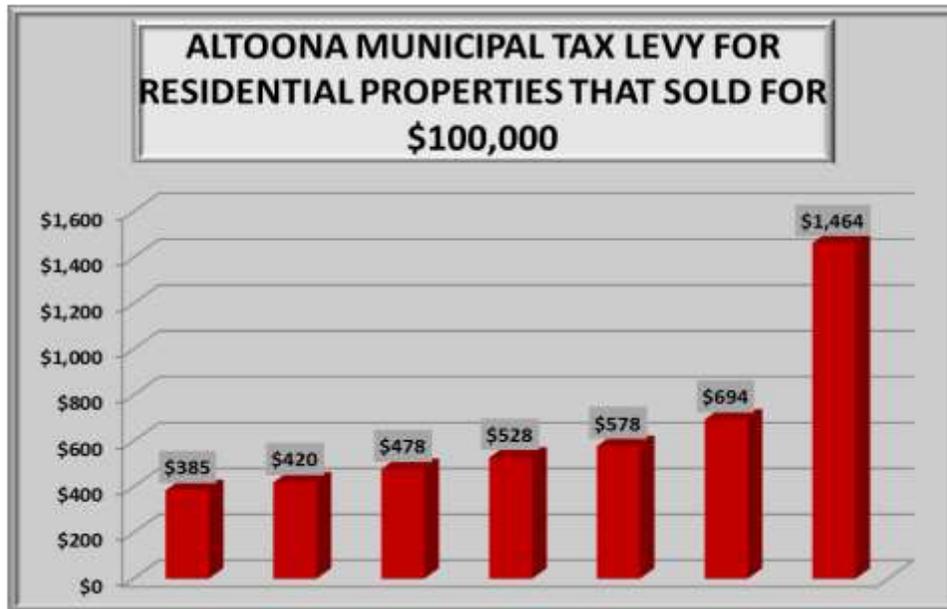
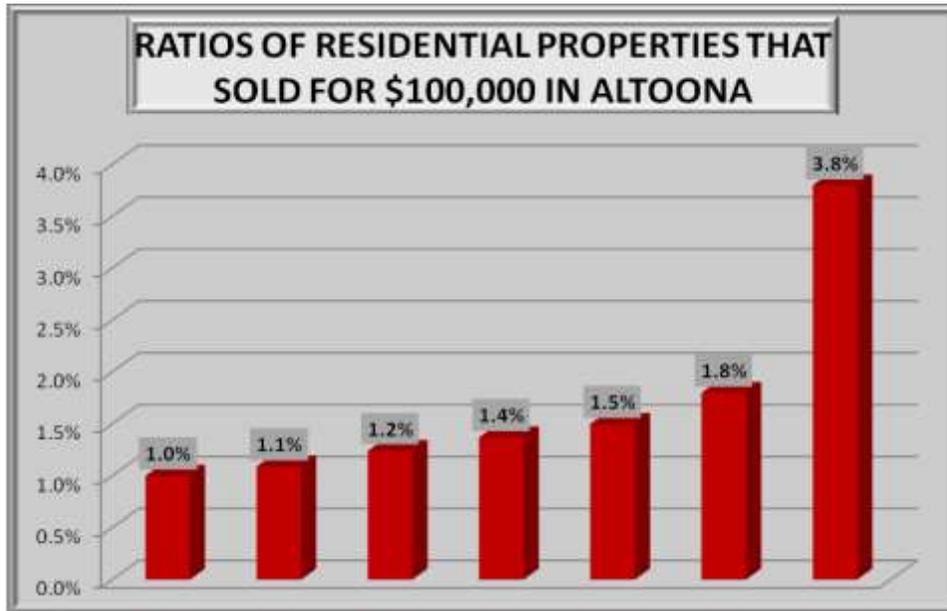
The median sale price of residential sales is \$66,000 and the average sale price is \$73,881. The median land assessed value to actual value ratio is 1.66 percent and the average is 1.16 percent.

The following charts review the assessed value to actual value ratios and municipal taxes levied on residential properties in Altoona that sold for the exact same price of \$65,000.



