

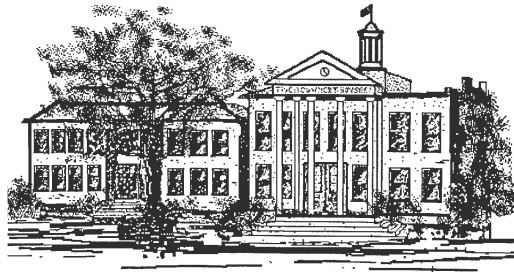
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## BOARD OF ASSESSMENT REVISION

Courthouse Annex 118 Main Street Wellsboro PA 16901

August 26, 2022

To: Tioga County Taxing Districts

Re: 2024 Countywide Reassessment

Dear Municipal Official,

As many of you are now aware, Tioga County has contracted with Vision Government Solutions to conduct a Countywide Reassessment of all parcels to be completed in 2023 and implemented for the 2024 tax year. A Reassessment is the process of performing all necessary Data Collection, Market Analysis, and Valuation steps to reappraise and determine accurate and equitable base year market values for all properties within Tioga County.

Based on some recent questions regarding the reassessment process, millage equalization, and inflation, the Tioga County Commissioners asked that I provide some additional information. Following the conclusion of the Reassessment in 2023, each taxing district in Tioga County will be required to equalize their current millage rate in accordance with section 53 Pa C.S. § 8823(b) of the Consolidated County Assessment Law for the 2024 tax year.

***“(b) Initial rate.--In the first year that any county implements a countywide revision of assessment by revaluing the properties and applies an established predetermined ratio or changes its assessment base by applying a change in the predetermined ratio, a taxing district levying its real estate taxes on the revised assessment roll for the first time shall reduce each tax rate levied by the taxing district, if necessary, so that the total amount of taxes levied for that year against the real properties contained in the duplicate for that rate does not exceed the total amount it levied on the properties in the preceding year. Each tax rate shall be fixed at a figure that will accomplish this purpose.”***

As stated in the pre-notification letter that’s being mailed to each property owner prior to the start of residential and commercial data collection in each municipality (copy enclosed), “The purpose of a reassessment is **not** to raise taxes, the purpose is to create an equitable distribution of the **current** tax burden. The required equalization process under section 53 Pa C.S. § 8823(b) allows for the redistribution of the current taxes levied by each taxing district based on each property’s current fair market value. This means, if some property owner’s taxes go up through this process, others will have to go down to avoid any increase in tax revenue.

Following the millage equalization under subsection (b), taxing districts have the option under 53 Pa C.S. § 8823(c) to increase the total taxes levied up to a maximum of 10% more than the total amount levied in the prior year. This option will need to be done through a separate and specific vote.

*“(c) 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. Each 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.”*

Using Tioga County’s current millage of 6.75, here is an example what the equalization process might look like following the conclusion of the reassessment:

<b>Tioga County Millage Equalization Example based on Hypothetical Figures</b>		
Current Taxable Assessed Value	Current Millage ( $\$12,332,075 / \$1,826,974,029 = .00675 \times 1,000$ )	County Tax Revenue ( $\$1,826,974,029 \times .00675$ )
\$ 1,826,974,029	6.75	\$ 12,332,075
Hypothetical Taxable Assessed Value After Reassessment	Equalized Millage Under Subsection (b) ( $\$12,332,075 / \$2,584,121,682 = .00477225 \times 1,000$ ) rounded	County Tax Revenue ( $\$2,584,121,682 \times .00477225$ )
\$ 2,584,121,682	4.772	\$ 12,332,075
<b>Maximum County Increase of 10% Under Subsection (c)</b>		
Hypothetical Taxable Assessed Value After Reassessment	Equalized Maximum Millage ( $\$13,565,282 / \$2,584,121,682 = .0052495 \times 1,000$ ) rounded	County Tax Revenue ( $\$2,584,121,682 \times .005249$ )
\$ 2,584,121,682	5.249	\$ 13,565,282

