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mbm-law.net
 Pittsburgh, PA 15235
 3301 McCrady Road
 One Churchhill Park

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 MAIELLO BRUNGO & MAIELLO, LLP

Recent Pa. Commonwealth Court Decision Striking Down Allegheny County Tax Assessment Appeals Board Rule Potentially Beneficial to Property Owners In Appeals

On March 27, 2007 the Commonwealth Court of Pennsylvania found that the Allegheny County Board of Property Assessment Appeals and Review (“Board”) lacked the authority to limit assessment appeals to challenges of their “base year” or more specifically the 2002 value of the property appealed. In 2006, Allegheny County Council had adopted a 2002 base year system of property tax assessment which was intended to require generally that properties be assessed at their 2002 fair market values. In an attempt to accommodate the base year system of assessing property, the Board, which is charged with hearing appeals of assessments, also adopted an ordinance which required; *for all appeals filed in 2006 and subsequent years the determination of value will be based on the prevailing base year value as established by Allegheny County.*

In *Daugherty v. Allegheny County Board of Appeals* (No. 1777 C.D. 2006) the Daughertys, owners of residential property in Allegheny County, filed an appeal challenging their 2006 assessment of \$66,900. This assessment was established originally in 2002 as a result of a countywide reassessment conducted at the time. The Daughertys had purchased their home in 2004 however for considerably less, \$31,500, and sought to appeal on this basis. When they requested a lower assessment based on the current fair market value of their property, the Daugherty were told the Board rule requiring that the appeal be decided on the issue of base year (2002) value prevented consideration as to the current value of their property.

In *Daugherty*, the Commonwealth Court found that in spite of the court’s adopted “base year” system an appellant in an assessment appeal in Allegheny County could request that their property be assessed at it’s current fair market value, not necessarily the 2002 value, and to have their appeal decided based on the issue of the property’s current fair market value. The Court found that by law in every appeal the Board *must* first determine the current fair market value of the property and then apply the applicable assessment ratio. Contrary to the Board’s rule, it is the taxpayers or appellants *option* to have their appeal decided on the issue of the base year; i.e., 2002 value.

While previously the ability of property owners, commercial and residential alike, to appeal based on current fair market value was in doubt, the Court’s decision in *Daugherty* clearly provides for filing an assessment appeal in order to achieve current fair market value and to account for possible property depreciation. In addition to implications for residential property owners in declining markets, such as the Daughertys, the decision is viewed as important for commercial property owners who may wish to appeal based on factors such as market segment downturns, declining revenues and/or a decline in occupancy levels.



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