

LACKAWANNA COUNTY PROPERTY RE-ASSESSMENT STUDY SUMMARY

OUTLINE

1. INTRODUCTION AND PURPOSE OF STUDY
2. PAST HISTORY OF RE-ASSESSMENT IN LACKAWANNA COUNTY
3. MEETINGS HELD- DATES- TIMES- CONFERENCES – ATTENDEES
4. COMPANIES THAT PERFORM REASSESSMENT IN PA
5. PROPOSED COST OF REASSESSMENT
6. OPTIONS AVAILABLE TO THE BOARD OF COMMISSIONERS

1. INTRODUCTION AND PURPOSE OF STUDY

- ***What is reassessment?***

A reassessment is the process by which the assessed value of real estate property is revised to keep the value consistent with what the property is worth on the open market and to assess properties fairly in comparison with each other.

During the 2016 Budget Hearings held in various communities and locations throughout Lackawanna County and at public County Commissioners meeting held during calendar year 2016, several citizens approached the Board of Commissioners and asked that they begin the process of considering conducting a comprehensive property re-assessment in Lackawanna County. A formal resolution from Jermyn Borough, adopted by the Jermyn Council was also received by the Board of Commissioners date June 1, 2017. Letters and inquiries were also received from Scranton City Council urging the County Commissioners to conduct a County-wide re-assessment which date back to 2015. Discussions were held by the Commissioners during regular work sessions, as well as at publically advertised Commissioners meetings. There was not a clear cut consensus on the issue and the Chief of Staff was asked to begin to gather information on what it would entail to conduct to total property re-assessment on all 101,000 properties in Lackawanna County as well as the estimated cost of conducting such a process.

Since the Board is comprised of three individuals and each Commissioner has their own views on how to conduct such an analysis, an attempt is being made in this report to present to the Board what resources, both in terms of financial resources and additional personnel it would take if such a decision was made to carry out this process as well as provide copies of relevant documents for review by the Commissioners. The Chief of Staff was also asked to conduct a brief review of property tax reform in the Commonwealth of Pennsylvania and specifically to look at such proposed Legislative remedies such as Senate Bill 76 – which would change the way that school property taxes are paid for in the Commonwealth. What began as a brief study turned to be a more complex assignment which ultimately would take several months to be able to gather the information for submission to the Board of Commissioners.

2. PAST HISTORY OF RE-ASSESSMENT IN LACKAWANNA COUNTY

The last countywide reassessment was conducted in the mid- to late-1960s with new assessments phased in by region from 1966 to 1970.

Accurate projections of what it cost the County to conduct this re-assessment at that time are not available. The Re-assessment was conducted using local realtors.

In 1986, Majority Commissioners Joseph Corcoran and Ray Alberigi changed the assessed value ratio for assessing real estate taxes from 35 percent to 100 percent. This was necessary to allow the County and other taxing bodies the latitude to adjust tax rates and stay within the law and follow provisions set forth in the Home Rule Charter and County code.

This decision was challenged in Court by then Minority Commissioner Charles Luger. The Court upheld the County's authority to change its predetermined ratio, and in addition stated that the limitation on millage in the Home Rule Charter is preempted by state statute and is therefore invalid.

The county began a formal reassessment in 2005 by Resolution of the Board under the direction of Majority Commissioners Robert Cordaro and AJ Munchak. New assessments were scheduled to go into effect for 2009. The company hired to do the reassessment was Century 21. That Company no longer exists in the Commonwealth, but several of the principals formed a new company known as EST. The reassessment began and Century hired individuals to visit all properties in Lackawanna County and begin collecting and assembling data. A new Board of Commissioners was elected in 2007, and took office in 2008. Upon review, the new Commissioners found several thousand errors and the reassessment was indefinitely suspended in October 2009 by Commissioners Corey O'Brien and then-Commissioner Mike Washo. They stated that to correct the errors and completing the reassessment would have cost up to \$8 million, a cost they said the county couldn't afford. The county had already spent \$4,370,000 up to that point. Data that was prepared was found to have many errors and a partial entry of completed properties could not be entered into a new system. Several of the records remain in the possession of the County Assessor's office and are used as a resource tool if a property is sold or an assessment appeal is taken. A review of the records confirmed many thousands of errors. In October 2012, citizens and in particular the City of Scranton had asked for the County to once again begin a property reassessment. The two commissioners (Washo and O'Brien) argued the reassessment isn't worth the cost in higher taxes that would be required to pay for

it after Commissioner O'Brien had county Chief Financial Officer Thomas Durkin and county deputy director of appraisals John Foley develop an updated cost estimate. Mr. Durkin said the county's stalled reassessment left the county's assessment data in far better shape, eliminating errors in 10,000 parcels, but the county would have to start a new reassessment because properties might have expanded or otherwise changed. A new reassessment was estimated to cost between \$6.9 million and \$8.4 million.

