Issue 4 Volume 5
An affiliate of the County Commissioners Association of Pennsylvania

Planning for Disaster and Recovery-Part II

One hurricane-battered county shares the successes and shortcomings of its pre-storm disaster plan

(Part I appeared in the Summer 2007 issue)

By Gregory S. Brown and Kimberly Sessi

When, not if, may seem to some like a doomsday prophecy or a pessimistic outlook at best, but unfortunately, disaster planning and recovery has become an all-too-common activity for those of us in government in Santa Rosa County, Florida. On the night of September 15, 2004, Hurricane Ivan roared into our county leaving behind $1.3 billion in property damage and creating tax revenue loss of nearly $10 million. Then, in the 2005 hurricane season, Tropical Storms Arlene and Cindy, followed by Hurricane Dennis, a category three storm, all came ashore in Santa Rosa County. This is Part II in a three part series on how to prepare for disaster and recovery.

- **Report-in Procedure.** Establish a time and place for rendezvous of critical staff. Ensure each person knows their role in the recovery plan, where and when they should meet, and how to report if they are unable to take their post. Mobilization as soon as possible is critical to the recovery of the community. Ensure every team member understands the critical role they play.
- **Hierarchy Protocol.** Establish your hierarchy to lower levels than under normal operating procedures. Push decision making to its lowest possible level by empowering employees to do the right thing. Make it clear that you will support sound decisions. Additionally, if you or your deputies are unable to report to duty because of extenuating circumstances, make sure everyone knows the order of hierarchy.
- **EOC Liaison.** Designate at least one staff member to stay in the county emergency operations center. Prepare a set of clearly defined duties for this individual to include communication of key information points both pre- and post-storm. This person should be equipped with a set of the backup data and can also act as a facilitator in case of major damage to your main office.
- **Supplies.** Prepare to operate without the basic essentials such as electricity, water, and food. The office should consider having on hand generators to power computers and other essential office equipment, fans or stand-alone cooling systems (ensure proper ventilation while operating) to cool the staff as much as possible; MREs (Meals Ready to Eat); and water. Ensure assessment teams are equipped with first-aid kits, hard hats, flashlights, tarps,

. . . continued page 4

IDEAS FOR YOU

"No" practice

Do you have trouble saying "no" to people who make unreasonable or excessive demands on your time? Strategy: Practice!

Think of a recent request that you really wanted to turn down. Imagine yourself saying "No"—firmly and without an overly long explanation. Simply saying "No, I am not able to do that" is better than saying "yes" to the stress ad overwork that comes when you cannot bring yourself to say "No."

Try these activities to stop stress buildup

You feel frustrated irritated, overwhelmed. Do you pop tranquilizers? An antacid? No. You close your office door and—do a little dance. Sound silly? It's not! One healthy way to short-circuit stress is to engage in an activity that takes you in another direction. If you don't want to dance, try singing, doing push-ups, or playing with your collection of stress-busting toys. The important thing is to step away from your desk—and your computer—and do something that helps you unwind, if only for a moment.

WHAT'S INSIDE

The President's Report,
Legislative News,
Tax Reform Information,
AAP People, Training
Opportunities
and more!

AAP OFFICERS

Eric Brown, CPE
PRESIDENT
Wyoming County Assess. Office
1 Courthouse Square
Tunkhannock, PA 18657
Phone: 570.996.2261
Fax: 570.836.5797
ebrown@wycopa.org

Randy Waggoner, CPE
PRESIDENT-ELECT
EDUCATION CO-CHAIRMAN
Perry Co. Assessment Office
PO Box 37
New Bloomfield, PA 17068
Phone: 717.582.2131
Fax: 717.582.5162
rwaggoner@perryco.org

Paulette Sebring, CPE
VICE PRESIDENT
Monroe County Assess. Office
Administration Bldg. Room 102
1 Quaker Plaza
Stroudsburg, PA 18360
Phone: 570.517.3137
Fax: 570.517.3854
psebring@co.monroe.pa.us

James Hercik, CPE
TREASURER
Fayette County Court House
61 East Main Street
Uniontown, PA 15401-3514
Phone: 724.430.1350
Fax: 724.430.1356
jahercik@fayettec.rba.com

