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## **SPOT APPEALS HURT PENNSYLVANIANS**

**Many Pennsylvania school districts are abusing their power to appeal real estate tax assessments of private property. They hire consultants to cherry-pick properties for appeal, ignore other under assessed properties, and demand excessive tax increases from the ones they single out. And the consultants' fees take millions of tax dollars away from education. The practice is known as reverse appeals, or spot appeals.**

### **Spot appeals waste education dollars.**

- School districts hire third party consultants to suggest which properties to appeal.
- The contracts call for the consultant to receive an excessive 30% of the tax increases for a minimum of 3 years - for any year under appeal. The deal is far from cost efficient. On top of that, the school district must still pay 100% of the legal costs of the appeal.

### **Spot appeals destroy fairness and uniformity in taxation.**

- The school districts typically make inflated demands at the start, but negotiations go on behind closed doors and they usually settle for less. So taxes are ultimately based on who can last the longest in negotiations or who has the best lawyer- but fairness and uniformity of taxation are sacrificed.
- The consultants' exorbitant profit motive must certainly influence their selections of properties for appeal.
- The school districts don't have to answer for their reasons for appealing one property over another.
- Spot appeals are an opaque and distorted system of taxation.

### **Harmful to Pennsylvanians who rent their homes.**

- Spot appeals of apartment communities hurt many who can least afford it. A substantial number of Pennsylvania renters are under 30 years of age and make less than \$35,000 a year.
- Even before spot appeals, property taxes account for hundreds of dollars of an average monthly rent.
- Demands for unreasonable tax increases present enormous financial challenges for the apartment community. They force tough choices about capital improvements and operating budgets, and place unavoidable, significant upward pressure on rents.
- The supply of quality multifamily housing is affected, as more and more professional multi-family property owners become reluctant to operate properties in Pennsylvania.

### **The Unintended Consequences of Spot Appeals Must Be Fixed by the Legislature.**

Boards of assessment appeals are prohibited from spot assessing- but school districts are abusing the practice of spot appeals to such an extent that their appeals are tantamount to the same thing- spot assessments- which by definition create and sustain nonuniformity. While courts have ruled spot appeals may be permissible under current law, they have not addressed these unintended consequences and the serious harm caused by pot appeals.

### **Please support HB 1213 and SB 586 to stop unfair spot appeals.**