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AAP Journal

ASSESSORS' ASSOCIATION OF PENNSYLVANIA

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Calendar

AAP Board of Governors' Meeting
Seven Springs Mountain Resort
May 7

2024 Annual Conference
Seven Springs Mountain Resort
May 8 - 10

CPE Exam Review Class
Hybrid - Virtual or at the CCAP Office, Harrisburg
May 14 - 15

AAP Board of Governors' Meeting
CCAP Office, Harrisburg
July 12

2024 Fall CPE Classes
CCAP Office, Harrisburg
Intro - September 9 - 13
Site - September 16 - 20
Cost - September 30 - October 4
Income - October 7 -11

AAP Board of Governors' Meeting
Sheraton Station Square Hotel Pittsburgh
November 20

AAP Fall Conference
Sheraton Station Square Hotel Pittsburgh
November 21 - 22

*Visit **www.paassessors.org** for more information.*

The Assessment of Grid Scale Solar in Pennsylvania

Charles "JR" Hardester, CPE, Chief Assessor, Lawrence County
Joshua Zeyn, CPE, Chief Assessor, Tioga County

Over the last few years, grid scale solar projects have become more active across the Commonwealth, and with the absence of laws specifically addressing solar projects and related improvements, it's left many assessors with questions on how to handle the assessment and valuation of these facilities. In 2021 and the early part of 2022, the Assessors' Association of Pennsylvania (AAP), and the County Commissioners Association of Pennsylvania (CCAP) started to take a look at this issue to try to provide some type of guidance to their respective members. During the same time, municipalities have also been scrambling to try to address the issues surrounding land development, and zoning ordinances. Up until this point, the primary focus of the AAP's research and discussion has been on grid scale solar projects, which are typically greater than 20 megawatts, and are currently proposed, or being installed on hundreds, and in some cases, thousands of acres across Pennsylvania.

By June of 2022, the AAP had come to a consensus that there were a lot of similarities between grid scale solar projects and windmills, which had previously been addressed with Act 167 of 2006. In the interest of uniform treatment of similar improvements not only within each county, but across the state, the AAP Board of Governors approved supporting proposed amendments to the Consolidated County Assessment Law (CCAL) under sections 53 Pa. C.S. § 8811 and §8842, that would treat grid scale solar projects in a similar manner as windmills. These proposed amendments would require that the panels, supporting structure, and related equipment be treated as machinery and equipment not subject to assessment and taxation as part of an industrial establishment, and that the non-proprietary lease and income and expense information be submitted to the assessment office by September 1. Given the reported time frames for these projects of 25 to 50 years, and annual lease payments of $300 to $2,000 per acre to the land owner, it's imperative that assessment offices have access to the leases to produce credible, accurate, and uniform assessments. The timeframe involved with these leases will require the application of the Supreme Courts holding in the Marple Springfield cases "Appeal of Marple Springfield Center, Inc., 607 A.2d 708 (Pa. 1992)", which requires the use of actual rents as part the "Economic Reality Test" when a property is encumbered by a long-term lease. Leases will also assist the assessment office with determining land owner access rights, and permissible uses to the property which will have implications on how the properties are treated under the Clean and Green program.

While the primary focus so far has been on grid scale solar, the increase in popularity of residential and commercial net metered installations, where energy is used on the parcels and sold back to the grid, and community solar if it becomes legal in Pennsylvania, may force counties to consider these improvements during their next reassessment. A review of sales should help assessors determine if a solar characteristic should be considered in the valuation like other improvements such as central air conditioning. Agrivoltaics, or land that is devoted to both solar and agricultural activities is a topic that might be on the horizon.

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President's Message

Hello AAP Members,

In my final message to the AAP membership as your President, I would like to thank you for this wonderful opportunity to serve this great organization. I would also like to thank all of our committee members and AAP staff for all of the work that you do; without your service, the AAP wouldn't be the organization that it is today. Founded in 1949 with the intent of promoting education and professionalism, the AAP has continued to grow over the years not only in membership, but in the services provided to county assessment offices. The educational and networking opportunities are probably the two most valuable benefits of AAP membership in my opinion; the answer to your questions is never more than a phone call or email away. We help each other out when we encounter a problem or question; that's what makes this organization great. Whether you're a new or seasoned assessor, having access to a network of professionals across the state makes all of our jobs a little easier.

I have to say, this last year has come and gone so fast - wrapping up our first county-wide reassessment in Tioga County since 2001 might have had something to do with that. For any assessors that are currently facing a possible reassessment, or are currently going through the process, I would encourage you to reach out to the AAP with any questions you might have. Also, I would encourage you to take advantage of the resources that were developed as part of the Pennsylvania Local Government Commission's Assessment Reform Taskforce which included: Data Collection Standards, Model RFP and Contracting Guidelines for County Reassessment Services, A Self-Evaluation Guide for County Officials, and a public relations guide. These resources were an invaluable asset for our recent reassessment.

