

## MEMORANDUM

TO: All House Members

FROM: Representative Mary Isaacson

DATE: May 31, 2019

SUBJECT: Limiting Back-Door Tax Increases in Philadelphia

---

In tax year 2014, the City of Philadelphia implemented the Actual Value Initiative (AVI). The goal of AVI was to assess all real property – land and buildings – in the city at their current market value. Until AVI, the City had a confusing system of assessments where similar properties, sometimes on the same blocks, had wildly different values.

Nearly a year ago, Philadelphia underwent its first city-wide real property reassessment since it implemented AVI five years ago. **In my District alone, property owners have seen assessment increases as high as 850% in just this past year.** Clearly, the system isn't working.

In fact, I previously introduced HB274 to require that all real estate assessors be certified in Philadelphia. As it stands, we are currently the only county in the state that does not require certification. It is hard to believe that these two issues are not directly related.

Due to these outrageous assessment increases, the City will reap an increase in tax revenue by simply leaving their millage rate at the current level while letting rising property values do the rest – raking in a back-door tax increase. It's time to end this practice.

Under my legislation, the first time the City of Philadelphia levies its real estate taxes after a city-wide property reassessment, it will be required to reduce its tax rate, if necessary, so that the total amount of taxes levied for that year does not exceed the total amount it levied on all properties in the year preceding the reassessment.

Subsequently, City Council, may, by a separate and specific vote, establish a final tax rate at a figure that limits the total amount of taxes levied for that year at no more than 10% greater than the total amount levied in the year preceding the implementation of the revised assessments. With court approval, and upon good cause shown, Council could exceed the limitation provided under the bill.

All other counties in Pennsylvania already have “anti-windfall” provisions applicable to them in statute in order to cap the amount of revenue a taxing jurisdiction within that county may retain in the year after the implementation of a county-wide reassessment in which all properties are re-valued.

I ask that you join me in co-sponsoring this legislation which would extend to the real property owners of Philadelphia the same protections all other property owners throughout the state currently enjoy.