

## Property Tax Update: Real Estate Appeal Deadlines Approaching

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If your company owns real estate in Pennsylvania, you should carefully examine your current tax assessments to make sure you are not paying too much in County, School and Municipal real estate taxes.

Many property owners are finding that the fair market value of their properties has decreased over the past several years, while the tax assessment value of the properties has stayed the same. Property owners in such a situation should consider challenging their assessed values to bring them in line with the fair market value of the properties.

Because of the complexities of the Pennsylvania tax assessment process and tight annual deadlines (which vary among counties and circumstances--usually the deadline is either August 1 or September 1), property owners often miss opportunities for appeal. Since many counties base their assessments on a fraction of some historical value, a simple comparison of current market value and assessed value often will not give a proper indication of the fairness of your current assessed value. Let us help you review your current assessment and determine whether it should be challenged.

A court appeal isn't always necessary; we often work closely with county assessment offices to resolve disputes without the necessity of formal litigation. If litigation is necessary, however, we can draw upon our extensive experience across the state before county boards of assessment and county courts of common pleas.

### Recent Valuation and Exemption Developments

SR 250 (effective July 14, 2010): SR 250 directs the Legislative Budget and Finance Committee to conduct a comprehensive study of the current real property tax collection system in Pennsylvania. This study will address the impact of the consolidation of real property tax collection systems, including the costs and benefits associated with consolidation, and compare them to real property tax systems of other states. We will monitor the progress of the Committee and will report on its activities in future editions of this newsletter.

*Carpenter Technology Corp. v. Berks Cty. Bd. of Assmt. Appls.*, No. 1569 C.D. 2007; 1622 C.D. 2007 (Pa. Cmwlth. Ct. 04/06/2010 (unreported opinion)): It was appropriate for the trial court to formulate a price per square foot where the parties' experts did not comply with the Commonwealth Court's remand directions. Further, the trial court did not commit an error in applying the common level ratio (CLR) to the fair market value to determine assessed value despite the parties' stipulation that the predetermined ratio would be used, in light of several pending Supreme Court cases on the use of ratios that were not decided prior to remand.

*CHF-Kutztown LLC v. Berks Cty. Bd. of Assmt. Appls.*, No. 1663 C.D. 2009 (Pa. Cmwlth. Ct. 04/13/2010 ): A non-profit corporation operating a housing project for university students failed to qualify as a purely public charity because it failed to donate or render gratuitously a substantial portion of its services. The taxpayer did not provide housing at actual cost and never knowingly rented to a student who could not afford to pay the rent. Further, the Court noted that the taxpayer made a significant profit from the property.

*In re: Appeal of William J. Mangan*, No. 1587 C.D. 2009, (Pa. Cmwlth. Ct. 04/22/2010 (unreported opinion)): The taxpayer

failed to meet his burden of proving that the reassessment of his property violated the Uniformity Clause where the taxpayer failed to establish actual value. The taxpayer's expert presented comparable sales at the hearing. Although comparable sales can be used to establish market value, the appraisal must show the relative value of the comparable property by showing characteristic qualities to help the court understand the appraisal. The taxpayer's expert did not make such a showing. Without that evidence, the taxpayer could not meet his burden of proving that the assessment was not uniform.

*Fisher v. Bd. of Revision of Taxes*, No. 2203 C.D. 2008 (Pa. Cwmlth. Ct. 06/14/2010 (unreported opinion)): The taxpayer failed to meet his burden of establishing a lack of uniformity since he failed to present evidence of current market values of comparable properties. The taxpayer failed to demonstrate that the Board deliberately discriminated against him in the application of tax or that the Board's action had a discriminatory effect.

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