VOL. 27 NO. 19 • SEPTEMBER 19, 2025

LAWYERS JOURNAL

THE FLAGSHIP PUBLICATION OF THE ALLEGHENY COUNTY BAR ASSOCIATION

Pennsylvania's property tax system reborn: The phoenix effect

By Sharon F. DiPaolo

Pennsylvania is on the cusp of exciting systemic change to reinvent its property tax system. In my article in this journal two years ago, I posited that Pennsylvania's outdated property assessment system unnecessarily hurts all Pennsylvania stakeholders. See, *"A Fresh Look at the Constitutionality of Pennsylvania's Property Tax Law," Lawyers Journal,* Vol. 25, No. 20 (October 6, 2023).

The news of progress is timely and welcome.

The City of Pittsburgh is at a competitive disadvantage to every other city in the country directly because of Pennsylvania's outdated base year system. The City of Pittsburgh is the only major city in the country which has not had a countywide reassessment since COVID. The failure to reassess has led to an erosion of the City's tax base due to the transformative effect of the COVID pandemic on real estate values, especially within central business districts. Every other major city in the country has already reassessed and stabilized its base.

However, with challenge comes opportunity. Like a phoenix rising from the ashes, Pennsylvania is on the verge of emerging with a stronger and more resilient system.

A refresher

In the 2023 article I shared that Pennsylvania's property tax system ranks dead last with a grade of "F" – tied with Mississippi – in the most recent 50-state comprehensive benchmark study by the Council on State Taxation (COST). See, *"The Best (and Worst) of International Property Tax Administration,"* COST-IPTI Scorecard on the Property Tax Administrative Systems of the US States and Selected International Jurisdictions (June 2019). Pennsylvania's worst place ranking is due to three things: 1) being the only state in the country using a "base year" system, 2) its failure to mandate periodic countywide reassessments state-wide, and 3) its failure to maintain assessments in an equal and uniform manner between countywide reassessments. Most readers of this journal know that Allegheny County's most recent countywide reassessment was in 2012. But what may come as a surprise to those who do not practice outside of Allegheny County, is that many Pennsylvania counties have not reassessed in 50 years or more, with the oldest reassessment occurring before this writer was even born (Franklin County, Pennsylvania, with a base year of 1961).

The recommendations

Comparing Pennsylvania's system to the best practices in property tax systems in all 50 states and with reference to resources such as COST and The International Association of Assessing Officers (IAAO), my recommendations to bring Pennsylvania to an A+ grade were:

1. Countywide reassessment in every county every three to six years
2. Equal and uniform taxation standard
3. Centralize statewide assessment support

The forward progress towards reform

There are two recent forward developments to move Pennsylvania property tax to the top of the class.

First, Senator Wayne Fontana (Allegheny County) has taken up the mantle of statutory property tax reform and on July 31, 2025 introduced a bill to reform Pennsylvania's property tax system. See, Senate Bill No. 567, Session of 2025. *www.palegis.us/legislation/bills/2025/sb0567* (co-sponsors Senators Lindsey Williams, Allegheny County; Jay Costa, Allegheny County; Tim Kearney, Delaware County).

Following the protracted litigation and correction of Allegheny County's 2022 common level ratio and the impact of COVID on real estate values, the need for a stabilized and equitable property tax system became apparent and unavoidable. As a realtor and real estate broker by profession, Senator Fontana is particularly suited to identify and address the issue of property tax reform.

Senator Fontana held hearings in the summer and fall of 2024 in Pittsburgh and Harrisburg to take testimony from representatives of stakeholders about the need for property tax assessment reform to create a fair, stable and uniform system for all.

Under the proposed legislation, all Pennsylvania counties would conduct countywide reassessments at least every five years. The new requirement to reassess cyclically would be phased in stages throughout the Commonwealth. The cost of reassessment would be paid by a dedicated millage rate up to one mill (just as in many other states like Ohio) or a per-parcel annual fee not to exceed $20 dollars. Unlike the excessive cost of Pennsylvania's infrequent countywide reassessments, the cost decreases dramatically once reassessments are conducted on a regular basis. The statute would also expand the responsibilities of the State Tax Equalization Board to provide centralized standards, guidance, and support for countywide reassessment, so that counties no longer have to recreate the wheel individually.

Second, the non-profit Mon Valley Unemployed Committee, Inc. recently sued Pennsylvania Governor Shapiro and Attorney General Sunday in the Pennsylvania Commonwealth Court seeking a declaration that the Pennsylvania property tax laws are unconstitutional and directing Pennsylvania counties to reassess. See, *Mon Valley Unemployed Committee, Inc. v. Commonwealth of Pennsylvania,* 261 MD 2025 (Pa. Commonwealth Court, complaint filed July 11, 2025).

The non-profit, represented by the Community Justice Project, filed the suit before the Pennsylvania Commonwealth Court in its original jurisdiction. The suit rightly points out that Pennsylvania state law delegates to the Pennsylvania counties, without funding, standards or oversight, the duty to assess the value of all properties within their jurisdiction, "leaving it to each individual county to decide whether, how often, and how to conduct property reassessments to update the base year." The lawsuit notes that the failure to reassess regularly has two repercussions: 1) it produces a "regressive pattern – whereby lower-value properties are over-assessed relative to higher value properties," and 2) hampers taxing authorities' ability to raise sufficient revenue to support basic governmental services. As of this writing, the Commonwealth had not yet filed its answer, which is due September 5.

Conclusion

The stage is set and the needed change that Pennsylvania stakeholders have been awaiting is now on the horizon.

In *Clifton,* our Pennsylvania Supreme Court ruled that the base year system of taxation is rendered unconstitutional as applied where prolonged and indefinite use of the base year system violates the Uniformity Clause. *Clifton v. Allegheny County,* 969 A.2d 1197 (Pa. 2009), and further, "the General Assembly is the appropriate place in the first instance to fashion a more comprehensive and soundly constitutional scheme." 969 A.2d 1229.

The new lawsuit supports the lived reality of most Pennsylvanians that the base year system in application produces unconstitutional, unequal and dis-uniform assessment. And, the new system pending in the General Assembly delivers the structure and mechanisms needed to implement a new system culled from the best practices from around the country. Taken together, Pennsylvania has the opportunity to move from the bottom to the top of the class. ■

Sharon F. DiPaolo *is a partner in the property tax law firm of Siegel Jennings Co., L.P.A. which practices property tax law in all 50 states. Sharon is a member of the firm's Leadership Team and is the managing partner of the firm's Pennsylvania practice. Sharon concentrates her law practice exclusively in property tax law representing commercial taxpayers.*