

**PENNSYLVANIA SENATE DEMOCRATIC POLICY COMMITTEE HEARING
THE COST OF INACTION - PROPERTY REASSESSMENTS**

**HEARING: JULY 15, 2024
ALLEGHENY COUNTY COURTHOUSE - GOLD ROOM**

TESTIMONY OF IRA WEISS , ESQUIRE

Ira Weiss, Esquire
Weiss Burkardt Kramer LLC
445 Fort Pitt Boulevard, Suite 503
Pittsburgh, PA 15219
iweiss@wbklegal.com
412-973-1222



IRA WEISS, ESQUIRE
Founder
Weiss Burkardt Kramer LLC
445 Fort Pitt Boulevard, Suite 503
Pittsburgh, PA 15219
412.391.9890 Phone
412.391.9685 Fax
iweiss@wbklegal.com

Ira Weiss is a nationally known public sector legal authority with across-the-board experience in municipal, education and tax law. The founder of the Law Offices of Ira Weiss and of Weiss Burkardt Kramer LLC, Ira has served public entities for more than four decades.

Mr. Weiss graduated in 1970 from the University of Pittsburgh with a Bachelor of Arts degree and in 1973 from Duquesne University School of Law.

Mr. Weiss currently represents the School District of Pittsburgh and is the former Solicitor for the County of Allegheny. He has served as Solicitor for several school districts in Western Pennsylvania and has served as Special Counsel for school districts throughout the Commonwealth of Pennsylvania. He has extensive experience in collective bargaining for school districts.

Ira's achievements have been recognized with many awards including the Distinguished Achievement in Law Award from Tri-State Area School Study Council in 2012 and the President's Award for Distinguished Career Achievement by the Pennsylvania School Boards Solicitors Association in 2008.

Ira has been extremely active in the training of professional educators as an Adjunct Professor of Administrative and Policy Studies in the School of Education at the University of Pittsburgh. He and members of Weiss Burkardt Kramer LLC have designed programs and served as instructors for the Tri-State School Study Council of the University of Pittsburgh.

Ira was appointed to the Pennsylvania General Assembly's Legislative Audit Advisory Commission and served on the Board of Directors of the Education Policy and Leadership Center. He continues to work closely with the state legislature participating in several legislative study commissions involving taxation and being instrumental in advancing corrective legislation concerning municipal and school statutory issues.

Ira has been elected as a Fellow in the Academy of Trial Lawyers of Allegheny County. He has also been named a "Pennsylvania Super Lawyer" each year from 2005 to the present in the fields of schools and education. This status ranks him among the top five percent of the 45,000 lawyers practicing in Pennsylvania.

For more information, please visit our website at www.wbklegal.com.

Introduction

My name is Ira Weiss. I thank the Committee and Senators Muth and Fontana for the opportunity to present comments on the assessment problem in Pennsylvania. I have known Senator Fontana for many years and we have discussed this problem several times.

I have been an attorney in Pittsburgh, Pennsylvania for over 50 years, and have represented school districts and municipalities throughout Pennsylvania both as solicitor and as special counsel in real estate tax matters. I am a former Solicitor for Allegheny County and I currently represent the School District of Pittsburgh where I have handled various legal matters since 1996. Our firm represents numerous school districts and other governmental entities in Western Pennsylvania.

I have focused on real estate tax cases and represented James Clifton in the lawsuit which resulted in the last Allegheny County reassessment which was completed in 2012. I currently represent the School District of Pittsburgh in a lawsuit seeking to compel a reassessment in Allegheny County over a decade later.

The Real Estate Tax Assessment System in Pennsylvania is Broken.

Pennsylvania is the only state in the United States which does not have a mandatory periodic reassessment of real estate. The definition of insanity is doing the same thing over and over and expecting a different result. Stated another way, if you do what you have always done, you will get the result you have always gotten. These adages seem particularly relevant to the Pennsylvania tax assessment system.

Pennsylvania has seen many court ordered real estate reassessment cases. These have been ordered in Allegheny, Beaver, Blair, Washington and other counties. These court ordered reassessments involve Article VIII, Section 1 of the Pennsylvania Constitution which mandates uniform taxation on like subjects of taxation. When real estate values are not adjusted to reflect market conditions, these constitutional uniformity standards fail. All of the reassessment cases have found, based upon sound evidence, that the higher valued property owners pay less than their fair share and the lower valued property owners pay more and therein lies the lack of uniformity.

Added to this system is the common level ratio which is generated by the State Tax Equalization Board (STEB). Counties establish a predetermined ratio and properties are taxed on that basis. If the predetermined ratio is 100%, as it is in Allegheny County, properties, at least theoretically, are assessed at their full value. Each year, every county files a report listing sales of property and the corresponding assessments. STEB performs a calculation and determines the actual ratio of assessed value to market value. Under *Downingtown*, if there is any variation between the common level and the predetermined ratio, the Assessment Appeals Board or the Court hearing the appeals will apply the lower common level ratio thus assuring property owners a reduction in taxes and a refund.

