

Lycoming County Reassessment



Why Reassessment

Reassessment is needed when the property values used to make up the tax base are inconsistent, unfair and/or too old to reflect current market trends and changes in the value of real estate. Reassessment cannot be used by the County, or any other taxing body, as a means to collect increased revenue. It is simply a tool to equalize assessments and ensure, once again, that all taxpayers are paying their fair share.



History

- ▶ Pennsylvania Base Year Assessment System

- ▶ Base year is defined by 53 Pa.C.S.A. §8802 as:

“The year upon which real property market values are based for the most recent countywide revision of assessment of real property or other prior year upon which the market value of all real property of the county is based for assessment purposes. Real property market values shall be equalized within the county and any changes by the board shall be expressed in terms of base-year values.”

History

- ▶ Extended periods of time between reassessments can lead to a lack of uniformity and vast inequities in the property tax burden.
- ▶ Unlike most states, Pennsylvania doesn't have requirements for cyclical property reassessments.

History

- ▶ According to the International Association of Assessing Officers (IAAO), The quality of valuation estimates deteriorate over time, with annual valuation affording maximum accuracy.
- ▶ The IAAO recommends that all property's be revalued at least every 4 - 6 years.

Assessment Law

- ▶ Common Misconception: The decision to reassess is made to increase tax revenue.
- ▶ Answer: False - With exception
 - ▶ Reassessments are required to be revenue neutral under 53 Pa.C.S.A§8823(b)

“...a taxing district levying its real estate taxes on the revised assessment roll for the first time shall reduce its tax rate, if necessary, so that the total amount of taxes levied for that year against the real properties contained in the duplicate does not exceed the total amount it levied on the properties in the preceding year. The tax rate shall be fixed at a figure that will accomplish this purpose.”

Assessment Law

- ▶ 53 Pa.C.S.A§8823(c) – Tax Cap

“Final tax rate.—After establishing a tax rate under subsection (b), a taxing district may, by a separate and specific vote, establish a final tax rate for the first year in which the reassessment is implemented to levy its real estate taxes on the revised assessment. The tax rate under this subsection shall be fixed at a figure which limits the total amount of taxes levied for that year against the real properties contained in the duplicate for the preceding year to not more than 10% greater than the total amount it levied on the properties the preceding year, notwithstanding the increased valuations of the properties under the revised assessment.”

- ▶ Increase Caps expire after 1st year

Limitations on Increase of Taxes

Reassessment is not a windfall for local government and school districts. State law requires local governments and school districts to lower their taxes in the same proportion as tax base increases. For example, if the tax base doubles, they will be required to reduce their tax rates by half.

During a reassessment, taxes will go up a third, a third will decrease and a third will stay the same.

The county and townships/boroughs must reduce their millage rate so that it does not exceed the total amount of taxes that was collected in the previous year. But the county and townships/boroughs can then still adjust the millage rate to collect no more than 10% of the total amount that was levied in the previous year.

The school districts are held by the Act 1 legislation which is tied to the index in that Act.

Reasons why a Reassessment is needed

- ▶ Last reassessed the entire county in 2004
- ▶ Trends in the market have caused property values to become inconsistent and unfair
- ▶ Common Level Ratio has fallen outside the 15% predetermined ratio so than the State Tax Equalization Board (STEB) mandates that the common level ratio must be applied to all appeals
- ▶ One neighborhood may be growing while another is in decline
- ▶ Real Estate Appeals are also driving the lack of uniformity
 - ▶ Commercial Appeals (Past 5 years have lost over \$550,000 in county revenue)
 - ▶ School Appeals

Common Level Ratio (CLR)

- ▶ The common level ratio is a ratio that measures how a county's Base Year Assessments compare with current Real Estate Market Valuations. It's further defined in Pennsylvania law "Common Level Ratio shall mean the ratio of assessed value to current market value used generally in the county as last determined by STEB (State Tax Equalization Board)
- ▶ Validated sales are reported to STEB and calculations are performed and released in June of each year
- ▶ While STEB does not have the authority to force a County to perform a countywide reassessment, it is generally accepted that when a county falls outside of 15% of the predetermined ratio a reassessment should be conducted. If the County does not reassess and the ratio falls to 85% or below, then the State mandates that the Common Level Ratio (CLR) must be applied to all appeals. This negates the equality of assessments.