Based on the figures in the table above, if the total taxable assessed value in Tioga County increased from \$1,826,974,029 to \$2,584,121,682, the millage would need to be reduced from 6.75 to 4.772 to equalize the County tax revenue at the current level of \$12,332,075. Under subsection (c), the County would have the option to increase the total tax revenue 10% over the prior year from \$12,332,075 to \$13,565,282 ( $\$12,332,075 \times 1.10$ ). The 10% increase in tax revenue would result in an equalized maximum millage of 5.249 for the first year after the implementation of a reassessment.

This equalization process will also help limit the impact any recent inflation has had on the market values of property in the county. Even if market values are trending higher due to recent market activity, the millage rate must be adjusted down to account for the increase in taxable assessed value so that the tax revenue remains neutral. Property sales and market trends will continue to be analyzed through the end of this year, and into the first quarter of 2023 prior to the mailing preliminary value notices to property owners. Using the data from the table above, here is what the equalization process would look like assuming a 12% increase in the taxable assessed value due to inflation in the real estate market.

<b>Millage Equalization Example considering 12% Inflation in Taxable Assessed Value</b>		
Hypothetical Taxable Assessed Value After Reassessment ( $\$2,584,121,682 \times 1.12$ )	Equalized Millage Under Subsection (b) ( $\$12,332,075 / \$2,894,216,284 = .0042609 \times 1,000$ ) rounded	County Tax Revenue ( $\$2,894,216,284 \times .004260$ )
\$ 2,894,216,284	4.260	\$ 12,332,075

As you can see, even though the total taxable assessed value increased 12% from \$2,584,121,682 to \$2,894,216,284 due to inflation, the millage rate is adjusted down from 4.772 to 4.260 to equalize the tax revenue at \$12,332,075.

The required millage equalization and 10 % cap expire after the first year a reassessment is implemented. Real estate tax rate limits then revert to the statutory rate limits that have been established for all classes of taxing districts in Pennsylvania. Currently, none of the taxing districts in Tioga County are anywhere close to the statutory rate limits:

<b>Taxing Jurisdiction</b>	<b>Rate Limit<sup>7</sup></b>
Counties, Second Class (Allegheny) .....	.25 mills
Counties, Second Class A (Bucks, Delaware & Montgomery) ...	.40 mills
Counties, Third through Eighth Class .....	.25 mills
Institution Districts .....	.10 mills
Cities, Third Class .....	.30 mills
Boroughs .....	.30 mills
Townships, First Class .....	.30 mills
Townships, Second Class .....	.14 mills
School Districts, First Class A (Pittsburgh) .....	no limit
School Districts, Second, Third and Fourth Class .....	.25 mills

Table Source: DCED Taxation Manual, Tenth Edition, February 2019  
<https://dced.pa.gov/download/taxation-manual/>

Preliminary tax base summaries will be mailed to each taxing district next year on July 1, 2023. Following the conclusion of the formal appeal process, the new assessed values will be certified on or before November 15, 2023 for the 2024 tax year. Please don't hesitate to reach out to the Assessment Office with any questions regarding the equalization process.

Please visit the Tioga County Reassessment website at <https://www.vgsi.com/tioga-county-reassessment/> for more information on the reassessment process, and to read answers to frequently asked questions. Links to the reassessment website can also be found on Tioga County's website at [www.tiogacountypa.us](http://www.tiogacountypa.us) . I've also enclosed a copy of the press release that was issued in April 2021 that explains in a little more detail why reassessment is needed. If you have any questions about the reassessment process or need additional information, please contact the Tioga County Assessment Office at (570)-724-9117 or [assessment@tiogacountypa.us](mailto:assessment@tiogacountypa.us) .

Sincerely,



Joshua S. Zeyn, CPE  
 Chief Assessor / Tax Claim Director

Enclosures