In Allegheny County, the 100% predetermined ratio is a fiction. The common level ratio, as found by STEB, is .527 and is plummeting each year in a free fall. The common level ratio was fairly stable at .811 until a lawsuit revealed systemic misreporting of data to STEB. This is due to the lack of mandatory reassessments and the uneven administration of assessments at the county level. In most counties, the Chief Assessor is an elected position. That is not the case in Allegheny County. The assessment process and the status reporting process is a political football game and ordinary taxpayers and taxing bodies are the losing teams.

What is the Solution to this Quagmire?

1. It is necessary to enact amendments to the General County Assessment Law and related laws covering certain other counties to mandate reassessments on a standard periodic basis, 5 years with a trending adjustment in the third year of that period. While some have called for annual reassessments, that is not practical and is financially unsustainable. These assessments should be mandated to meet the professional standards of the IAAO. Ohio has a system of reassessments every 6 years with trending adjustments every 3 years. These processes must be tailored to meet the uniformity mandate of our Constitution.
2. The process must be done at the state level through DCED. It cannot be done locally. The local process simply does not work due to the political realities.
3. The right of taxing bodies and property owners to appeal assessments must be preserved. For every taxpayer who pays less than they should, there is another who is paying more than their fair share.

The assessment suggestions made in this testimony will produce fundamental fairness in taxation. The Legislature and local governments may have to consider remedial programs for gentrification and related issues. But the exceptions cannot drive the solution.

The process must be standardized and taken out of the local political process. While critics of mandatory reassessments claim such a process will stifle development, I believe a stable predictable tax system will encourage development and prevent wide variations in tax levels. All the stakeholders, local officials, school districts and property owners expect no less.

What is the Impact of the Assessment System on Local Governments?

Every school district and municipality in Allegheny County is facing catastrophic tax refunds as the result of this situation.

The *ad valorem* real estate tax is the bedrock of school district and municipal revenue and operations. All governmental decisions rest on the reliability and predictability of real estate tax revenues. Local governments and school districts use projects to make decisions on collective bargaining, debt service, capital projects, equipment purchases including school busses and a myriad of other decisions.

The current debacle in Allegheny County has resulted in historic declines in real estate tax revenue for school districts and municipalities and unprecedented and crippling refunds dating back several years due to the ill-advised decision of Allegheny County Council to permit appeals retroactive to 2022 which has provided a large number of taxpayers the ability to game the system for huge refunds. This is a picture of this impact.

1. School District of Pittsburgh: **\$19,320,493.77** in refunds (refunded a total of **\$22,636,476.33** when you consider assessment appeals involving 2021 and earlier tax years).

Current and Prior Year Real Estate Tax Refunds 2022 through July 10, 2024

	2022	2023	2024*
Current Year Refunds	1,932,181.21	3,058,040.02	3,014,099.67
Prior Year Refunds	3,315,982.56	4,198,116.11	7,118,056.76
Total	5,248,163.77	7,256,156.13	10,132,156.43

**2024 figures are through 7/10/2024*

2. Baldwin Whitehall School District: **\$1,502,048** in refunds.
3. Bethel Park School District: **\$3,279,422.17** in refunds.

2022-2023: \$330,027.87
 2023-2024: \$2,949,394.30

4. Chartiers Valley School District: **\$894,525** in refunds.

<u>Year</u>	<u>Refunds Issued</u>	<u>\$ Change</u>	<u>% Change</u>
2021-2022	33,561.00		
2022-2023	38,873.00	5,312.00	15.828%
2023-2024	822,091.00	783,218.00	2014.812%

5. Gateway School District: **\$6,979,481.44** in refunds.

2022-2023	\$370,520.00
2023-2024	\$6,608,961.44

6. Montour School District: **\$5,394,817.39** in refunds.

7. Sto-Rox School District: **\$46,698.90** in refunds. Sto-Rox School District is under FINANCIAL OVERSIGHT by the Pennsylvania Department of Education.

8. Upper St. Clair School District: **\$3,063,049.22** in refunds.

2021-2022:	\$1,527,021.04
2022- 2023:	\$1,536,028.18

9. West Jefferson Hills School District: **\$929,363** in refunds.

No school district or municipality can effectively function with a chronically unstable real estate tax base. Many municipalities in Allegheny County have increased taxes by historic amounts just to keep above water.

The Challenge to School Districts.

The inability of school districts to recapture these losses due to Act 1 is a major factor in creating an unwinnable game of catch up. State law limits the ability of school districts to reduce staff due to financial challenges. State and federal educational mandates drive costs upward as do PSERS contributions and the spiraling cost of health insurance.

What is the Answer?

The Legislature must enact a statewide assessment system that creates stability in the tax base, and insures fairness by providing for administration of assessment and reassessment at the state level, all of which would eliminate the destructive instability in the real estate tax system.

To do nothing is to invite school districts heading to financial distress and municipalities being driven to Act 47 or distressed status. We cannot afford that.