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PITTSBURGH TAXPAYERS FACE DOUBLE JEOPARDY ON ASSESSMENTS

By Sharon DiPaolo, Esq.

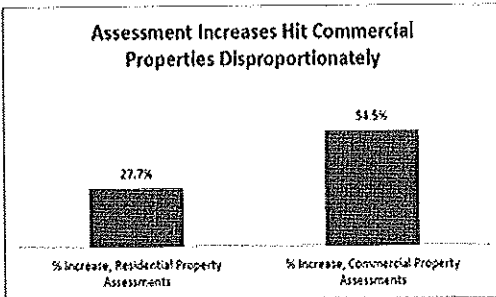


Sharon DiPaolo of Siegel Jennings Co. LPA

Pittsburgh-area commercial property owners who received dramatic increases in their 2013 real estate assessments may see those taxable values go even higher. This wave reflects the growing nationwide issue of changes in property values and how they are assessed.

In the case of the Steel City, Allegheny County's first revaluation in 10 years dramatically increased assessments, which had remained static even during market highs in the mid-2000s and the crash in 2008 and 2009. While the overall increase in county assessments was 35 percent, commercial owners bore the brunt of the increase, seeing their assessments rise 54 percent overall.

Assessment Increases Hit Commercial Properties Disproportionately



More recently, however, local legislators enacted an unusual deadline extension that has effectively put property owners — especially commercial owners — at risk for even higher assessments.

Note that, rather than rely upon a central tax authority, each of Pennsylvania's 67 counties sets its own assessment. Because the state lacks a mandate for periodic revaluation, counties normally only undertake revaluation when a taxpayer files suit but will occasionally do so on the county's own initiative.

Historically, reassessments are so infrequent in Pennsylvania (sometimes a decade or more passes between reassessments) that property values spike when a county eventually does reassess, which leads to public outcry and confusion.

Following publication of the new 2013 assessments for Pittsburgh-area properties, property owners filed 100,000 appeals before the original deadline on April 1, 2012. Then, in early 2013, Allegheny County's chief executive asked the county council to reopen the filing of 2013 appeals until April 1, 2013, ostensibly to help property owners.

At the time, the chief executive told local reporters that the deadline extension would give taxpayers another opportunity to appeal. What he didn't say, however, is that extending the deadline also opened the door for school districts to file appeals.

Increases in Store for Property Owners

Reopening the appeals process hurt more property owners than it helped. Most taxpayers who needed to appeal had already filed, but Pennsylvania law gives school districts a right of appeal as well. When the county council voted to reopen the deadline and allow new appeals, thousands of school appeals followed. School districts filed most of the 7,000 new appeals in 2013.

What's more, Pittsburgh's office market was hot in the latter part of 2012. The districts tracked sale prices in the last three quarters of 2012 and subsequently appealed to increase the property owners' new assessments based on these sale amounts. Most of these appeals to increase valuations target commercial owners.

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Of the new appeals filed by property owners, the vast majority are attempts to re-hear appeals that were previously filed. Those are likely to be thrown out by the courts. That will leave mostly school-initiated appeals.

As of this writing, administrative hearings are complete for the original 100,000 appeals, and administrative decisions that caused the taxpayer or school district to be unhappy with the outcome are already pending in court. Hearings on the 7,000 new appeals are underway.

What to Do

When a taxing district files an appeal, state law requires it to send notice of the appeal to the address listed in county records as the property's Change Notice Mailing Address, which is published on the county's website (allegheycounty.us). Some of the county records are outdated as to owners' addresses and, in those instances, some new owners are unaware of appeals on their properties.

New owners should check the address the county has on record for their properties and watch for notices sent to this address in the coming months. If a school district does appeal, the property owner would be wise to seek counsel, appear at hearings and defend his property's taxable value, otherwise risk having his assessment increased even more.

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