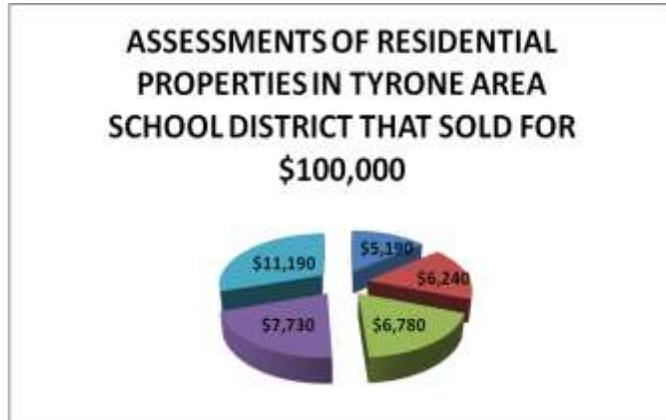
The ratios range from .5 percent to 2.5 percent and the municipal tax levy ranges from \$116 to \$636.

There were seven sales of \$100,000. The pattern of variance in ratios and taxes is displayed.



This same analysis can be done with the school taxes.

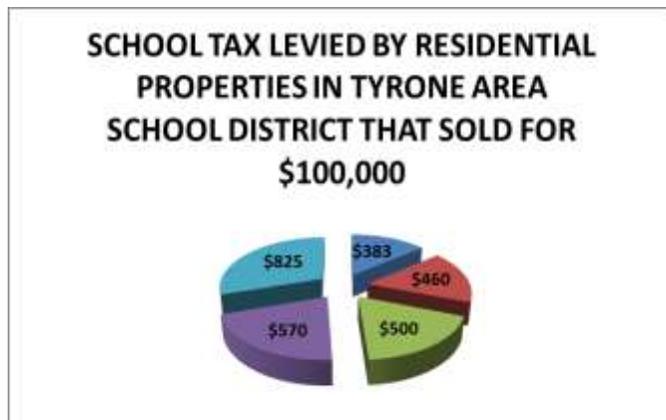
There were five sales for \$100,000 in the Tyrone Area School District. The assessed values for the five properties are displayed in the following chart.



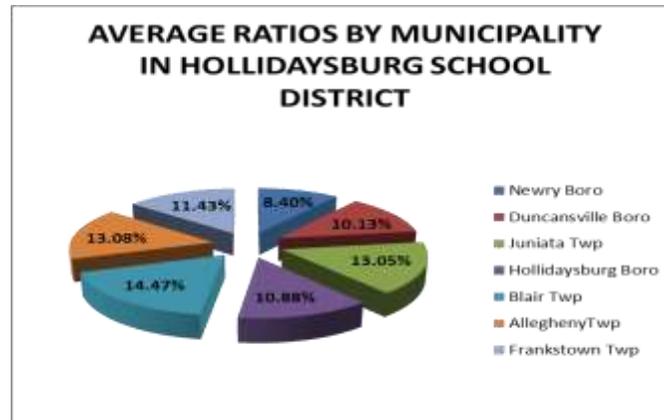
The assessed value to actual value ratios range from 5 percent to 11 percent.



The school taxes levied on properties that sold for the exact same amount vary greatly.

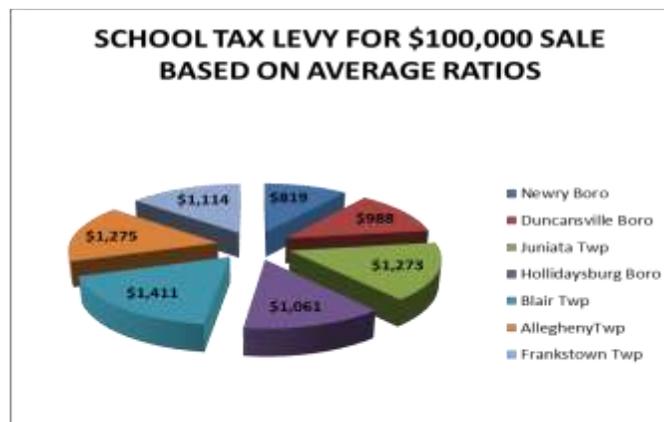


School districts can include several different municipalities. If the assessed values in the municipalities are not at similar ratios, inequity in the school tax burden will occur. The average ratios of the seven municipalities located in the Hollidaysburg School District are included in the following pie chart.