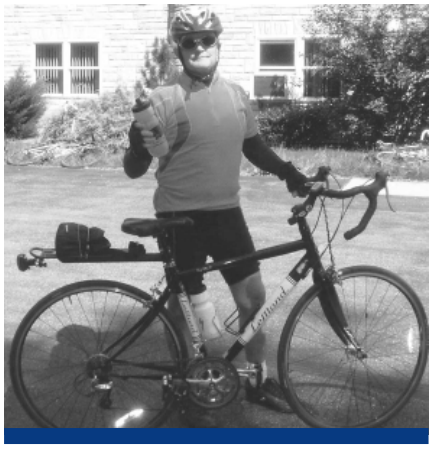
Steve Howe, CPE
SECRETARY - Education Co-Chair
Dauphin County Assessment Office
112 Market Street
PO Box 1295
Harrisburg, PA 17108-1295
Phone: 717-780-6101
Fax: 717-780-6484
showe@dauphinc.org

Thomas Hill, CPE
IMMEDIATE PAST PRESIDENT
Monroe County Assessment Office
Monroe Co. Adm. Bldg. Rm. 102
1 Quaker Plaza
Stroudsburg, PA 18360-2171
Phone: 570.517.3136
Fax: 570.517.3854
thill@co.monroe.pa.us

AAP COMMITTEE CHAIRMAN

Michael Piper, CPE
AAP JOURNAL EDITOR
Board of Revision of Taxes
34 South 11th Street
Philadelphia, PA 19107
Phone: 215.686.9282
Fax: 215.686.4336
Michael.Piper@phila.gov

Philip Light, CPE
GOVERNMENT INFORMATION
Westmoreland Co. Comm. Office
2 N. Main St., Suite 101
Greensburg, PA 15601
Phone: 724.830.3104
Fax: 724.830.3029
plight@co.westmoreland.pa.us



The President's Message

Keep On Smiling!

I entered my first 100 mile bike race this last September never thinking I would ever do such a thing at 55 years of age. The terrain was extremely hilly and was going to be a challenge, to say the least. One tries to pack as much survival stuff as possible in a small sack tied to your bike seat to get you through the six to seven hour trip and hope that nothing "beyond your ability to fix" happens during the ride, but you're smiling, a little nervous, but smiling.

Seventeen miles into the trip you head up this 15 percent grade, 1.4 mile hill that zaps just about everything out of you—you desperately try to find a lower gear realizing you're at rock bottom already—your breathing gets louder and stronger and you try to find something deep inside to keep you going up— something to focus on other than the pain. You start thinking, "hey, the assessment business isn't so bad compared to this"—*gasp, wheeze, gasp* — reach for the water bottle but can't swallow but you attempt to find the strength to keep going. The things that got you down at work last week and what you will have to face the coming week all of a sudden don't seem so bad—and you smile knowing you're going to be all right and you'll make it—the mountain and the work— and then you hear the cheering support groups up ahead around a sharp curve congratulating everyone that makes it to the top. You can't see them yet (mainly because you're blind with pain) but they're there to give you food and beverage, to help replenish your energy and your determination to go on.

I think we've all been through some really trying times—but we make the best of it and plod on. Just keep thinking that it really isn't so bad after all and look for the good things, the accomplishments, the people you've helped and the good work you've performed and know there is a "support group" up ahead— your AAP, the County Commissioners Association of Pennsylvania and your local chapters.

We've got some great articles in this issue, and we thank those authors for their time and energy to support the *Journal.* We like to hear from anyone who has experience with assessment issues— give us your story of how you handled assessment situations in your office, or appeal hearing experiences that will help us all—— or make us laugh.

YOU'RE DOING A GREAT JOB OUT THERE!!!!
KEEP UP THE GOOD WORK
AND KEEP ON SMILING!

Eric

Eric Brown

Local Taxes: Lessons For Change

BY TIMOTHY KELSEY
Professor of
Agricultural Economics
Penn State



Pennsylvania local governments, including counties, are restricted by state law in the local taxes they are able to use locally. Local officials can only choose from among a menu of local taxes approved by the state government, which for many of the choices, includes a state mandated maximum tax rate. This menu varies between different types of local jurisdictions, with the most options being available to municipal governments and school districts, and the fewest to county governments.

The consequence is that county governments have no effective alternative to a heavy reliance upon the real property tax. Indeed, the real property tax accounted for 96 percent of county local tax revenues in 2004, compared to only 32 percent of municipal tax revenue. Despite a few minor differences in tax choices across recent years, county government reliance upon the real property tax has not changed significantly- in 1997, for example, the tax accounted for 97 percent of county tax receipts. (all government data from official audit data collected by the PA Department of Community and Economic Development).

