

Lackawanna County Media Conference

**MEDIA
RELEASE**

Lackawanna County Reassessment Agreement

January 4, 2006 • 6:00 p.m.

INTRODUCTION:

It is the legal responsibility of the Lackawanna County commissioners to establish and maintain fair and uniform assessments within the county. In order to achieve a fair and equitable tax base, a county-wide reassessment is necessary. Two primary objectives must be accomplished: market values in the year of a reassessment must be at 100 percent of true market value, and there must be uniformity (fairness) in assessments between all properties of like characteristics and of like value. Once this is achieved and maintained, property owners will be paying their fair and proper share of the tax burden.

The innate problem with the real estate tax system lies in the fact that, as time passes, nothing remains the same; therefore, the quality of assessments begins to deteriorate. Since the real estate tax is an *at value* tax, the fairness of the tax changes as the real estate market changes. These changes vary between property types, geographic areas as well as other factors.

THE LACKAWANNA COUNTY PROBLEM:

After reviewing the quality of assessments in Lackawanna County, the commissioners have identified the basic problem as follows:

1. The Assessment Office needs to be modernized by installing a new state-of-the-art Computer-Assisted Mass Appraisal (CAMA) system.
2. There is an apparent lack of uniformity (fairness) in the real estate tax throughout the county between property owners. The current 1973 base-year values have deteriorated to a point where lack of uniformity is evident and the mandated state-published Common-Level Ratio (CLR) for the county is resulting in reduced revenue. This occurs as a result of successful tax appeals. This, in turn, causes a higher tax rate for everyone.

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3. The current average error of assessments for Lackawanna County, as published by the State Equalization Board (STEB), is 65.0 percent. The average error of assessments should be less than 15 percent. This study also shows that the Lackawanna County tax base is extremely regressive and shows that 77 percent of all assessments are out of line by more than 15 percent. A county-wide reassessment will correct this problem so that each taxpayer will be paying only his fair share. Lackawanna County ranks 67th (last) in Pennsylvania for fairness of taxation.

The market values in Lackawanna County should be at 100 percent of true market value; however, existing properties are at 18.6 percent of market value based upon the state-published Common-Level Ratio (CLR). The county-wide reassessment will correct this problem.

4. The primary appraisal methodology used in 1973 was based on cost and not on market value. The current assessment system does not provide for annual or periodic updates in the tax base. The new modern computer assessment system will be a market-driven system and explainable to the public.
5. Future *Agricultural-Use (Clean and Green)* values must be based on methodology described in *Act 319*, as amended by *Act 156*. The proper methodology must calculate *Agricultural-Use* values based upon the soil potential of each individual farm. The county presently does not have an automated system for valuation of *Agricultural-Use* values under the *Clean and Green* program.
6. The existing tax maps are ancient and in need of updating. The tax map system needs to be digitized into an electronic Geographical Information System (GIS). A land file is being created, including parcel boundaries, soil type boundaries, roads, and wooded/open areas. The new GIS mapping system would replace the old paper maps.
7. There are numerous tax equalization programs available to property owners that have not been utilized by taxpayers or local government. This reassessment will provide educational programs to inform taxpayers of the availability of these programs as well as provide a better foundation for local governments to implement such programs.
8. Numerous studies show that the economic decline of the region and the high unemployment rate can be reversed if the county has a fair and equitable tax base.

THE LACKAWANNA COUNTY SOLUTION:

To fulfill the commissioners' obligation to establish a fair and equitable tax base for the taxpayers of Lackawanna County, the commissioners have approved a resolution on May 25, 2004, calling for a county-wide reassessment and setting forth the appropriate decisions needed to accomplish this task. The full resolution is attached to this press release.

The commissioners have selected 21st Century Appraisals of Middletown, Pennsylvania to assume the responsibility for the Lackawanna County county-wide reassessment in cooperation with the county's Assessment Office management team.

21st Century Appraisals, Inc. is a qualified real estate assessment and reassessment management firm which has successfully managed assessment projects throughout Pennsylvania for more than 29 years. They are also unique in their understanding of the interests of rural, agricultural, and urban communities, and understand the importance of taxpayer's special concerns. According to the 2003 Penn State-Downing *Quality of Assessments* study, Pennsylvania's top eight (8) counties for fairness of assessments and uniformity of tax burden have been reassessed by 21st Century Appraisals.