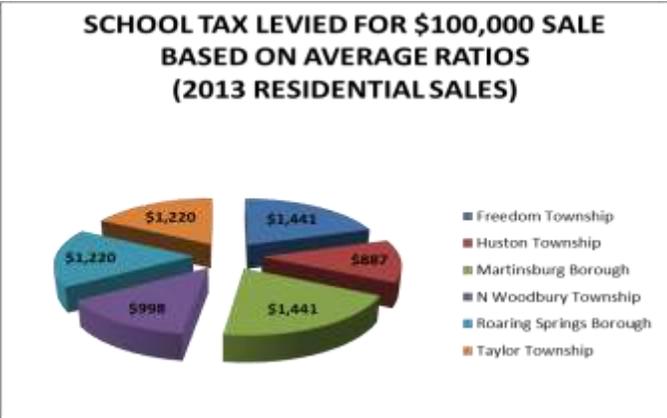
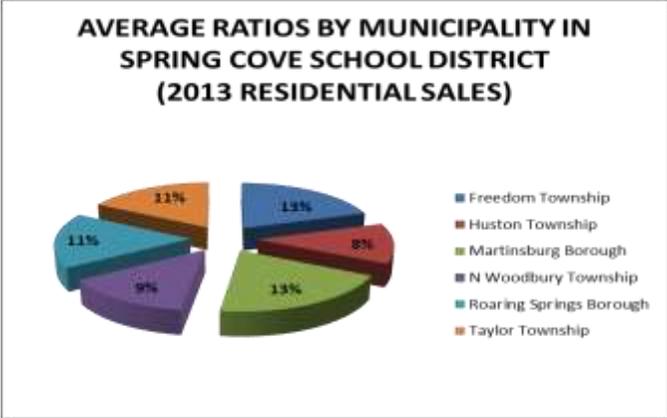
All of the property owners in the school district share in the same school tax burden based on their assessed values. Newry Borough's average ratio is the lowest in the district at 8.4 percent suggesting that the properties in the borough are assessed at a lower rate than the other municipalities. Conversely, Blair Township properties ratio is over 14 percent.

From these average ratios we can estimate the school tax levies on properties that sell for \$100,000 in each municipality.



If the actual value of the properties is \$100,000 then the school tax burden shared by the taxpayers of all municipalities in the district should be similar. In this case, the school tax levy for a property that sold for \$100,000 ranges from \$819 in Newry Borough to \$1,411 in Blair Township.

Utilizing only the 2013 residential sales, the following charts compare the ratios and school tax levy in each municipality in Spring Cove School District for properties that sold for \$100,000 last year.



The Spring Cove School District charts show that based on the average ratios in each municipality, the taxpayers in Martinsburg Borough and Freedom Township are taxed at a higher percentage of their value than those in the other municipalities in the district.

The resulting inequity can mean over \$500 more in school tax for a \$100,000 residential property. A property that sold for \$100,000 in Martinsburg Borough or Freedom Township where the average ratio is 13 percent, would theoretically, be assessed at \$13,000 and have a school tax levy of \$1,441. A similar property in Huston Township where the average ratio is 8 percent would be assessed at \$8,000 and have a school tax levy of \$887.

These examples show that even within a school district, there are disparities in tax burden created by differences in assessed value to actual value ratios. This happens because property values appreciate and depreciate unevenly. This inequity is perpetuated by assessment systems that do not periodically adjust for such changes.

Over time, such an assessment system becomes increasingly regressive so that properties that have appreciated at a higher rate are taxed at less than their fair share, and properties that have appreciated at a lesser rate or those who have depreciated in value, pay more than their fair share in taxes.

The following chart shows how assessed value to actual value ratios become regressive when reassessments are not conducted for long periods of time. The following chart is compiled from 3,895 residential property sales from 2010 through 2013.



Residential properties selling for \$50,000 or less have an average assessed value to actual value ratio of 21.6 percent and those selling from \$50,000 to \$75,000 have an average assessed value to actual value of close to 12 percent. Those selling from \$75,000 to \$100,000 are at almost eleven percent. The median sales price is \$90,000 meaning more than half of the sales were assessed at 11 percent or higher.

