

**PART III. STATE TAX EQUALIZATION BOARD**

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**CHAPTER 601. GENERAL PROVISIONS**

Sec.  
601.1. Definitions  
601.2. Purpose and scope.  
601.3. Applicability of general provisions.

**Authority**

The provisions of this Chapter 601 issued under the act of June 27, 1947 (P. L. 1046, No. 447) (72 P. S. §§ 4656.1—4656.17); and section 506 of The Administrative Code of 1929 (71 P. S. § 186), unless otherwise noted.

**Source**

The provisions of this Chapter adopted August 6, 1969, unless otherwise noted.

**§ 601.1. Definitions.**

The following words and terms, when used in this part, have the following meanings, unless the context clearly indicates otherwise:

*Act*—The act of June 27, 1947 (P. L. 1046, No. 447) (72 P. S. §§ 4656.1—4656.17).

*Board*—The State Tax Equalization Board of this Commonwealth.

**§ 601.2. Purpose and scope.**

(a) The purpose of the Board is to convert aggregate taxable assessments in each school district which are determined by Statewide dissimilar procedures into aggregate market values based on Statewide uniform procedures.

(b) The General Assembly of the Commonwealth, in its efforts to provide equal basic educational opportunities for children throughout this Commonwealth, established the Board in 1947 for the following reasons:

- (1) The growing need to reflect unequal local financial abilities of school districts in distributing school subsidies.
- (2) The failure of local assessed valuations to provide such an index on account of the Statewide lack of assessment uniformity.
- (3) The growing trend of the Commonwealth to assume more responsibility for financing the public school system.

**§ 601.3. Applicability of general provisions.**

Under 1 Pa. Code § 31.1 (relating to scope of part), 1 Pa. Code Part II (relating to general rules of administrative practice and procedure), are applicable to the activities of and proceedings before the Board.

**Source**

The provisions of this § 601.3 adopted February 7, 1975, effective February 8, 1975, 5 Pa.B. 249.

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**CHAPTER 603. MARKET VALUE PROCEDURES**

**AGGREGATE MARKET VALUE APPROACH**

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**AGGREGATE PROPERTY INVENTORY**

603.11. Inventory forms.

603.12. Taxable real property certification.

**RECONCILIATION OF PROPERTY INVENTORIES**

603.21. Field followup.

**ASSESSMENT-SALES RATIO STUDIES**

603.31. Market value conversion indexes.

**SUPPLEMENTAL APPRAISAL DATA**

603.41. Personnel and independent data.

**CONVERSION TO AGGREGATE MARKET VALUE**

603.51. Computation procedure.

**Cross References**

This chapter cited in 61 Pa. Code § 609.11 (relating to responsibility).

**AGGREGATE MARKET VALUE APPROACH**

**§ 603.1. Definition and purpose of assessment-sales ratios.**

The aggregate market value approach is commonly termed sales ratio studies. The purpose is to ascertain the average percentage ratios of masses of assessed valuations to masses of bona fide selling prices or properties transferred. These average assessment-sales ratios are then used to convert aggregate assessments into aggregate market values.

**Notes of Decisions**

The State Tax Equalization Board, in determining the common level ratio, uses a methodology known as the aggregate market value or sales ratio studies approach. In re *Armco, Inc.*, 515 A.2d 326 (Pa. Cmwlth. 1986); appeal denied 533 A.2d 714 (Pa. 1987).

**AGGREGATE PROPERTY INVENTORY****§ 603.11. Inventory forms.**

Before aggregate taxable assessments are converted into aggregate market values, property inventories by school districts and municipalities shall be ascertained. The Board provides special inventory forms for the various counties to submit control data. These forms list the municipalities or portions thereof, making up the respective school districts. The Board will tabulate property inventories by school districts and by municipalities, despite differences in boundary lines.

**§ 603.12. Taxable real property certification.**

The county assessment board shall certify to the Board the total taxable real property assessments by school district. Reference should be made to Chapter 609 (relating to duties and responsibilities of county officials).

**RECONCILIATION OF PROPERTY INVENTORIES****§ 603.21. Field followup.**

The Board will not accept certifications of taxable real property inventories of county assessment boards without field followup. The Board field staff reconciles each submitted inventory certification. These reconciliations shall consist of analyses of assessment records in the various county court houses and discussions with assessing officials. The following two types of reconciliations are conducted:

(1) The first type of inventory reconciliation shall consist of analyzing and tabulating taxable real property assessments by use of property. These classifications shall include residential, industrial, commercial, agricultural, vacant lots, land, mineral resources, and the like. The sum of the various use-class assessments in each school district and municipality shall agree with the total certified by the county assessment board. The reasons for any discrepancies shall be ascertained and necessary adjustments made. This reconciliation shall verify the county assessment board certification, and shall provide aggregate assessment inventories classified by use of property. This classification of inventories by use is fundamental in the subsequent conversion to aggregate market value.