Despite county governments' lack of tax alternatives, the Commonwealth has ignored counties in their tax reform initiatives over the past ten years. All of the major local tax reform legislation passed since 1998 has focused exclusively on school districts, including Act 50 of 1998, Act 24 of 2001, Act 72 of 2004, and Act 1 of Special Session 2005/2006. The experience of school tax reform provides some implications for any future tax reforms affecting county governments. These include:

With the exception of Act 1 of Special Session 2005/2006, all of the recent local tax reform initiatives required local approval to be implemented within an individual school district. The acts thus at least implicitly recognized that local conditions differ significantly across Pennsylvania, and that what is appropriate for one community may not work in another. People within each community had the ability to decide for themselves whether the tax reform changes should be adopted in their school district, or whether they preferred to remain with the status quo. There were important differences between the acts about how the local adoption decision was to be made in school districts, however. In general, all the acts required voter approval for the tax change to be adopted locally, but whether and how such a question was placed on the ballot varied significantly across the Acts. Act 50 and Act 1 both required school districts to create Local Tax Study Commissions of local citizens, who made a non-binding recommendation to the local school board based upon their examination of several factors relating to local taxation and tax fairness. Only Act 50 allowed citizens themselves to place the reform decision on the local ballot if the school board chose not to adopt the Tax Study Commission's recommendation (and this only if the commission recommended the issue be placed on the ballot). Act 24 and Act 72 were placed on local ballots solely at the discretion of the school board without a formal external recommendation.

Act 1 had an element of local choice, specifically the May, 2007, primary vote, but this local vote solely involved whether voters within a school district wanted to impose higher than state-mandated income tax rates under the Act, not whether the district should adopt Act 1. Regardless of the local election results, Pennsylvania school districts were

. . . continued page ten

Douglas E. Hill
EXECUTIVE DIRECTOR
17 North Front St.
Harrisburg, PA 17101
Phone: 717.232.7554 x3115
Fax: 717.232.2162
dhill@pacounties.org

Terry Cochran
DEPUTY DIRECTOR
PO Box 60769
Harrisburg, PA 17106-0769
Phone: 717.526.1010 x3334
Fax: 717.526.1020
tcochran@pacounties.org

Lori Lawyer
ADMIN. ASSISTANT
17 North Front St.
Harrisburg, PA 17101
Phone: 717.232.7554 x3112
Fax: 717.232.2162
llawyer@pacounties.org

Debra S. Tingley, APR
DIRECTOR OF PUBLICATIONS
PO Box 60769
Harrisburg, PA 17106-0769
Phone: 717.526.1010 x3336
Fax: 717.526.1020
dtingley@pacounties.org

The *AAP Journal* is published four times a year.

DEADLINE for the Winter issue is January 6, 2008

Article submissions are welcome. Send to:
Michael Piper, CPE
Journal Editor
Board of Revision of Taxes
34 South 11th Street
Philadelphia, PA 19107
Phone: 215.686.9282
Fax: 215.686.4336
Michael.Piper@phila.gov

Publications Disclaimer

The information provided in this publication is not intended to take the place of professional advice. Readers are encouraged to consult with competent legal, financial, or other appropriate professionals. Statements of facts and opinions expressed in this publication, by authors other than Association staff and officers, are the sole responsibility of the authors and do not necessarily represent an opinion or philosophy of the officers, members and staff of the Assessors' Association of Pennsylvania. No endorsement of advertised products or services is implied by AAP unless those products or services are expressly endorsed, or are owned or managed by the Association programs, or our affiliates. This publication may not be reproduced, modified, distributed, or displayed in part or in whole, by any means, without advance written permission of AAP. Please direct your requests to Debra S. Tingley, APR. *Note:* As part of its copyright agreement, the AAP grants the author the right to place the final version of his/her manuscript on the author's home page, subject to AAP's standards, or in a public digital repository, provided there is a link to the AAP web site.

bug spray, and appropriate supplies for working in war-like zones. Carrying MREs and water will enable appraisers to remain in the field, as it is unlikely that restaurants will be open for business.

· **Remote Location.** Consider setting up a satellite office and sending a remote team to manage it. This will prove extremely valuable in the event your main office, systems, and communications prove uninhabitable or are rendered useless. A partnership with another Property Appraiser is ideal because they will understand your unique operation.

· **Identification.** Give significant thought to the means of identification you provide for your team. Official identification becomes very important for the safety of your staff especially when entering areas of mass destruction. Law enforcement officials may not allow appraisers to enter devastated areas without proper identification. Citizens will tolerate and appreciate government personnel in the vicinity of their destroyed homes but are intolerant of sightseers or looters. In Santa Rosa County, we have identifying shirts, identification badges, logo hardhats, business cards, and cars with county logos to allow recognition of appraiser employees. We also have magnetic emblems for automobiles in case we have to use private autos or leased vehicles for damage assessment.