In fact, 951 of the sales, almost one quarter of the sales, were for \$50,000 or less. They are assessed at an average of 21.6 percent of their value, more than double the median ratio of 11 percent. There were 628 sales ranging from \$50,001 to \$75,000 that are assessed at almost 12 percent of their value.

Therefore, 40.5 percent of the sales are in the highest two ratio groups.

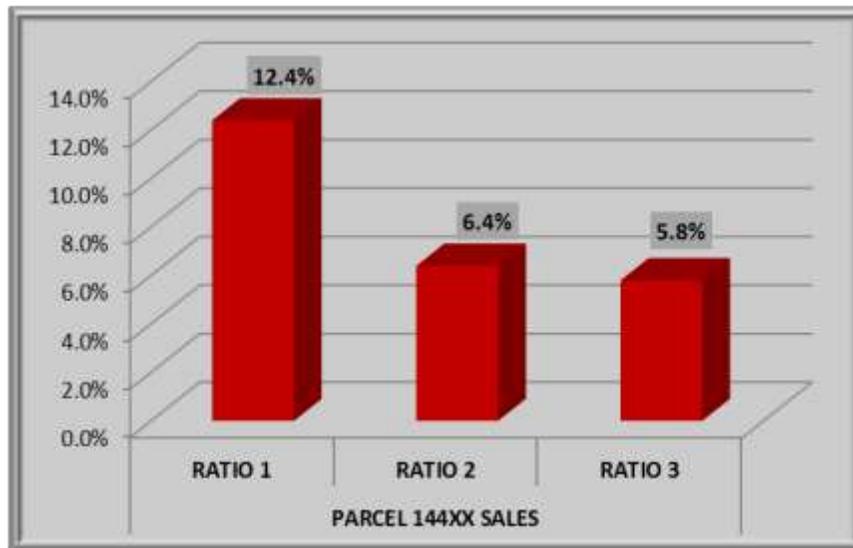
Properties selling for over \$400,000 have the lowest ratio of all ranges.

As noted earlier just a one percent difference can translate into a tax increase of hundreds of dollars in tax levy depending on the millage rates.

An examination of properties that have sold multiple times from 2010 - 2013 helps to illustrate this "regressive" condition and what occurs when reassessments are not routinely conducted.



Parcel 144XX is a residential property in Hollidaysburg. It sold three times in the period of 2010 through 2013. Each sale price was higher than the previous sale thus indicating appreciation of value. However, since there has been no reassessment, the assessed value remained constant at \$7,440.

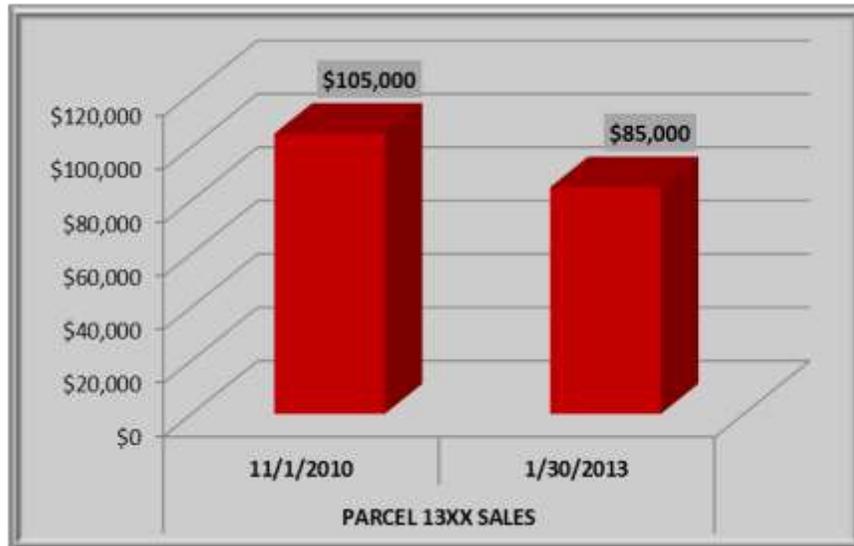


As the value increased, the assessment did not change thus causing the ratio of assessment to actual value to drop more than half from 12.4 percent down to 5.8 percent of value.

