



Senate Urban Affairs and Housing Committee
Senate of Pennsylvania
Harrisburg, PA 17120

RE: SB 297: Greatly restricts the rights of school districts to conduct appeals of under-assessed property

Dear Senator,

On behalf of the Pennsylvania School Boards Association (PSBA) and the Pennsylvania School Business Official Association (PASBO), whose combined members represent more than 5,500 school directors, school business officials and administrators governing the state's school districts, intermediate units and career and technology centers, we are writing to express opposition to Senate Bill 297. This legislation would greatly restrict the rights of school districts to conduct appeals of under-assessed properties.

By limiting the right to initiate appeals, school districts across the state would experience very significant and financially damaging losses in revenue. This restriction in the ability to generate future local revenues will harm public schools, especially those that are already grappling with scarce resources. Because state education funding has not kept up with increases in mandated costs such as pensions, charter school tuition costs, and special education, school districts are ultimately forced to shift the burden for payment of these unfunded mandates to local property taxpayers. We urge you to contact your school districts today and discuss the impact that SB 297 will have on district finances and local taxpayers.

Our members are very much aware that all property taxpayers deserve a uniform property tax assessment system that ensures they and their neighbors are paying a fair share of the tax. What is being lost in these discussions is that *all other* property owners in a school district have to bear the tax burden of the under-assessed properties. Any property that is under-assessed, for whatever reason, inherently shifts the tax burden over to those property owners who are properly assessed. Senate Bill 297 would effectively take away the only voice (school districts) currently able to speak up on behalf of other homeowners and businesses being forced to subsidize under-assessed properties and leaves property owners as the only ones who could challenge the assessed value of a property. This legislation would also jeopardize the ability to ensure that all properties are taxes uniformly as required by the Pennsylvania Constitution.

Our members also take exception to the bill's retroactivity provisions which seem to invalidate reassessment appeals won by taxing districts that were valid and lawful when the appeal was taken. Taxing districts should not be forced to defend and relitigate the assessed value of properties that were once fairly judged as being under assessed. We believe taxing districts would challenge the constitutionality of such a provision.

Issues with property assessment appeals by taxing bodies are merely a symptom of the state's broken property assessment system which is in need of comprehensive reform. Because counties throughout Pennsylvania are not required to perform a regular countywide reassessment of its taxable properties, it could be decades before taxing bodies have any opportunity to realize additional revenues from ongoing redevelopment efforts and/or growth. Without a reliable system for accurate reassessment of real estate throughout the commonwealth, Senate Bill 297 would leave many school districts without the ability to balance the assessment system with the only tool they currently have.

This legislation ultimately leaves some taxpayers footing the bill for others whose properties are under assessed. The General Assembly has made repeated attempts to examine the need to provide meaningful property tax relief to homeowners who need it the most. Senate Bill 297, however, flies in the face of these priorities and efforts, rewarding some property owners—often commercial property owners—with undervalued properties at the direct expense of homeowners' property tax bills. These taxing district appeals are reverse appeals - not spot assessments (spot assessments can only be accomplished by an assessing authority) - and courts have repeatedly ruled that these reverse appeals are necessary to ensure the uniformity and fairness required by the PA Constitution (see, for example, *Vees v. Carbon County Board of Assessment Appeals*).

The proper approach is to fix the current assessment system that makes these appeals necessary in the first place. This is why PSBA and PASBO have continually called for regular mandatory countywide reassessment. For more on assessments: https://www.psba.org/wp-content/uploads/2017/12/ACL_assessments.pdf

Thank you for your review and consideration,

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