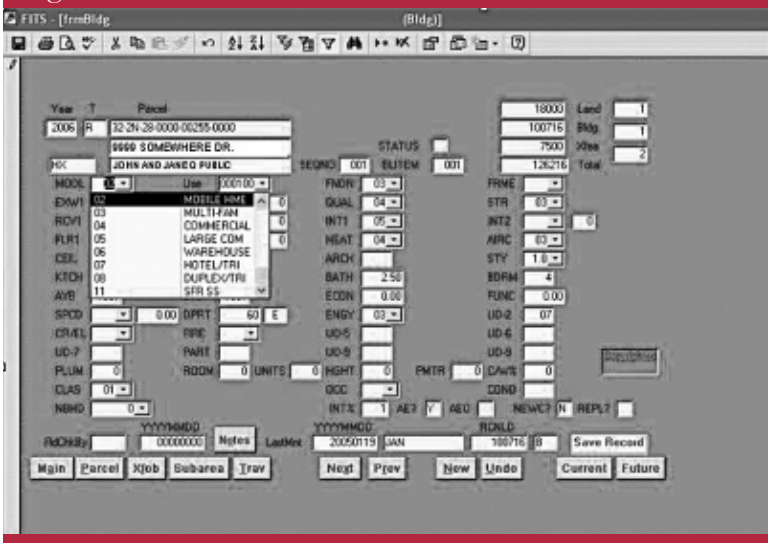
· **An Expanded Role.** In times of crisis, consider ways you can expand your contribution beyond strictly job-related efforts. With the proper balance, and while maintaining our focus on damage assessment, we provided critical aid to our community. We played a unique role, more so than many other government agencies, because of our large mobilization of forces post disaster. We would go into areas where the storm surge had destroyed all means of transportation leaving citizens place bound with no way to get basic supplies or information. We loaded our vehicles with food and water from the Federal Emergency Management Agency (FEMA), and printed emergency information from the county's EOC for distribution in the most devastated areas or to those citizens who had no other means of retrieval.



· **Alliance-Building.** Too often in government agencies, bureaucracy and red tape results in complacency and inefficiencies. However, during a crisis situation, it takes a committed team willing to go the extra mile to achieve normalcy. The team spirit that emerges after a community has collect-ively experien-ced a disaster is something that can't be described, only experien-ced. People want to work together, they want to help, and they are committed to the recovery. With some forethought and planning, you can leverage this momentum to reach astounding heights. Build your partnerships early, define roles and responsibilities, and ensure everyone understands the strategic goal and how their part contributes to the overall success.

· **Experience-Sharing.** If your jurisdiction has experienced a cataclysmic event, you should communicate with other jurisdictions about your successes and failures during the crisis. State associations should hold conferences on this subject because post-planning is a long and rocky road.

Figure Two



Our Plan in Action

When it came time to effect our plan, several recent developments in the Santa Rosa County Property Appraiser's Office positioned us well to deal with the aftermath of Hurricane Ivan. The plan and all of its elements were not tried and tested. In fact, some of the processes that proved germane to our successful recovery were not developed primarily for crisis response. The following describes our actual response to the disaster.

The Partnership

Immediately following the storm, the expert teams from the Property Appraiser's Office and the Building Department convened and paired into groups of two to go into the field. Each pair was equipped with a computer tablet that included all of the county's property values in a spreadsheet. This strategy enabled the appraisers to immediately record their determined percentage of damage to the overall

structure or building values. It was also an efficient model for the Building Department inspectors in their endeavor to assess readiness for power restoration.

Our approach in performing the damage assessment was to estimate an overall percentage of damage for an entire neighborhood or subdivision. The county was divided into workable areas. Rather than doing a house-by-house inspection in each area, the appraisers were instructed to give an estimate that approximated the level of damage throughout the subdivision or neighborhood. The building values had been separated from the land values, so the appraiser's estimation was applied only to the total building value for that particular area to derive the estimate of damage for that subdivision or neighborhood. These cumulative amounts were summed daily to provide an up-to-date estimation of damage caused by the hurricane.

Our initial damage assessment within the first 10 days after the storm was $ 1.3 billion. Our neighborhood approach seemed to work very well in producing damage estimates in a short timeframe. This early estimate did not include governmental or tangible properties. However, these items should be included and up-to-date values should be available prior to a disaster.

Once the initial drive-by estimates were complete, we initiated a house-by-house damage assessment to determine the impact on the ad valorem taxable value of the county. A point to note is that damage value does not equal loss in assessed or appraised value. A home could have roof damage of $15,000 to $25,000, but once repaired, it would not sustain any loss in assessed value. Therefore, our initial damage assessment does not equal our actual loss in the taxable value for the county.

