

STEB's Dramatic Change to Philadelphia's Common Level Ratio Makes This a Good Time to Consider Filing a Tax Assessment Appeal

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Recent developments in Philadelphia County present a potential opportunity for property owners in the county to reduce their real property tax burden through the filing of a real estate assessment tax appeal.

This opportunity arises from a significant decrease in Philadelphia's common level ratio. The common level ratio essentially represents the average difference between assessments and sales prices for properties that sold in the county in the preceding year. Under its assessment laws, Pennsylvania derives current fair market value by dividing the assessed value by the common level ratio.

Each year, the Pennsylvania State Tax Equalization Board ("STEB") calculates and publishes the common level ratio for each county in Pennsylvania. For decades, STEB set the common level ratio for Philadelphia County a few percentage points below the county's stated ratio of 32 percent. In fact, Philadelphia's ratio has never been below 27.3 percent. This year, however, STEB set Philadelphia's common level ratio at 18.1 percent.

Applying last year's common level ratio for Philadelphia, which happened to be 32 percent, to a property assessed at \$1,000,000 resulted in a 2011 imputed current fair market value of \$3,125,000. As a result of this year's change in the common level ratio, the same property's imputed fair market value has increased nearly 77 percent, to \$5,524,861.90, for tax year 2012. Accordingly, if the property's assessment fairly reflected its value last year, it is likely significantly over-assessed this year.

The deadline to file a 2012 appeal in Philadelphia is October 3. Reed Smith possesses a dedicated team of real estate tax assessment lawyers and staff who can evaluate your



assessment to see if an appeal is merited and prosecute an appeal, if warranted. Please contact us with your questions regarding this important opportunity to reduce your real estate taxes.

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