Since there was no reassessment, this appreciating property is now taxed at only 5.8 percent of its value instead of 12.4 percent. When there is no reassessment, properties appreciating in value are taxed at a lower ratio of assessed value to actual value.

Conversely, a property depreciating in value will be taxed at a higher ratio of assessed value to actual value when reassessments are not done periodically.

Parcel 13XX is a residential property in Allegheny Township assessed at \$4,920. It sold twice during 2010 through 2013. In 2010 it sold for \$105,000 and in 2013 it sold for \$85,000, thus depreciating in value.



This property's assessment to actual value ratio increased from 4.7 percent to 5.8 percent. Depreciating properties pay a higher percentage of their value when there is no reassessment to correct the values.

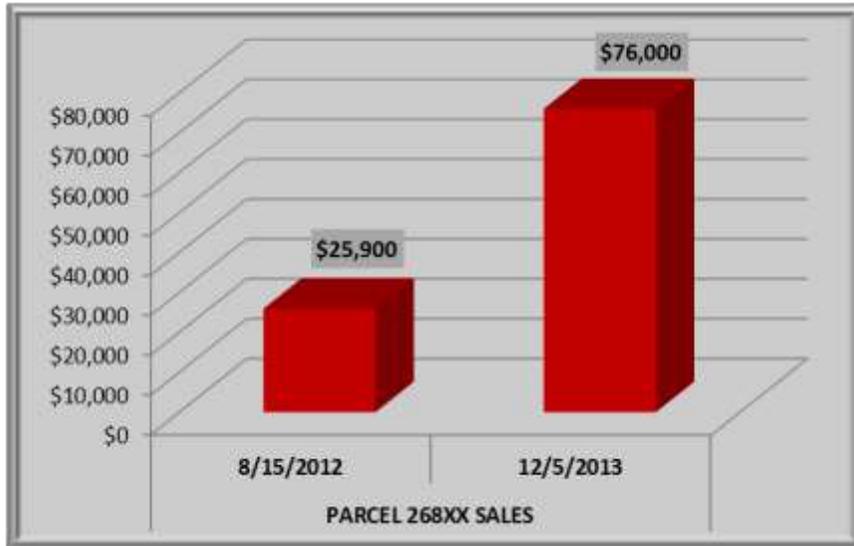


The following charts provide more examples of appreciating properties that experienced multiple sales from 2010 to 2013.

PARCEL 107XX

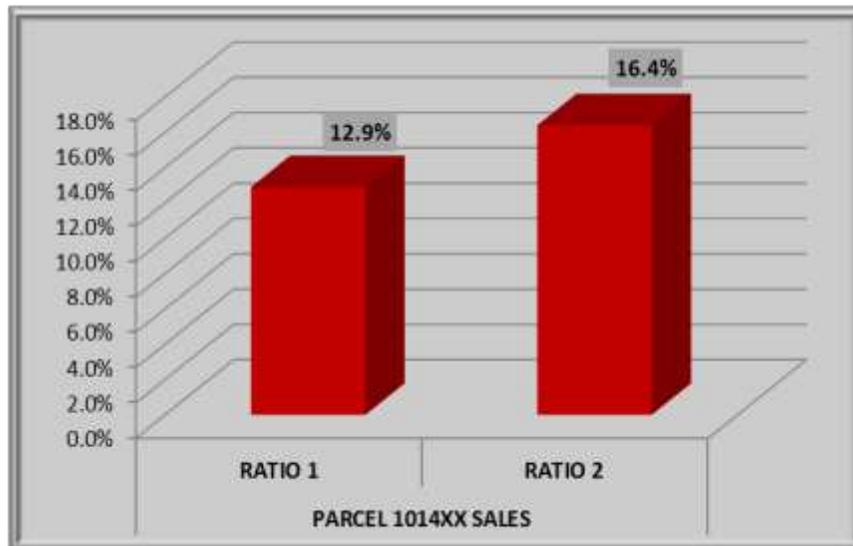
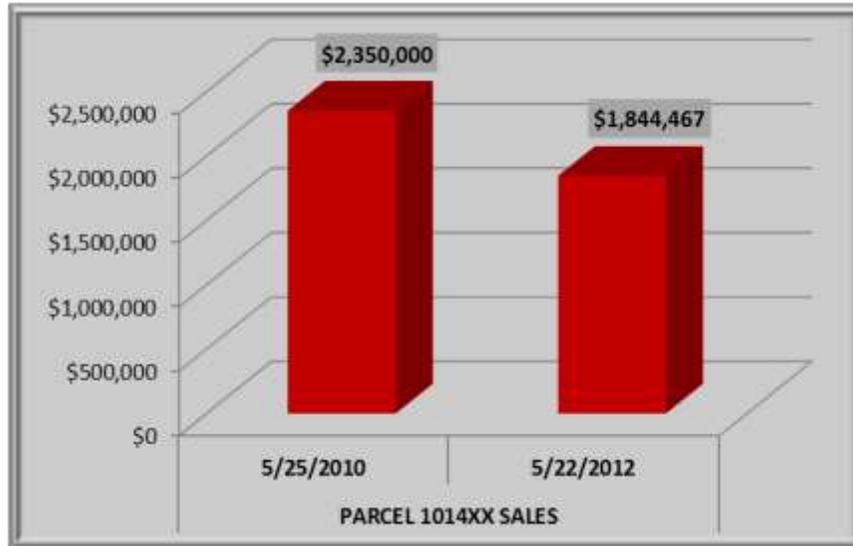