One of my priorities as AAP President was to revisit the work of that task force and pick up where it left off. Having formed a committee of assessors from across the state, we are actively working on gathering information and working on a plan to try to move Pennsylvania's assessment system into the 21st century, focusing primarily on the issues of timing, statistical triggers, funding, oversight, and implementation. In addition to the work our members are doing, the CCAP Assessment and Taxation Committee is also actively working on cyclical reassessments, and we've heard some rumblings in the legislature as well.

I would encourage that you get involved with your local chapter if you haven't done so already. From my own experience I can say that representing the North Central Chapter on the Board of Governors was an educational experience that provided a lot of insight into how the AAP functions as an organization.

Looking forward to seeing everyone at Seven Springs Mountain Resort May 8-10 for our 74th Annual Conference where we'll be celebrating our 75th anniversary! Don't forget to bring your favorite sports team jersey, t-shirt, or hat to Wednesday's dinner and auction.

Sincerely,

Josh

Joshua Zeyn, CPE
AAP President

In partnership with the County Commissioners Association of Pennsylvania

Legislative Update

By Jonathan B. Schuck, Chair
Government Information Committee and
Director of Assessment/Tax Claim, Chester County

Greetings fellow assessment professionals throughout the Commonwealth of Pennsylvania. By the time you receive this issue of the AAP Journal, the vestiges of winter should be melting and the first signs of spring should be bursting forth. With the transition of seasons in progress, I hope this Update finds you healthy, safe and enjoying the warmer weather.

Fourteen months into the 2023/2024 session, 3564 bills/resolutions have been introduced, 52 of which pertain to assessment-related matters and 17 of which pertain to tax claim-related matters. Subsequent to the last Update as of December 2023, there has been limited activity on most previously introduced bills and only six new bills introduced. Following is an update on two bills that advanced as of mid-December:

Purely Public Charities Exemption

Act No. 34, approved by the Governor on December 13, 2023, adds domestic fraternal societies, orders or associations to the list of institutions of purely public charity that may apply for exemption from ad valorem taxes, if...

1. Operate under a lodge system,

2. Net earnings are devoted to religious, charitable, scientific, literary, education and fraternal purposes,

3. Qualify as tax exempt under the IRS Code,

4. Have been operating for at least 100 years AND

5. Have not been issued a liquor license as qualifying institutions of purely public charity.

Anit-Blight Initiative

Senate Bill 149 would amend the Real Estate Tax Sale Law to establish a county demolition and rehabilitation fund in each county. The governing body of a county may, by ordinance, impose a fee not to exceed $250 for a property being sold for delinquent taxes or pursuant to an action for mortgage foreclosure. A public notice shall be provided stating the establishment of the fee and its rate. The fund established may be used by the county, any not-for-profit or pro-profit corporation that has a contract with the county or any taxing entity, redevelopment authority, land bank or other government entity, for the demolition or rehabilitation of blighted property located in the county. Passed 41-9 in the Senate on December 13, 2023 and currently in the House Housing and Community Development Committee.

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AAP Journal

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Deadline for the Summer 2024 issue is June 6, 2024.

Article submissions are welcome.

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Grid Scale Solar

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Valuation of Alternative Energy Properties

An appraiser or assessor, when valuing a property is required to consider all three approaches to value. This does not mean we have to develop all three approaches, but we must consider all three approaches. When looking at grid scale solar projects, the sales comparison approach and income approach will be the primary approaches used to value these types of properties. Since the solar industry is just starting to make a footprint in the Commonwealth of Pennsylvania, there will be a lack of sales for these types of properties. With the lack of sales, it will make developing a sales comparison approach to value very difficult. Therefore, the approach we should rely on at this time will be the income approach to value. With the amendment of the Consolidated County Assessment Law pertaining to the valuation of windmills, the legislature has already laid the groundwork for the methodology appraisers and assessors should use when valuing grid scale solar projects.

"The valuation of real property used for the purpose of wind energy generation for assessment purposes shall be developed by the county assessor utilizing the income capitalization approach to value. The valuation shall be determined by the capitalized value of the land lease agreements, supplemented by the sales comparison data approach as deemed necessary by the county assessor. The lessee, or lessor on behalf of the lessee, shall provide the nonproprietary lease and lease income information reasonably needed by the county assessor to determine value by September 1."

When it comes to using the income approach to value, it is important for appraisers and assessors to review the lease information. The information in the lease will help determine the expenses attributed to the property owner so the appraiser or assessor can determine the expense amount or percentage to be removed from the gross income. We are only worried about the expenses attributed to the property owner because the income in the lease is paid to the property owner. The expenses attributed to the solar company would be reflected in the cap rate if that information is identified in the lease. The lease information will also help the appraiser or assessor determine the amount of risk attributed to the property owner which will ultimately affect the overall cap rate. Obviously, the less the risk the lower the cap rate which will increase the value of the property. These two variables will be the major argument of any valuation of grid scale solar projects in the commonwealth.

