

ALLEGHENY COUNTY PROPERTY TAX UPDATE
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Unless you have been hiding under a rock for the past year, those of you who own property in Allegheny County know that the entire property tax system is being overhauled for tax years beginning in January 2001. As a result of court orders several years ago where Judge Wettick of the Court of Common Pleas of Allegheny County found the Allegheny County property tax assessment system to be unfair and taxes to be unfairly assessed from property to property and municipality to municipality, the overhaul began. Sabre Systems of Ohio was hired as the outside consultant to review every property in Allegheny County, both residential and commercial, and determine what the fair assessment of each property should be. Sabre came into town and hired a wide range of people to collect data about all of our properties. Some of the data is accurate, and some of the data is not. However, based upon the Sabre data, Sabre has determined what it believes the market value of each property should be. Each property owner should be receiving in the mail over a schedule that began last month and will run through November, a print-out of what Sabre believes the value of your property to be. If that value is less than you believe the fair market value of your property should be, you should do nothing. Likely, the Sabre value will be adopted by the county and will be the basis upon which your taxes will be assessed next year. We will no longer have to worry about common level ratios of 4 to 1, 5 to 1, or 5.24 to 1 between assessed values and market values. Under the new system, the assessed value should equal or approach market value.

Of course, you need to worry if the value Sabre finds for your property is greater than you believe the market value would be, as is the case with Mayor Murphy's house. If you have an appraisal indicating a lower market value than the notice you receive from Sabre, obtain a copy of

the appraisal and provide it to Sabre. If you have a deed indicating a lower purchase price than the value signed by Sabre, provide that as well but realize that the appraisal is likely to carry more weight. You should also check whether the information on the number of rooms, bedrooms, and bathrooms in your house or number of units in your rental property is accurate. Often, the numbers are off and this causes higher values to be assigned by Sabre.

If you dispute Sabre's findings, there is a form you will receive in the mail that allows you to notify them of your dispute and a meeting will be scheduled where you can provide information to Sabre in attempt to lower your assessment. Basically, these meetings are one way information sessions where you provide information to Sabre, and Sabre provides no information to you. However, you will find out in January if your meeting was successful and if you were able to persuade Sabre to lower your market value. Since most people anticipate that the County Assessor's office will rubber stamp the Sabre values, I believe it is important to make your argument to Sabre even though, as some lawyers have advised, you do have the time to appeal in January. The reason I believe you should provide the information now is that once your property is assessed in January, you will have to pay taxes based upon that assessment until you are successful in an appeal. For the number of appeals we anticipate in the next year, it may take six months to a year or longer for all of the appeals to be reached. Therefore, you may be stuck paying at least one year's taxes and maybe even second year's taxes at the higher assessment level before your appeal is complete. By contrast, if you are successful in persuading Sabre to lower the proposed market value, it is likely your assessments will be based on the lowered market value, and your taxes will be assessed at the lower level. Therefore, you will save the need to appeal and avoid the necessity of paying extra taxes while you wait for an appeal and a refund.

During the announcements section of the ACRE meeting, I would like to hear from anyone who has been through the Sabre process so that we can compare notes on the success of our various arguments and approaches.

By the way, you can figure out what your new taxes will be at the market value assessments by contacting the local tax collector and the county tax office. The rates were also published in the Sunday paper several weeks ago, and may still be available on-line. The only good news coming out of the Sabre market valuations is that they also determined what the proposed new millage rates should be for each municipality and school district, based upon the new property values found in those municipalities and districts. Basically, it is one element of the plan that the school districts and municipalities are not supposed to receive a windfall of additional taxes based upon the increased market values they have found. Rather, the same amount in tax dollars is to be collected by adjusting the millage. For example, if property values in a particular municipality were \$1,000,000.00, and under the Sabre system they are \$2,000,000.00, the tax millage rate would be cut in half so that the actual taxes paid would remain the same.

We anticipate that this means that those of you who purchased property within the last seven to ten years and were assessed close to market value may realize a decrease in your total tax bill, while those people who have held properties for 30 or 40 years and were substantially under assessed are likely to see dramatic increases in their tax bills. Hopefully, there will be a fair redistribution of tax burden rather than across the board increases. We will have to watch how this all plays out over the next few months.