In previous times, the process would have been long and very tedious requiring maps and correlated property record cards for each geographical area. Fortunately, the Santa Rosa County Property Appraiser had recently developed some innovative field software.

FITS to the Rescue

A desire to provide the most efficient mechanism for field appraisers to conduct their everyday business resulted in the most unequivocal success for the Property Appraiser's Office. Just prior to the storm, the office had embarked on a project to develop field appraisal software to replace what we had identified as archaic systems and inefficient processes.

The new software was envisioned as a tool to allow field appraisers to use pen-based tablets to collect and enter building data in the field. Santa Rosa County contains nearly 100,000 properties within a geographical area of over 1,000 square miles. Prior to the software's development, two full-time data-entry operators were required to enter the data collected in the field.

The Property Appraiser was convinced, however, that the field appraisers could input their own data while in the field. In addition, the system would permit field access to building information via the GIS. The software also would enable tracking of building permits and reviews and minimize lost or misplaced files. We called our system FITS for Field Inspection Tracking System. With a little luck, FITS proved to be our road map for success in the days after the storm.

Just days before Ivan made landfall, we downloaded our county's

. . .continued page nine

21st Century Appraisals
A subsidiary of The Barco Group, LLC

- Experience and Leadership
- Quality Assessments
- Turn-Key Reassessments
- Taxpayer Education
- Assessment Management
- CourthouseOnline.com
- Paragon Technology™

www.21appr.com

In today's economy, Pennsylvania communities urge fiscal restraint and accountability. At the same time, they demand more and better quality services. Since the primary source of revenue for local government is the real estate tax, it falls to public policy decision-makers to build a constitutionally-acceptable taxing infrastructure that is both fair and equitable. Since 1976, 21st Century Appraisals has helped county officials meet the challenges of tax fairness.

1801 Oberlin Road, Middletown, PA 17057 | 800.525.9876 | 717.985.0632 (fax) | sales@21appr.com

MEMBER ABILIA



Name : Rebecca "Becky" Reed

Position : Director

Years in Assessment : Five

County : Clarion

Marital Status: Married for 17 years to Mike and have two son, Todd, 13 and Curtis 11.

What irritates me most in the assessment business: That the assessment field does not always get the acknowledgment and respect our profession deserves.

Most People Would Be Surprised To Know: I love operas and classical music.

Biggest Challenge As A Chief Assessor: Dealing with county politics

First Job: Bookkeeper. I have an accounting degree from CUP

If I Couldn't Be An Assessor I Would Be: I would be: A real estate appraiser

If I Won Millions In The Lottery, I Would: Move to Arizona for my husband's health earlier than we were planning.

Favorite Food and Drink: Iced tea and grilled chicken salad

Favorite Vacation: Camping with my family

Favorite Movie: Pride and Prejudice

Three People Living Or Dead That I Would Invite To Dinner: My dad, Jane Austin and Mozart

If I Could Live In The Past For One Day I Would Change: Nothing. The past shapes who you are today.

My Best Friend: My husband Mike.

We're Your Print and Direct Mail Specialists.

Notice of Assessment • Tax Claim Certified Mailings
Return & Claim • Sale Notices • Second Sale Notice
Real Estate Tax Bills • Reminder Notices • Posting Notices
Embroidery & Screen Printing • Apparel & Promotional Items

Serving 64 of 67 counties in PA ~ Since 1973

8020 Mine Street • PO Box 757 • Fogelsville, PA 18051-0757
Call 610.395.0900
visit us at www.givemefive.com

FIVE THOUSAND FORMS, INC.
Your BEST Shot!

Chapter Notes and Other News

The new officers for the **NORTHEAST CHAPTER** Assessors Association for 2008 are:
President - Catherine Voda, CPE, Wyoming County; Vice President - John McCormick, CPE, Wayne County; Secretary/Treasurer - Lynda LaBarre, CPE, Monroe County; Education Chairman - John Nolan, Chief Assessor, Wayne County. Alternates to the Board: Bradley Killian, CPE, Wyoming County and Daniel Barnett, CPE, Wayne County.

NORTH WEST CHAPTER

Jennifer Santini's father, Joseph Gianvito, passed away on September 25. Jennifer is the Deputy Assessor for Jefferson County.

SOUTH CENTRAL CHAPTER NEWS

Upcoming South Central Meetings: Friday, December 7, 2007. The South Central Chapter meets quarterly. Our business meetings begin at 9:00AM, with seminars beginning immediately after the meeting (approximately 9:30AM) and are held at the Adams County Agricultural and Natural Resources Center, 670 Old Harrisburg Road, Gettysburg, PA 17325. Please contact Barb Walter at 717-337-9837, for more information.

