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RE: Senate Bills 1247 and 1258

Ladies and Gentlemen:

I am the Solicitor for the Blue Mountain School District and Pine Grove Area School District located in Schuylkill County, Pennsylvania. For the past three (3) years these Districts have been acting pursuant to the law permitting appeals by municipalities of the assessed value of properties located within their district. As far as I am aware this procedure has been initiated and followed only by school districts, although the legislation provides any municipality this right. Of course, all municipalities benefit from this additional revenue when an assessment is appealed, even if only one of the municipalities incur the cost of this procedure and therefore, this procedure benefits all taxpayers located within municipalities and school districts.

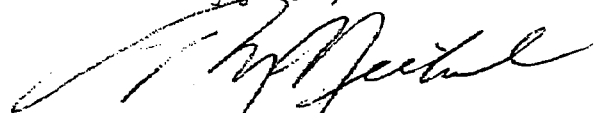
It would seem this is the reason districts have taken the lead to follow this procedure because they will raise the most revenue, i.e., it is most cost effective. Just as this decision is a dollars and cents decision, the decision to proceed at all is based on funds generated by the recent upsurge in real estate values, i.e., the fair-market-value of a property has further distanced itself from the assessed value of a property only during the past few years. Of course, the law of economics is now affecting even this benefit since real estate values are decreasing.

In such a market the taxpayer has the right to seek an adjustment in assessed value of his/her property which will lower his/her tax bill and reduce the revenue for municipalities. This is a two-edged sword and because a small number of taxpayers have been affected by this side of the sword, you are now considering legislation to deprive municipalities of this right which will negatively affect all the taxpayers. Although their numbers may be small, obviously their influence is not.

Based on my experience the strongest proponent of this legislation is the real estate industry. The self-interest of these two (2) groups, one unorganized the other organized, is apparently the impetus moving this legislation forward. Please consider that the benefits of this legislation are for all taxpayers, including those who may have their taxes increased, because in subsequent years they will benefit by not having their taxes raised based on the increased assessments from subsequent appeals.

What did the legislature intend when it confirmed this right to the municipalities? Would a municipality petition to have an assessment lowered - I think not, but now because of a change in economics, which is going back to the status quo, you are considering legislation to deprive the districts of this source of revenue. The legislature by other actions has created the means to make these adjustments as fair as possible, i.e., the common level ratio. In numerous instances the application of the common level ratio to a current appraisal results in a lower assessment for the taxpayer. The municipality is bound by that appraisal of fair-market-value. Please, do not lose sight of the fact this procedure benefits all the citizens of the County, townships, boroughs and school districts by providing a local source of revenue which does not require a universal millage increase. The municipalities should not be deprived of this income until such time as the legislature, to facilitate fairness, either provides for mandatory reassessments or a system which relieves the real estate property owner of the undue burden which they bear under the present taxing system.

Sincerely yours,



THOMAS J. NICKELS, Esquire

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