



The Assessment Process for Real Estate Taxes in Pennsylvania  
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Pennsylvanians, like many American property owners, routinely complain about the taxes on their homes. Just how, though, are these taxes determined? What can a property owner do if he or she believes the tax to be excessive? This article will attempt to answer these questions.

Property taxes are based upon the county’s assessment of a property’s value. An “assessment” is the value the government places on a property for purposes of calculating taxes paid to the county, the municipality, and the school district. Each county in Pennsylvania has a Board of Assessment employing property assessors who determine valuation. Properties are routinely reassessed, both individually based upon improvements, such as adding a room, and countywide.

The assessment is based on “fair market value” of the property. “Fair market value” is the actual value of the property, and is defined as “the price a purchaser, willing but not obliged to buy, would pay an owner, willing but not obliged to sell, considering all uses to which the property is adapted and might reasonably be applied.”<sup>1</sup> The assessed value is then multiplied by the tax rate of the county, school district, and municipality. The tax rate is known as the “millage,” with one “mill” being one dollar of tax per thousand dollars of assessed value. An example: Assume a property with an assessed value of \$100,000.00, in a county with a tax rate of 6.935 mills, a municipality with a tax rate of 10.4 mills, and a school district with a tax rate of 19.75 mills:

County Taxes	.006935 x \$100,000.00	=	\$693.50
Municipal Taxes	.0104 x \$100,000.00	=	\$1,040.00
School Taxes	.01975 x \$100,000.00	=	\$1,975.00

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**TOTAL REAL ESTATE TAX BILL** = **\$3,708.50**

<sup>1</sup> *Downingtown Area School District v. Chester County Board of Assessment Appeals*, 913 A.2d 194 (Pennsylvania Supreme Court, December 27, 2006).

When you receive your bill for real estate taxes, you may believe, based upon what you paid for your home, or based on selling prices in your community, that the assessed value, and, thus, the tax bill, is excessive. In Pennsylvania, each county has a Board of Assessment Appeals, comprised of persons with knowledge of the local real estate market to which property owners can apply and present evidence that the assessment is in excess of fair market value. The Board of Assessment Appeals will apply a percentage, called a "common level ratio" to the assessed value to determine if the assessment is excessive. The common level ratio which is different in each county, is set by the State Tax Equalization Board to equalize assessments on appeal to the local board or to court (the next step if any party disagrees with the findings of the board). The common level ratio is based on actual sales compared to current assessments in the county. If a property owner demonstrates that the assessed value multiplied by the common level ratio is greater than the assessed county value, the property owner may be entitled to a reduced assessment.