The final hurdle in the valuation of grid scale solar would be amending the windmill legislation to include grid scale solar or all alternative energy sources. The key component in the legislation is the requirement of the lessee to provide the non-proprietary lease to the county assessor. This is a vital part of the valuation process and more importantly, a way for all assessors to treat all alternative energy projects uniformly across the Commonwealth.



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AAP People & Chapter News

Send your news to Terry Cochran at *tcochran@pacounties.org* for the next issue of the *AAP Journal*.

Our next deadline is June 6.

Bucks County

Earlier this year **Mark Jackowski**, the county's chief assessor, retired from the county after 34 years. He served the AAP on both the Board of Governors and his chapter's board. He will be missed!

Delaware County

The county is happy to announce that **John Wechsler**, passed the CPE exam. Congratulations!

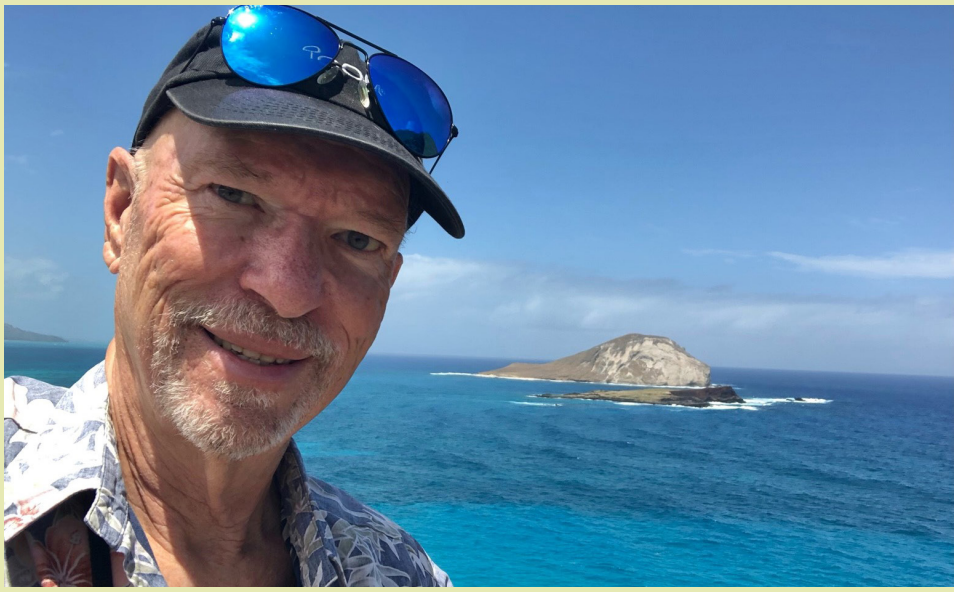
Dauphin County

Longtime assessor, **Kenneth Gordon**, retired from the county on February 2. Keith was very active in the AAP and his chapter. He will be missed by everyone in the assessment office and by the AAP.

Congratulations to the county's newest CPE, **Kristofer Kinsella**!

Juniata County

Congratulations to **Tammy L. Casey** who recently passed her CPE exam!



Greetings from Hawaii! AAP Past President **JP Fox, III** sends his greetings from Oahu where he's spending his retirement. That is the Makapu'u Lighthouse in the distance.

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IAAO ANNUAL CONFERENCE AND EXHIBITION 2024

TOGETHER: DARING TO CLIMB NEW HEIGHTS

The **2024 IAAO Annual Conference** will be August 25 to 28 in Denver, Colorado at the Colorado Convention Center. This conference draws more than 1,200 attendees.

This international conference and exhibition is an excellent way to network with your peers from all over the world, attend high level education sessions and meet with exhibitors.

You can book your hotel room now!

Registration will open this month! Keep checking the website - *www.iaao.org*.

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Pamela Van Blunk

ATTORNEY
BEGLEY, CARLIN & MANDIO, LLP
AAP SOLICITOR

Counties You Work In: Practice in Delaware, Chester, Montgomery, Philadelphia counties and other counties

Years in the Assessment Field: 10 years in assessment law

First Job Ever: Burger King

Worst Job Ever: Burger King (it was filthy!)

What Irritates Me Most in the Assessment Business: cannot think of anything!

Not Counting My Present Job, My Dream Job Always Was: Being a mom

If I Won Millions in the Lottery, I Would: travel more

Favorite Vacation Memory: Summers in Maine as a kid and as an adult with my kids and granddaughter

Favorite Food/Drink: Spaghetti with meat sauce and red wine

Favorite Movie: Pirates of the Caribbean

Funniest Assessment Story: Every time I try and talk to my husband about my work and he responds that there is "nothing funny about assessment law"

Most People Would Be Surprised to Know: that I Irish Dance and was part of an 8-hand that won the nationals (many years ago)

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