3. MEETINGS HELD- DATES- TIMES- CONFERENCES – ATTENDEES

December 02, 2016 Great Wolf Lodge, Poconos, Regional NECAAP Re-assessment of Real estate properties – Northeast Counties
Commissioner Patrick O’Malley, Commissioner Jerry Notarianni, COS Andrew Wallace, CFO Thomas Durkin, Assessment Administrator John Foley

January 13, 2017 Monroe County, Greg Christine, Chief Clerk
Cindy Treible, C.P.E. – Chief Assessor

January 26, 2017 Wyoming County, Bill Gaylord Chief Clerk
Catherine J. Voda, CPE Chief Assessor

February 14, 2017 Luzerne County Administrator David Pedri,
Tony Alu, Chief Assessor

February 28, 2017 Joan Hodowanitz and Marie Schumacher
Scranton residents and attendees at Comm. Meeting

March 06, 2017 Doug Hill, Ex. Director, PA. County Comm. Association
Atty. Don Frederickson, Lacka. Cty. Solicitor for Litigation

March 07, 2017 Brittany Kinsman, Northeast Region PA. Association of
Realtors and Conrad Bosley, Lackawanna County
Appraiser

March 10, 2017 Presentation from Tyler Technology (CLT Division)
Paul Miller, Tyler, Comm. Patrick O’Malley, Comm.
Jerry Notarianni, Attys. John Brazil and Don
Frederickson, CFO Tom Durkin, John Foley, Assessor,
COS Andy Wallace

March 29, 2017 Atty. Joan R. Price, Assessment Attorney Specialist
Philadelphia, PA Andy Wallace, COS

May 11, 2017 Conference call with Atty. Price and Atty. Don
Frederickson

4. COMPANIES THAT PERFORM REASSESSMENT IN PENNSYLVANIA

In the Commonwealth of Pennsylvania, there are two major Companies that are licensed and can provide property reassessment, EST, who is the successor to Century 21 that began the process for LC IN 2007, and Tyler Technology, CLT. Both Companies have worked in multiple Counties in Pennsylvania and both have been endorsed by the Pa. County Commissioners Association. (CCAP). Most counties that have conducted reassessment have issued a RFP- Request for Proposals to assess the services and cost of a licensed Company that can conduct a reassessment.

5. PROPOSED COST OF REASSESSMENT IN LACKAWANNA COUNTY

There are in excess of 101,000 tax parcels in Lackawanna County. Each and every property would have to be visited personally, inspected, photographed, data collected to be input to a County Master Information Technology system, as well as creation and input into the mapping system. Each property owner will receive a notice and have the right to obtain both an informal and or formal appeal. Historically the process take from 1 – 3 years from start to completion, depending on the availability of Company staff.

Estimates of what the true cost of reassessment would be a ballpark figure used in comparison to what other Counties similar in size to Lackawanna have paid. There is a range available from \$55 to \$125 dollars per parcel. Neighboring counties of Monroe estimate over \$6million and Luzerne has expended over \$11 million. The reason that one can reasonable assume that Lackawanna may be on the high end of cost is that the last formal assessment hasn't occurred in this County in 50 years and extensive work would have to occur to complete the process. Using a very conservative approach, the cost could be as low \$5.6 million to a high approach of \$13 million, depending on what a Company proposes, as well as Information Technology IT upgrades and major increase in staff in the County Assessor's office for a period of three years. Even if the County was able to gain a lower cost than normal per parcel, when you factor in the IT and the additional personnel costs and expenses, a fair estimate could fall in the \$10 million dollar range.

Because over the last three years the County has taken steps to operate in a very fiscally conservative manner and carefully analyzed all expenses and maximized revenue, Lackawanna County today finds itself in an enviable financial position as it is compared to several other governmental bodies. Steps have been taken by the County and a binding Resolution guarantees that the County must have minimum of 5% percent Cash balance on hand and available. Because the County has worked extremely hard at maintaining a reserve balance, the Credit rating of the County has been restored, a surveillance fee on bond issues has been dropped, and County audits are conducted on time. As a result of this Management principal, Lackawanna County has been able to refinance outstanding County Bond debt the last two years and save over projected \$21.5 million dollars. There has also not been the need for an annual tax anticipation

note and when the Commonwealth of PA did not pass and fund their budget on time, Lackawanna County was able to use its own financial resources to manage. It is for many of these reasons that the County is not in a position to be able to use its cash reserves to fund a reassessment.

It should be noted that reassessment is required to have a revenue neutral tax effect on all taxing authorities. There is allowed a 5% deviation from prior net tax revenues for a taxing authority in the first year following reassessment. Following the first year, taxing authorities are bound by their specific codes or charters regarding future tax increases.

If the County decides to expend up to \$10 million dollars on a reassessment, in all probability, a substantial tax increase or an additional Bond Issue borrowing would have to be considered.

6. OPTIONS AVAILABLE TO THE LACKAWANNA COUNTY BOARD OF COMMISSIONERS

- A. Order the Reassessment process to begin in Lackawanna County by preparing an RFP for services, times frames, and cost and utilize existing County funds to begin the process
- B. Begin to update and implement Computer Technology Assessment Study, utilizing Pictometry and other tools available and then issue and RFP for process in preparation of a reassessment of property
- C. Begin to conduct comprehensive County information sessions in different geographic communities in the County to begin to explain what reassessment would mean to homeowners
- D. Consider placing a Referendum Question on the Ballot in the November General Election to give the people a voice in whether they want the County to commit the financial resources to complete a mandatory property reassessment which cannot be changed by a vote of the Board of Commissioners-
- E. Allow the current assessment system to remain as is