(2) The second type of inventory reconciliation shall consist of comparing each property assessment of the current year with that of the previous year. This comparison shall reveal the amount of change by class of property, the

reason for the change, and whether the change affects market value. This reconciliation shall verify the county assessment board certification, update the classified inventory, and ascertain those properties going on and off the tax assessment rolls.

### ASSESSMENT-SALES RATIO STUDIES

#### § 603.31. Market value conversion indexes.

(a) The basic data used in determining the market value conversion indexes are real property transfers reported monthly by the various counties. Reference should be made to Chapter 609 (relating to duties and responsibilities of county officials).

(b) The conversion indexes may not include transfers in which selling prices are not *bona fide*, such as any of the following sales:

- (1) Between relatives.
- (2) Between corporations and affiliates.
- (3) Sales involving special reservations or agreements.
- (4) Transfers motivated by special need or speculation.
- (5) Transfers with personal property involved in the consideration.
- (6) Sales involving charitable, religious, or governmental organizations.
- (7) Forced sales.
- (8) Other transfers with circumstances that knowingly would distort selling prices.

(c) In other transfers, selling prices may be *bona fide*, but reported assessments may not be comparable for assessment-sales ratios purposes. For example, the property sold may be a portion of a larger tract, but the reported assessment includes the entire tract; or the sale may include a newly constructed building not yet assessed when reported. Such transfers will be rejected or the comparable assessments ascertained.

(d) Besides facts reported by counties and staff investigators, other precautions will be taken by the Board to eliminate questionable transfers. Non *bona fide* selling prices and noncomparable assessments tend to result in extreme assessment-sales ratios. Consequently, transfers with extremely low or high ratios of assessments to selling prices will be rejected. This policy is based on periodic studies and operates on the premise that the particular extreme ratio transfers would have been rejected anyway had the facts been reported or ascertainable.

(e) There is another policy used relative to selling prices which tends to promote conservatism and realism in Board market values. Periodically, selling prices will be compared with market values on the same properties, as appraised by independent appraisers when available.

(f) In recent years, the comparisons of this section show that long-range concepts of worth of professional appraisers tend to be more conservative than current short-range selling prices. Consequently the Board, uniformly statewide, will

discount its aggregate sales values of properties in arriving at aggregate market values for school subsidy purposes.

**Notes of Decisions**

The State Tax Equalization Board, as part of its method to determine the common level ratio, develops market value conversion indexes using data from transfers of property in which there are *bona fide* selling prices. In re *Armco, Inc.*, 515 A.2d 326 (1986); appeal denied 533 A.2d 714 (Pa. 1987).

**SUPPLEMENTAL APPRAISAL DATA**

**§ 603.41. Personnel and independent data.**

(a) Independent appraisal data or other relevant information whenever available shall be collected and considered.

(b) In particular problem areas where property transfers may be inadequate selected personnel shall obtain appraisal samples of properties to supplement sales samples. By necessity, these supplemental studies shall be conducted within limits of available funds and personnel.

**CONVERSION TO AGGREGATE MARKET VALUE**

**§ 603.51. Computation procedure.**

(a) If the aggregate inventories of taxable real property in terms of assessments by use type of property, and the respective converting assessment-sales ratios is ascertained, the final conversion phase shall be converting aggregate assessments into aggregate market values. The mechanics of this final phase is illustrated by the following hypothetical example:

**TAXABLE REAL PROPERTY  
X SCHOOL DISTRICT**

**1967**

<i>Property Type</i>	<i>Aggregate inventory (County Assessed Valuation) (in dollars)</i>	<i>Converting Assessment-Sales Ratio (in percentage)</i>	<i>Aggregate Sales Value (in dollars)</i>
Land and Improvements:			
Residential	10,000,000	33	30,000,000
Industrial	1,000,000	25	4,000,000
Commercial	5,000,000	50	10,000,000
Land Only:			
Lots	200,000	20	1,000,000
Waste Land	50,000	20	250,000
<i>Total</i>	16,250,000		45,250,000

(b) It should be noted that in the residential classification in subsection (a), sales indicate on an average, dwellings are assessed at 1/3 of *bona fide* selling prices. Thus, if the \$10,000,00 aggregate residential assessments represent 33 1/3% of aggregate market value, aggregate market value is \$30,000,000.

(c) To further guarantee conservatism and realism, the total aggregate sales value in subsection (a) is subjected to a Statewide uniform discount in determining aggregate market value.