History of CLR in Relation to Reassessments

	<u>From</u>	<u>To</u>
1988 -	29.6	67.7
1996 -	53.6	69.9
2004 -	60.4	91.2

CLR History since last reassessment (2004)

2004 - 60.4	2014 - 76.1
2005 - 91.2	2015 - 74.6
2006 - 86.2	2016 - 75.9
2007 - 80.0 (3 years after revalue)	2017 - 74.6
2008 - 83.8	2018 - 73.7
2009 - 82.7	2019 - 70.3
2010 - 82.9	2020 - 65.0
2011 - 80.0	2021 - 61.0
2012 - 79.3	2022 - 56.0
2013 - 75.0	2023 - 51.3

Location - McIntyre Township

Living Area - 1716 square feet

Lot Size - 21.60 acres

Sale Date - 9/1/23

Sale Price - \$340,000

Assessed Value - \$88,130



Location - Brown Township

Living Area - 798 square feet

Lot Size - 1.98 acres

Sale Date - 6/27/22

Sale Price - \$250,000

Assessed Value - \$45,110



Location - Cogan House Twp

Living Area - 1500 square feet

Lot Size - 1.29 acres

Sale Date - 8/11/22

Sale Price - \$360,000

Assessed Value - \$153,830



Location - Loyalsock Township

Living Area - 2724 square feet

Lot Size - .41 acres

Sale Date - 7/14/22

Sale Price - \$599,000

Assessed Value - \$274,690



Location - South Williamsport Borough

Living Area - 1527 square feet

Lot Size - .18 acre

Sale Date - 1/7/22

Sale Price - \$125,000

Assessed Value - \$81,510



Location - Williamsport City

Building Area - 104,932 square feet

Lot Size - 8.30 acres

Sale Date - 8/29/22

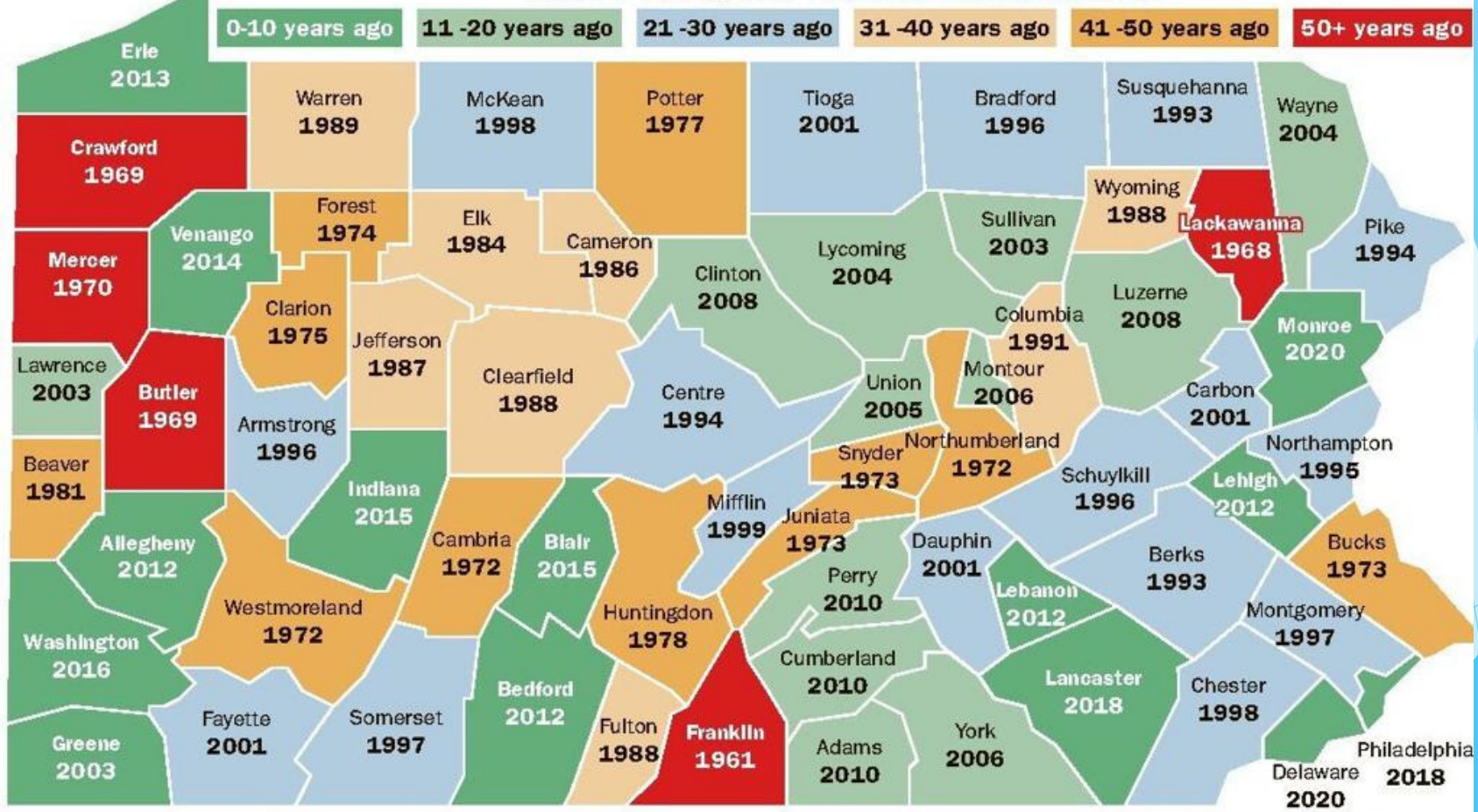
Sale Price - \$3,875,000

Assessed Value - \$1,314,050



County property tax reassessments

When a county last conducted reassessment:



Reassessment Costs

- ▶ Mercer County - Effective for the 2027 tax year