PARCEL 268XX

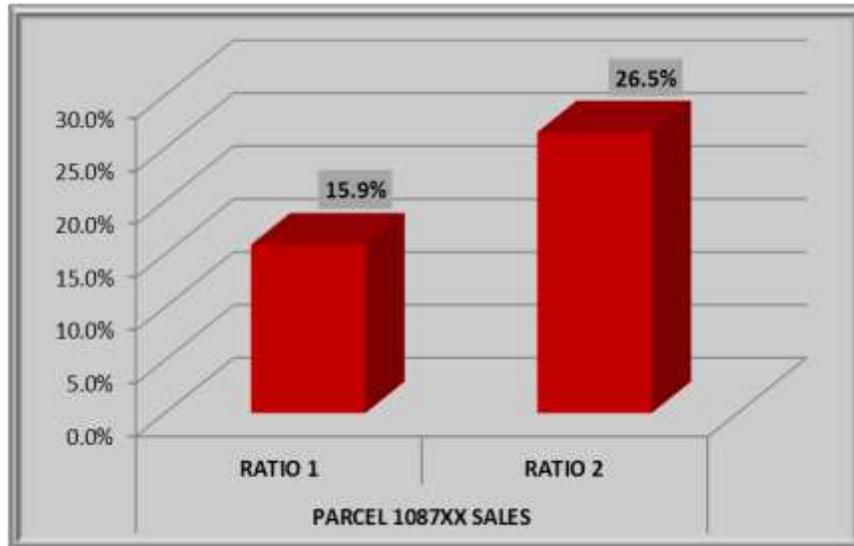
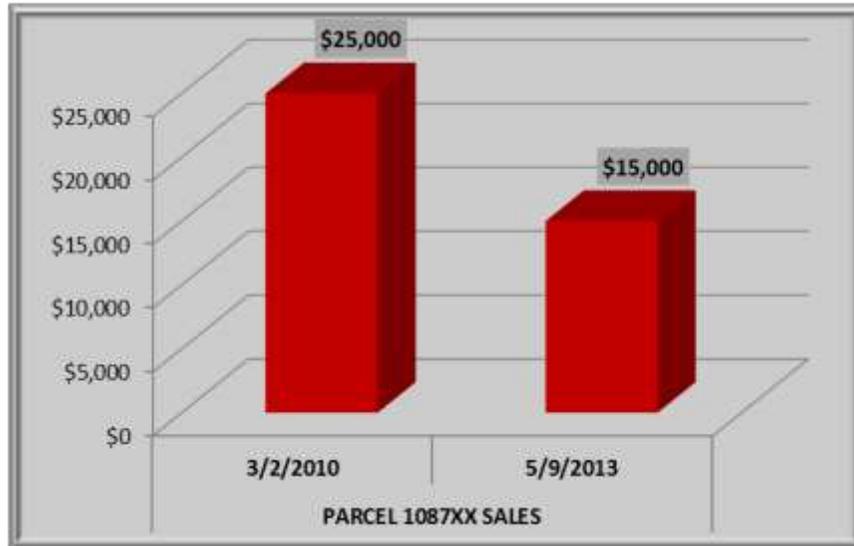


The following charts demonstrate the result of not reassessing on depreciating properties.