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**CHAPTER 605. HEARING AND APPEAL PROCEDURES**

**GENERAL PROVISIONS**

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**INFORMAL HEARINGS**

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**FORMAL HEARINGS**

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**APPEAL FROM DECISIONS**

- 605.51. Generally.

**GENERAL PROVISIONS****§ 605.1. Who may file objections to Board findings.**

A school district aggrieved by Board findings may file objections and will be granted a hearing.

**§ 605.2. Time of objections.**

Objections to Board findings shall be filed on or before October 1.

**§ 605.3. Type of hearings.**

The Board will conduct informal and formal hearings as set forth in this chapter.

**INFORMAL HEARINGS****§ 605.11. Requests or order for informal hearing.**

A school district not having filed formal objections may request an informal hearing. If formal objections have been filed, the Board may request an informal hearing. A school district that has filed formal objections may refuse the informal hearing and proceed directly to a formal hearing.

**§ 605.12. Description of and representation in informal hearings.**

Informal hearings shall consist of open discussions between representatives of school districts and the Board. School officials or legal counsel may represent school districts.

**§ 605.13. Evidence and questioning.**

School districts may present exhibits and ask reasonable questions relevant to the market value in question. The Board will attempt to answer the questions. Districts may offer evidence as may tend to prove error or unreasonableness on the part of the Board.

**§ 605.14. Record.**

No stenographic record may be made of informal proceedings.

**§ 605.15. Decisions.**

Following informal hearings, the Board will make its decision adjusting or sustaining the market values. The decision may not affect the right of a school district to a subsequent formal hearing.

### FILING FORMAL OBJECTIONS

#### § 605.21. Procedure generally.

If a school district elects to formally file objections to the findings and conclusions of the Board under section 13 of the act (72 P. S. § 4656.13), the objections shall be filed under oath, in writing, in the office of the State Tax Equalization Board, Post Office Box 1294, Harrisburg, Pennsylvania 17108, on or before October 1 and not thereafter, except upon cause shown and in the discretion of the Board, of the year in which the certification was made in compliance with sections 7(3) and 12 of the act (72 P. S. §§ 4656.7(3) and 4656.12).

#### § 605.22. Statement of objections.

(a) If a school district elects to formally file objections, the statement of objections shall be filed in duplicate and contain the following information in the following order:

- (1) The name and mailing address of the school district and county in which it is located.
- (2) A detailed statement of the objections.
- (3) A summary of the facts upon which the school district bases each objection.

(b) The statement of objections shall be signed by the president or the secretary of the board of the school district filing the objections.

#### § 605.23. Schedule of hearing.

Upon receipt of the statement of objections, properly prepared and filed, the Board will schedule a hearing and notify the school district as to the time and place of the hearing.

### FORMAL HEARINGS

#### § 605.31. Evidence and record generally.

Formal hearings will be conducted by the Board under reasonable, but not strict rules of evidence. Testimony will be taken under oath and a stenographic record will be made of the entire proceedings.

#### § 605.32. Briefs.

Briefs may be submitted either prior to or within the reasonable time after hearing as may be determined by the Board.

#### § 605.33. Representation.

School districts may be represented by school officials or by legal counsel.

**§ 605.34. Burden.**

The burden of going forward with the evidence is upon the Board by statute. School districts may present evidence, but are not obligated to do so.

**§ 605.35. Examination of witnesses.**

Examination of witnesses by members of the Board may occur at any time during any stage of the proceedings for the purpose of clarifying or explaining any point.

**§ 605.36. Examination of Board members.**

Board members may, at the request of school districts or counsel, subject themselves to examination, in which case school officials shall be expected to subject themselves to examination, notwithstanding that they may have elected not to present other evidence at the hearing.

**§ 605.37. Cross-examination.**

School districts and the Board will each be afforded opportunities for reasonable cross-examination.

**§ 605.38. Recall of witnesses.**

Witnesses may be recalled by school districts or the Board on any point that the Board may believe to have been insufficiently covered.

**§ 605.39. Costs.**

The costs of taking the stenographic record will be borne by the Board. Transcripts of the record may be obtained upon the request and at the expense of the school district.

**§ 605.40. Adjudications.**

Findings of fact and conclusions of the Board, based on formal hearing, will be made in writing and copies of the same sent to the school district and its legal counsel.

**§ 605.41. Rehearing.**

Rehearing may be granted for the purpose of receiving additional evidence, but only in the discretion of the Board and upon request. The same rule applies to continuances after commencement of hearings.

**APPEAL FROM DECISIONS****§ 605.51. Generally.**

School districts may appeal Board decisions to the Court of Common Pleas of Dauphin County on the issue of whether the decision is arbitrary, capricious and an abuse of discretion. The appeal shall be restricted to school districts wherein the increase in market value exceeds 10% over the previous year, excluding additional properties theretofore not included on the county assessment rolls.