 - ▶ Cost is \$3,800,000 / 60,500 parcels at \$62.81 a parcel
- ▶ Lackawanna County - Effective for the 2026 tax year
 - ▶ Cost is \$5,180,000 / 102,794 parcels at \$50.00 a parcel
- ▶ Schuylkill County - Effective for the 2026 tax year
 - ▶ Cost is \$6,600,000 / 94,460 parcels at \$69.87 a parcel
- ▶ Tioga County - Effective for the 2024 tax year
 - ▶ Cost is \$1,791,000 / 29,212 parcels at \$61.31 a parcel

Cost of a Reassessment

- ▶ Taxable Parcels - 51,994
- ▶ Exempt Parcels - 2,091
- ▶ Totals Parcels - 54,085
- ▶ Estimated cost would be \$3,400,000 to \$4,000,000
- ▶ Cost per parcel would be \$62.86 to \$73.96

When Reassessment Starts

- ▶ All properties would be field visited in Lycoming County
- ▶ Time to do this is 30 months (Estimated Time Line)
 - ▶ Start in January of 2024 and field visit every property
 - ▶ Finish in June of 2026
 - ▶ Value Changes would go out in July of 2026
 - ▶ Informals are heard from July 1st to September 1st
 - ▶ Formal Appeals are heard from September 1st to October 31st
 - ▶ New Values would be effective for 2027

Conclusion

- ▶ Although property reassessment is an unpopular topic among taxpayers, it is a necessary process to ensure each taxpayer is paying their fair share of the tax burden. Moving forward with this project would be the first step the county can take to fix some of the current inequities that exist in Lycoming County. Cyclical reassessments over time will continue to increase the accuracy and uniformity of the assessments to ensure that each property is assessed at a fair market value.