PARCEL 1014XX



PARCEL 1087XX



V. LEGAL REASONS TO REASSESS

...Under the Uniformity Clause, countywide assessments must be uniform **1203 so that all property in each county is uniformly assessed. See Pa. Const. Art. VIII, § 1. Such uniformity is more easily achievable in counties where all real property is assessed at 100 percent of market value, resulting in assessed values that are the same as actual values. Disparities in uniformity often occur where a property is assessed at a higher percentage of fair market value than other properties in the taxing district, causing assessed values and actual, fair market values to differ, often dramatically.

-Clifton v. Allegheny County., 600 Pa. 662, 672, 969 A.2d 1197, 1202-03 (2009)

In a unanimous decision released on April 29, 2009, the Supreme Court held that a base year system violates the Uniformity Clause of the Pennsylvania Constitution when, as applied in Allegheny County, there are no periodic updates to the assessment. The Court acknowledged that its decision left the door open for county-by-county lawsuits demanding that counties undertake county-wide reassessments to bring their assessments into compliance with the requirement of uniformity. The Court warned that counties with base year systems that have been left in place for enough time to cause their ratios to become non-uniform will have little hope of defending against these suits. The Court's decision was an affirmation of the trial court decision by Judge Wettick that determined that a base year system that has no provision for regular adjustments or reassessments violates the Uniformity Clause.

Blair County has used a base year system of tax assessment since its last county-wide reassessment in 1958. As calculated by STEB, Blair County's COD is 92.40. This report clearly shows that Blair County is ripe for such a lawsuit. A concurring Opinion by Justice Baer in the Clifton case urged all counties with a COD of 20 or more to reassess:

...Ultimately, given the inequality of Allegheny County's property tax assessment system, as demonstrated before the trial court, I agree with the Majority's decision to remand this matter to the trial court to determine Allegheny County's progress in executing a countywide reassessment and to set a realistic timeframe for its completion. Likewise, I would urge counties whose COD exceeds twenty to begin reassessment, or to stand ready to defend the lawsuit which will inevitably come. Conversely, I would urge taxpayers whose counties' COD is less than twenty to recognize the unlikelihood of success in litigation, and to save themselves, their counties and the courts the massive resources that go into this type of litigation.

-Clifton v. Allegheny County., 600 Pa. 662, 725, 969 A.2d 1197, 1235 (2009)

VI. OTHER REASONS TO REASSESS

Estimated Effect of Reassessment on Budget and Millage Rates

We assume a countywide reassessment in Blair County would result in a CLR of about 93 percent. Based on that assumption, we can estimate what the new total assessment value would be, the resulting tax revenue from that new total assessment value, and estimate what the revised millages would have to be to maintain compliance with statutory anti-windfall restrictions.

Using Blair County's current CLR of 16 percent and the current Taxable Total Assessed Value of \$725,343,363, we estimate the total value of Blair County to be \$4,533,396,019 ($\$725,343,363 \div 16$ percent). When adjusted by a new CLR of 93 percent, the total assessed value could be estimated at \$4,216,058,297 ($\$4,533,369,019 \times 93$ percent).

With an increased total assessed value of \$4,216,058,297, millage rates would need to be adjusted downward to ensure no violation of the anti-windfall statutes.

The millage rate is calculated by dividing the total assessed value of all taxable property into the amount of tax that must be raised.

Municipalities and counties are limited to an increase in property tax revenue of ten percent above the tax collected the preceding year.

Assuming Blair County collected \$20,000,000 in property tax revenue the year prior the reassessment, the total property tax revenue to be levied in the year of the reassessment would be \$22,000,000 ($\$20,000,000 \times 110$ percent).

The County's millage rate could be reduced to approximately **5.2 mills** ($\$22,000,000 \div \$4,216,058,297$).