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**CHAPTER 607. PROJECT 70 PROCEDURES FOR REQUESTING IN LIEU OF TAX PAYMENTS**

**GENERAL PROVISIONS**

- Sec. 607.1. Purpose.
- 607.2. Definitions

**LOCAL GOVERNMENT PROCEDURES IN SUBMITTING REQUESTS**

607.11. Submission of resolution of taxing body.

**Authority**

The provisions of this Chapter 607 issued under the Project 70 Land Acquisition and Borrowing Act (72 P. S. §§ 3946.1—3946.22), unless otherwise noted.

**Source**

The provisions of this Chapter 607 adopted August 6, 1969, unless otherwise noted.

**GENERAL PROVISIONS**

**§ 607.1. Purpose.**

If Project 70 property is acquired by this Commonwealth it reduces the tax base of the particular political subdivision or school district. To compensate for this loss the General Assembly of the Commonwealth has provided for in lieu of tax payments. Local government requests for such in lieu of tax payments shall be initiated through the Board and thus to the Department of Environmental Resources Waters of the Commonwealth for determining the actual in lieu of tax payments, as provided in section 19 of the act (72 P. S. § 3946.19).

**§ 607.2. Definitions.**

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

*Act*—The act of June 22, 1964 (P. L. 131, No. 8) (72 P. S. §§ 3946.1—3946.22).

*Project 70 Land Acquisition and Borrowing Act*—The act of June 22, 1964 (P. L. 131, No. 8) (72 P. S. §§ 3946.1—3946.22).

**LOCAL GOVERNMENT PROCEDURES IN  
SUBMITTING REQUESTS****§ 607.11. Submission of resolution of taxing body.**

(a) Each local taxing body shall request the required Project 70 market value certifications by submitting to the State Tax Equalization Board, Box 1294, Harrisburg, Pennsylvania 17108, in duplicate, the resolution of the taxing body affirming such request.

(b) This resolution shall include the following information:

(1) The name of the local taxing body making the request, such as the board of county commissioners, township commissioners, township supervisors, school directors, city, borough or town council.

(2) The date, grantor, identification, location, acres and county assessed valuation of each parcel of property acquired by the Commonwealth.

(3) The year of the county tax assessment rolls in which the acquired property was first removed from the tax rolls.

(4) The county assessed valuation of the remaining taxable real estate base of the political subdivision or school district making the request.

(5) The real property tax millage rate of the taxing body for the year property was removed from the tax rolls.

(c) It is important that the information for each parcel of acquired property as contained in the resolution of the local taxing body agree with the information in the files of the Department of Environmental Resources, the Game Commission, and the Fish and Boat Commission of the Commonwealth. Otherwise, unnecessary delays shall occur in expediting the request of the local taxing body.

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**CHAPTER 609. DUTIES AND RESPONSIBILITIES OF  
COUNTY OFFICIALS****GENERAL PROVISIONS**

Sec.  
609.1. Scope and applicability.

**PROPERTY INVENTORIES**

609.11. Responsibility.

**SALES INFORMATION**

609.21. Dual responsibility.

**Cross References**

This chapter cited in 61 Pa. Code § 603.12 (relating to taxable real property certification); and 61 Pa. Code § 603.31 (relating to market value conversion indexes).

**GENERAL PROVISIONS****§ 609.1. Scope and applicability.**

(a) Boards of county commissioners, county assessment boards and recorders of deeds shall have specific responsibilities for submitting basic information.

(b) The Board will have authority and power to examine all county and city assessment records and subpoena State and local officials if necessary for securing information, as provided under sections 7(7) and 8 of the act (72 P. S. §§ 4656.7(7) and 4656.8).

**PROPERTY INVENTORIES****§ 609.11. Responsibility.**

(a) Properties that are proper and legal for inclusion in Board market values shall be largely the responsibility of the boards of county commissioners and county assessment boards. The Boards will be governed by county inventory certifications as to what properties are included in its market values, subject to Board field reconciliations discussed in Chapter 603 (relating to market value procedures).

(b) If a county inventory certification includes certain industrial machinery, and Board survey shows this property being used for real property tax purposes, then, the Board will include this property in its market values. A question as to whether machinery is taxable real property shall be between the property owner and local assessing officials, not the Board. If the assessing officials remove the machinery from the real property tax assessment rolls, the Board will remove the same from its market values.

**SALES INFORMATION**

**§ 609.21. Dual responsibility.**

(a) The power and duty to gather real property transfers is vested upon the Board as provided in section 7(2) of the act (72 P. S. § 4656.7(2)).

(b) County commissioners, county assessment boards and recorders of deeds shall compile and report real estate transfers as provided in section 9(a) of the act (72 P. S. § 4656.9(a)).

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