YORK COUNTY NEWS

Welcome to Bob Decker who was recently hired as an appraiser.

STEB NEWS

Congratulations and welcome to STEB's new Executive Director, Greg Schoffler. Greg replaces Tom Connolly who retired earlier this year. Congratulations to Renee Reynolds on her promotion to Director of Certifications. Renee replaces George Yurovich, who retired earlier this year. Congratulations to Nicole Porr who was promoted to Director of Administration/Fiscal Officer; Nicole replaces Janice Elliott who retired earlier this year. Congratulations and welcome to Dolores Rhen who was hired as a field auditor and will be working in counties in the Southcentral part of the state.

SOUTH EAST CHAPTER

We regret to report that Joe Yaros, CPE, appraisal supervisor in Lehigh County, who had worked for 23 years for the county passed away on October 4, 2007 in his home.

Upcoming Chapter Education Opportunities

November 14 Laurel Mountain Chapter

Class: Income Approach to Value

Instructor: Randy Waggoner, CPE, Chief Assessor, Perry County

Contact at Chapter: Lynda LaBarre, CPE, Monroe County at (570) 517-3142.

December 14 North East Chapter

Class: Pennsylvania Act 45, The History of Building Codes and Introduction to Residential Code Standards

Instructor: Robert W. Buddenbohn, Jr., Executive Officer, Pennsylvania Association of Building Code Officials

Contact at Chapter: Mike Vestal, CPE, Allegheny County at (412) 473-4285 or *MVestal@county.allegheny.pa.us*

Info Com Ad

Legislative Update

Phil Light, AAP Government Information Chairman

October 5, 2007. . . I am almost embarrassed to submit this article as there is really nothing of great interest to report. However, I use the word "almost" as it is somewhat refreshing to report that the General Assembly has not done anything to this point in the 2007/2008 session that would make your lives more miserable.

But, on the down side, there is a long way to go in this session and there are rumblings that they still consider "tax reform" to be a hot issue. I hate to reveal my apparent lack of intelligence but, after following the continuing saga of "tax reform" in the General Assembly for a number of years, I still do not have a clue as to what that term means and I have a somewhat uncomfortable feeling that they don't either.

The Legislature has managed to pass two acts so far this session that could be of general interest to you. The first is **Act No. 7 of 2007** which changes the name of the Emergency and Municipal Services Tax to the Local Services Tax. You may remember that this tax was originally called the Occupational Privilege Tax. The Act also allows municipalities to use the proceeds of this tax to provide for property tax relief through a general property tax reduction or through implementation of a homestead and farmstead exclusion in accordance with 53 Pa.C.S. Ch. 85 Subch. F. The other new act is **Act No. 38 of 2007**, which prohibits assessment of signs and sign structures in second class counties. Assessment of such property is already prohibited in all other counties per Act 142 of 2006. There is only one bill that has shown any signs of life since the last issue and that is **House Bill 656,** which would allow the owner of property subject to Act 319 preferential assessment to lease land covered by the preferential assessment to be used for a wind power generation system without causing a rollback on remaining land as long as certain conditions are satisfied. The rollback would be limited to the leased land.

In the area of new bills, on the House side, we have **House Bills 1438 and 1439**, which would greatly limit the rights of borough, township, city, school district and county governments in regards to filing assessment appeals before boards of assessment appeals except for the year of a countywide reassessment. HB 1438 deals with counties of the 2a and third class and HB 1439 deals with 4th through 8th class counties. Moving right along, we have **House Bill 1491** that would consolidate and update 2A through 8th class county assessment codes. As you may remember this is a reissue of a bill from last session that was a result of a lot of hard work by the AAP Assessment Reform Committee with the assistance of the County Commissioners Association of Pennsylvania and the Local Government Commission. Hopefully this is one bill that can be adopted as it will make your life more pleasant. Imagine that!

In the spirit of nothing new, there is **House Bill 1600,** which would establish a state funded school property tax reduction fund that would be paid to school districts based on a population formula. School districts would then be required to grant a homestead / farmstead exclusion equal to the amount received. An interesting bill is **House Bill 1661** that would amend the definition of Contribution in the Institutions of Purely Public Charity Act to read "The promise, grant, pledge or gift of money, property, goods, services, financial assistance or other similar remittance[.] that does not result in any direct or indirect benefit to the institution or institution of purely public charity." In other words, say so long to management bonuses. And the last new bill on the House side is **House Bill 1747** that would authorize the treasurer of a 2nd class county to collect municipal and school taxes imposed in the county along with the county tax. Incurred expenses would continue to be the responsibility of the county.

