

Revised Common Level Ratios Provide Opportunity for Pennsylvania Commercial Property Tax Savings

James C. Vandermark and Jonah S. Levinson

Tax Alert

8.9.23

Every summer, the Pennsylvania State Tax Equalization Board (STEB) unveils the Common Level Ratios (CLR) for each county. These ratios play a pivotal role in calculating real estate assessments in a tax appeal process. The STEB recently released the CLRs, applicable from July 1, 2023, to June 30, 2024. The recent CLRs suggest that commercial property owners in certain counties may be able to significantly reduce their real estate assessments and corresponding taxes.

Each CLR is the ratio of the assessed values set in a county compared to actual market values of the properties in the county. The STEB establishes the ratio through a comparison between sales data and tax assessments of properties within the county. A CLR will be closer to 100 percent when the county's assessments are closer to the actual values of properties. However, if property values generally increase in a county and assessments are not similarly increased, the CLR will often decrease.

Significantly, the Pennsylvania Constitution requires uniform taxation. This includes assessing all properties within a county at approximately the same percentage of actual value – that is at a common level. This ensures each taxpayer is responsible for their *pro rata* share of the burden of local government. When a property is assessed higher than the common level in the county, the owner may file a tax appeal to have the CLR applied to bring the assessment to the common level.

It is important to note that counties do not automatically apply the CLR in computing real estate taxes. Instead, they employ their own "predetermined assessment ratio," known as the "PAR." This distinction is noteworthy because the amount of taxes owed is derived from the property's value multiplied by the applied ratio (either the PAR or the CLR). The following formulas show the relevant calculations:

Value x Ratio = Assessment

-then-

Assessment x Tax Rate = Taxes Owed

As previously mentioned, each county establishes the assessment using its own PAR. Many counties use a PAR of 100. When a substantial disparity exists between the CLR and the PAR, such disparity could lead to overassessment of a property, thereby requiring the taxpayer to file an appeal to correct the assessment. This includes applying the CLR in place of the PAR as part of tax assessment appeal.

For example, consider Montgomery County with a PAR of 100 and a CLR of 35.5. A commercial property with a value of \$1,000,000 and a county PAR of 100 means the property should be assessed at \$1,000,000. Nevertheless, in an assessment appeal, the CLR could be applied instead of the PAR and result in an assessment of \$355,000.

Real estate values, especially residential properties, have generally increased in recent years. In many counties, the assessments have not kept pace with increased values. This is reflected in the significant decreases in the common levels for many counties as reflected in the following chart:



County

2022-2023 CLR

2023-2024 CLR

County

2022-2023 CLR

2023-2024 CLR

*Adams

87.5

83.9

*Lackawanna

8.2

6.8

*Allegheny

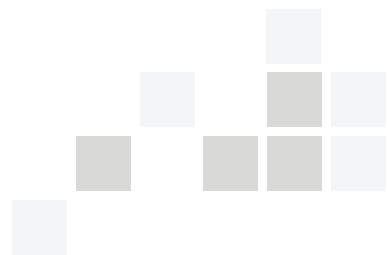
63.6

54.5

*Lancaster

68.1

60.4





Armstrong

40.7

45.4

*Lawrence

60.0

53.7

Beaver

14.8

14.7

*Lebanon

71.9

62.8

*Bedford

71.7

63.2

*Lehigh

63.6

56.8

*Berks

45

39.8

*Luzerne

76.0

69.4



*Blair

85.9

83.6

*Lycoming

56.0

51.3

Bradford

23.1

20.9

*McKean

80.6

57.6

*Bucks

7.3

6.7

Mercer

14.3

13.0

*Butler

7.1

6.5

Mifflin

28.5

25.6

*Cambria

16.5

14.3

*Monroe

60.5

56.2

Cameron

23.9

20.2

*Montgomery

39.6

35.5

Carbon

24.3

20.8

*Montour

55.4

50.4

Centre

21.4

18.5

Northampton

21.7

19.4

*Chester

39.5

36.0

*Northumberland

12.2

10.9

*Clarion

29.1

25.7

*Perry

71.1

66.2

Clearfield

10.1

13.3

*Philadelphia

92.6

93.5

*Clinton

63.6

58.6

Pike

12.1

10.4



Columbia

17.3

16.0

*Potter

22.9

18.0

Crawford

21.3

19.1

Schuylkill

26.2

22.9

*Cumberland

85.7

80.9

*Snyder

11.9

10.5

*Dauphin

52.4

46.6

Somerset

23.6

21.1





*Delaware

72.8

65.8

*Sullivan

55.1

50.9

Elk

25.1

22.0

Susquehanna

22.1

19.6

*Erie

71.1

63.1

*Tioga

51.6

47.2

*Fayette

51.9

49.0

*Union

55.6

52.2





*Forest

14.6

16.0

*Venango

65.8

57.5

*Franklin

9.5

8.6

Warren

19.0

17.0

*Fulton

26.6

23.0

*Washington

84.3

75.3

*Greene

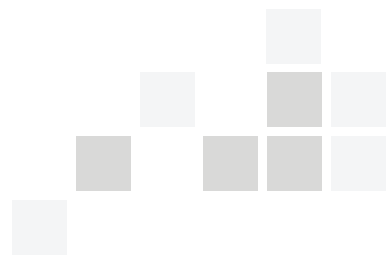
45.6

38.8

*Wayne

57.0

50.5





Huntingdon

15.3

13.9

*Westmoreland

11.0

10.0

*Indiana

94.0

90.4

Wyoming

14.2

13.4

*Jefferson

27.3

25.5

*York

65.9

56.9

*Juniata

10.7

10.1

*Counties with a Predetermined Assessment Ratio of 100

As shown in the above chart, there were significant drops to the common level ratios in a number of counties, including Allegheny, Berks, Cumberland, Dauphin, Delaware, Erie, Lancaster, Lebanon, McKean and York. Commercial property owners in these counties should evaluate whether they could benefit from a tax appeal and application of the CLR to ensure they are not being overtaxed and



instead assessed at the common level for their county.

Of course, any property owner should always weigh the costs against the benefits when contemplating a real estate tax assessment appeal. Nonetheless, for those engaged in or planning a real estate tax assessment appeal, the advantages of invoking the CLR should not be overlooked.

Attorneys with White and Williams LLP have been active in assessment appeals in Pennsylvania and other jurisdictions. This includes reassessments of office buildings, industrial facilities, condominium projects, apartment complexes and hotels. 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 appropriately value the property to ensure accurate tax assessments.

If you have questions or would like additional information regarding specific points regarding real estate tax assessment appeals, please contact James C. Vandermark (vandermarkj@whiteandwilliams.com) or Jonah S. Levinson (levinsonj@whiteandwilliams.com).

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.

