

Philadelphia Extends Deadline for First Level Reviews of Tax Assessments

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No one can deny that the fall months have a certain allure. With the changing leaves, American author Jim Bishop noted that "Autumn carries more gold in its pocket than all the other seasons." Of course, Autumn isn't the only one looking for pockets of gold. The City of Philadelphia anticipates \$92 million in additional revenue from its recent property assessments and the deadline to challenge assessments, although extended, is quickly approaching.

The new assessments come after a three year pause on assessments due to concerns about assessment inaccuracies and pandemic-related issues. Initial reviews of the new assessments suggest many taxpayers will face dramatically increased tax bills. On average, assessments increased by thirty-one percent (31%) since the City's reassessments for 2020. In some cases, taxpayers have reported increases over two hundred percent (200%).

Although the City had three (3) years to prepare for the roll-out of the new assessments, it was not without problems. This includes a delay with giving notice of the increased assessments reportedly due to a lack of envelopes. As a result of this delay, the City extended the deadline for filing a first level review ("FLR") with the Office of Property Assessment (the "OPA") until October 14, 2022.

The FLR is a process unique to Philadelphia and allows taxpayers to engage the OPA in semi-informal discussions to resolve assessment disputes. Taxpayers choosing to participate in the FLR process will need to disclose additional information about the property to establish a reduced assessment. If successful, the OPA will voluntarily adjust the assessment to an agreed value, which avoids the need for a formal hearing before the Board of Revision of Taxes ("BRT").

A taxpayer can also appeal the OPA's assessment directly to the BRT. The party appealing to the BRT has the burden of showing that the assessment is too high. For all properties assessed at over one million dollars, the taxpayer must provide an appraisal report with the appeal. The deadline to file a formal real estate assessment appeal with the BRT is always the first Monday in October – for the 2023 tax year, the deadline is October 3, 2022. If a taxpayer fails to file an appeal by the October 3rd deadline, their rights to challenge the assessment may be waived even if they filed for a FLR.

In considering whether to pursue a FLR or a formal appeal to the BRT, the property owner should always weigh the costs versus the benefits of moving forward with an appeal. Factors to consider include the local tax rates, the likelihood of an increased or a reduced assessment, the period of years the appeal may cover, the costs of litigation, and the possible impact on realty transfer tax or use and occupancy tax, among several others.

Attorneys with White and Williams LLP have been active in assessment appeals in Philadelphia as well as in other jurisdictions. This involvement includes reassessment of office buildings, industrial facilities, condominium projects, apartment complexes, hotels, and property affected by environmental contamination. In all cases, the focus is on the value to clients, cooperative and efficient use of independent expert appraisers, and capitalizing on the experience and skill of White and Williams attorneys to ensure accurate tax assessments.

If you have any questions or would like additional information about specific points regarding real estate tax assessment appeals or the approaching deadlines, please contact James Vandermark (vandermarkj@whiteandwilliams.com; 646.837.5791) or Jonah Levinson (levinsonj@whiteandwilliams.com; 215.864.7194).

This correspondence should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only and you are urged to consult a lawyer concerning your own situation and legal questions.