The most important criteria for selecting a reassessment company, are as follows:

1. The reassessment company's track record in establishing fairness of assessments.
2. The reassessment company's track record in providing effective public relations and acceptance of the process and market values.
3. The reassessment company's understanding of assessment management, laws, and processes in Pennsylvania.
4. The reassessment company's use of technology in managing Assessment Offices.
5. The reassessment company's commitment to a competitive and fair price for services provided.
6. A reassessment company that is the "best fit" for the county in the best interest of the taxpayer.

21st Century Appraisals, Inc. meets and exceeds all of the above criteria.

REASSESSMENT SCOPE OF WORK CONTRACT SUMMARY:

1. **Contractor - 21st Century Appraisals, Inc., Middletown, Pennsylvania.** The contract with 21st Century Appraisals will begin on January 4, 2006, and will continue until December 31, 2008.
2. **Director of Reassessment.** 21st Century Appraisals will have full responsibility for the county-wide reassessment including consulting, management, and assistance with the *Clean and Green* and *Homestead/Farmstead Exclusion* programs.
3. **Reassessment Management Team (RMT).** The contract requires the establishment of a RMT, consisting of county officials and management officials from 21st Century Appraisals. The RMT will serve as an oversight team for the reassessment. Its responsibilities include recommending policy for methods, procedures, non-contractual milestones and timelines, quality control, and public relations initiatives.
4. **Public Relations.** An important aspect of a county-wide reassessment is public relations and the educational program needed to inform the public of the process, procedures, and outcomes. 21st Century Appraisals and the Reassessment Management Team (RMT) will develop and implement a comprehensive educational program for taxpayers, including a professional video. Details will follow.
5. **Technology.** 21st Century Appraisals will be installing a comprehensive Assessment Office management and valuation system known as the Paragon™ suite of land records.
6. **Existing Data Conversion.** 21st Century Appraisals will be converting the existing master tax roll into the new database which will be used to establish the new tax base to be developed throughout the reassessment.

7. **Building the Real Property Tax Base:**

- A. **Field Visits.** Each of the approximately 100,000 parcels of real property will be visited. Field listers will complete property description cards and verify required information needed for an appraisal to be conducted later. Digital images of primary buildings will also be captured.
 - B. **Data Entry.** Information on each property will be entered into the new electronic assessment database and will go through a comprehensive quality control and verification process.
 - C. **Data Verification.** Property descriptions will be mailed to each property owner for verification and will also be verifiable through the Internet.
8. **Appraisal.** The appraisal process will begin in early 2007 and will involve a comprehensive market analysis of all property types by neighborhood. The county is in the process of developing new Geographical Information Systems (GIS) which will be available for analyzing the real estate market. Appraisers will then develop market value formulas and models that replicate the real estate market in Lackawanna County. The final step is for certified appraisers to review and finalize each property market value.
9. **Defense of Values.** In 2008, property owners will be notified of their official *change of assessment*. They will be given numerous opportunities to review their new appraisal at an informal level by telephone, Internet, or by appointment with a certified appraiser. Appropriate changes to the record or market value will be made. If the property owner is not satisfied with the results of the informal review, they may appeal their assessment to the Lackawanna County Board of Assessment Appeals. Proper notice and procedure will be presented to the property owner at the time of receipt of the *change of assessment* notice.

Contact Information: Questions may be addressed to:

County Officials:

Mr. Paul Taramelli, County Administrator
Lackawanna County Commissioners' Office
Lackawanna County Courthouse
200 Adams Avenue
Scranton, PA 18503
(570) 963-6800
(570) 963-6812 (fax)
email: Taramellip@lackawannacounty.org

Mr. Todd Roche, Director of Assessments
Lackawanna County Administration Building
200 Adams Avenue, 5th Floor
Scranton, PA 18503
(570) 963-6728
(570) 963-6385 (fax)
email: rochet@lackawannacounty.org

Ms. Jenine Ikeler, Press Secretary
Lackawanna County Administration Building
200 Adams Avenue, 6th Floor
Scranton, PA 18503
(570) 963-6800, Ext. 1854
(570) 963-6812 (fax)
e-mail: ikelerj@lackawannacounty.org

21st Century Appraisals, Inc.:

Dr. Robert S. Barr (CPE), President and CEO
Mr. Eugene E. Porterfield (GA, CPE), Chief Operations Officer
Mr. Timothy R. Barr, Chief Technology Officer
21st Century Appraisals, Inc.
1801 Oberlin Road, Suite 210
Middletown, PA 17057-2953
(717) 985-0200
(717) 985-0632 (fax)
e-mail: robert.barr@21appr.com
e-mail: gene.porterfield@21appr.com
email: tim.barr@21appr.com