On the Senate side we have **Senate Bill 777**, which would allow any municipality that passes an ordinance or resolution to collect their own delinquent taxes to be exempt from any procedure or provision of the real estate tax sale law including the obligation to make annual returns to the county tax claim bureau and we have **Senate Bill 973** that would allow greater use of the earned income, personal income and sales and use taxes by local municipalities and counties in order to eliminate or reduce the reliance on real property tax, occupation taxes and the per capita tax and that's it, as they say, in a nut shell.

As always, if, for whatever reason, you feel an overwhelming desire to contact me, I'm still Phil Light, AAP Government Information Chairman, available at 724-830-3104 or *plight@co.westmoreland.pa.us*.

. . . *Disaster Preparedness continued from page 5*

appraisal information onto four computer tablets. Because the FIT system was still considered in development mode, we had only ordered four to use during the initial trial phase. We quickly moved from trial to transition, from test to implementation, from development to production. Disasters have a way of moving things to unanticipated levels. Thus, in the days following Ivan, we immediately needed 12 tablets to use in the damage assessment of our county.

First, however, we needed to shift paradigms. Change is difficult, and coupled with a lack of an adjustment period and minimal training equaled anxiety. After Hurricane Ivan, the field staff wanted to conduct damage assessment the old-fashioned way, the familiar way—with printed maps and cards. The first print run, after we connected the printer to a generator, produced 6,000 field cards. The task was enormous and chaotic. Trying to coordinate cards to maps in an understandable format so that two people working together could review properties was an unbelievable job.

Emotions were already running high, as the entire county had been traumatized. Trying to deal with this minutia under these circumstances actually fostered the willingness to try a new methodology. The team quickly became overwhelmed with the task of doing things "the way we've always done them." After a short explanation of the initial thought process and design of the FIT system, everyone understood its potential. The system enabled us to import building permits and building reviews into our GIS mapping. This would correlate our building information to parcels on our mapping system, which indicated parcels requiring inspection. There was no need to manually pull permits, staple them to the cards, and correlate cards to the map order. Because the building information and the maps were already in the tablets, the former time-consuming method and its associated costs were eliminated

The FIT system provided a mechanism for recording the percentage of damage to a structure. Our appraisal software, CAMAUSA by ACS, allows flexible user-defined areas. Thus, we customized our screens for percentage adjustments to the structure. This enabled reports identifying damage assessment by parcel or in a total summation. We could easily determine the amount of damage to a geographic area, the number of buildings damaged, and the total amount of damage caused by the hurricane.

With the FIT system, the Property Appraiser's staff conducted nearly 50,000 drive-by inspections of properties within the 1,000-square-mile county area in a little more than three months following Hurricane Ivan. The FIT system enabled 12 field and land appraisers to note nearly 3,774 structures totally destroyed or rendered uninhabitable by the hurricane. This number does not include the thousands of homes that had partial damage or lost their roof coverings.

Part Three of this article will appear in the next issue of the *Journal*.

Colorado CustomWare, Inc.:
Harnessing the Power of Technology to Work "Harder" for You

What Do You Want Out of Technology?

Reliability
Integration
Performance
Functionality
Security

Contact CCI today to share your technological needs and learn more about our user friendly Computer Assisted Mass Appraisal (CAMA) system!

CAMA . GIS . Field Collections

Colorado CustomWare, Inc.
800.806.7896
www.coloradocustomware.com

. . . tax reform continued from page 3

"County tax reform very likely also would end up with some form of back-end referendum. This may be a greater challenge for county governments than for school districts, since many county services are less visible to the general public (e.g. drug and alcohol, and other human service programs) and thus it may be harder to generate political support for local tax increases."

subject to all the other components of the Act, including back-end referendum and earlier budgeting cycle. One interpretation of why most elements of Act 1 applied automatically to all school districts, without a local option of opting out, was that state politicians were upset that relatively few school boards chose to place Act 72 on their local ballots in 2004. Indeed, many elements of Act 1 are identical to those in Act 72.

All the school tax reform acts relied at least partially upon higher local income taxes to pay for tax breaks. Several of the acts allowed school districts to choose between a local Earned Income and a Personal Income tax. Act 72 and Act 1 also included some state gaming monies to pay for local tax reductions. But the general focus of reform was shifting tax use within each district, rather than directly addressing inequities across districts, such as arise from significant differences in tax base.

All of the acts except Act 24 of 2001 targeted real property tax savings to local homeowners and farmers through Homestead/Farmstead Exclusions, rather than to all taxpayers in the jurisdiction. (Act 24 did not address the real property tax, but rather focused exclusively on the Occupation Tax).

Homestead Exclusions target tax relief to homeowners whose permanent residence is in the jurisdiction by reducing the assessed value of their homestead (home), which thus reduces their property tax. The homestead exclusion provides the same dollar tax reduction (such as $300) for all eligible properties in the taxing jurisdiction. The farmstead exclusion is a similar method of targeting real property tax relief to farmers, offering savings on the taxes paid on farm buildings (other than the farm house, which receives tax breaks through the homestead exclusion), so long as at least one farm owner lives on that farm. This is in addition to other existing real property tax relief programs aimed at farms, such as "Clean and Green," which reduce the assessed value of farmland.



The targeted aspect of the tax reductions was intentional in the acts, since the tax reductions would be paid for at least partially by residents through higher income taxes If tax savings were given by simply lowering millage rates, businesses statewide would get about 26 percent of the tax savings since they pay about 26 percent of all real property tax dollars in the commonwealth (this percentage varies significantly across districts). Many legislators felt this would be unfair since local businesses and non-resident property owners would get tax savings paid for by residents, and they did not want to be accused of raising residents' income taxes to give tax breaks to non-residents and local businesses. Yet one criticism of the exclusions is that they do not benefit renters, even though renters face higher income taxes to pay for such tax breaks. Critics charge that raising local income taxes to pay for Homestead and Farmstead Exclusions means renters pay more in taxes to give wealthier homeowners a tax break.

Most of the acts included a provision called the Back-end Referendum, which requires voter approval for future tax increases over a certain level. The intent is to help protect taxpayers from future large tax increases, and gives them a more formal voice in local tax decision-making. Yet while making it more difficult for local officials to raise taxes, none of the acts simultaneously did much to help protect school districts from the need to raise taxes in the future– none of the Acts did anything to reduce or protect them from unfunded mandates, which many local officials argue is a major reason for rising tax rates. Act 72 and Act 1 mention several unfunded mandates, such as special education and the state retirement system, but simply excluded a portion of these from the back-end referendum calculations rather than reducing the need for such spending.

With the exception of Act 24, which focused ex-

clusively on the occupation tax and not the real property tax, voters statewide have been reluctant to approve any of these local tax reform initiatives for their own school district. With Act 50, for example, only five school districts placed the act on their ballot in the initial year, and it was approved only in three of the districts. More recently, voters in only eight of the Commonwealth's 501 school districts approved the local option under Act 1. Despite the rhetoric and strong interest in local taxes and tax reform, local voters have not been strongly supportive of the tax reform initiatives made available to them.

A school districts' recent experience with local tax reform is likely illustrative of what any future county tax reform act affecting county governments may contain. Most likely, county tax reform would rely heavily upon a local income tax (either earned income or personal income), the favored tax alternative within the school tax reform acts. This corresponds more closely to taxpayers' abilities to pay, but yet would subject county governments to greater variability in tax collections because income taxes are more sensitive to changes in the local economy. In addition, the state has favored targeting tax breaks through Homestead and Farmstead Exclusions, which means tax savings would go exclusively to homeowners and farmers, not other local taxpayers. Using higher local income taxes to pay for such reductions is neutral for local businesses and non-resident property owners, since they pay nothing more as a result, but negatively affects renters.

County tax reform very likely also would end up with some form of back-end referendum. This may be a greater challenge for county governments than for school districts, since many county services are less visible to the general public (e.g. drug and alcohol, and other human service programs) and thus it may be harder to generate political support for local tax increases. More importantly, counties are more dependent upon intergovernmental transfers, and thus are more subject to the risk of unfunded mandates or changes in budget flows than are school districts.

A final lesson from recent school tax reform acts is that county tax reform may be a hard sell with voters, even if it is approved by the Governor and state legislators. Despite the rhetoric and widespread feelings about the unfairness of the real property tax, with few exceptions voters have not shown strong support for recent school tax reform efforts. This may be a result of lack of support for or lack of knowledge about the specific proposals, distrust of state politicians or school boards, or unease with changing to an unknown and untested system. In any regard, it suggests that reforming county taxes will require a concentrated public education effort to help legislators and local voters understand the issues and trade-offs involved.

tyler
clt division

Tyler CLT

Helping governments help their communities.

MASS APPRAISAL SERVICES
- Revaluation
- Valuation Consulting
- New Construction
- Image Data Collection

PROPERTY TAX SOFTWARE
- CAMA
- Assessment Administration
- Personal Property
- Tax Billing & Collections



Contact Paul Miller or Randy Robillard
Tyler Technologies | CLT Division | 800-800-2581 | www.tyler-clt.com

Assessors' Association of Pennsylvania
17 North Front Street
Harrisburg, PA 17101
717-232-7554
FAX: 717-232-2162