

# Golden opportunity

## Developments in the calculation of an assessment ratio could benefit Allegheny County property owners

INTERVIEWED BY SUE OSTROWSKI

Commercial property owners in Allegheny County may be able to significantly reduce their real estate tax assessments — and their property taxes — in 2023.

“Real estate taxes are nearly always the largest operating expense for an income-producing property, and an important development in the calculation of the Common Level Ratio for Allegheny County presents a golden opportunity to reduce property taxes,” says Peter Schnore, Shareholder at Babst Calland.

*Smart Business* spoke with Schnore about what has changed in the assessment ratio, and how commercial property owners can take steps to reduce their property taxes.

### WHAT CHANGE IS IMPACTING COMMERCIAL ALLEGHENY COUNTY PROPERTY OWNERS?

The Pennsylvania State Tax Equalization Board recently published the Common Level Ratios (CLR) to be used in evaluating the merits of Pennsylvania tax assessment appeals for the 2023 tax year.

The CLR for Allegheny County has dropped significantly since its publication by the state last year — from 81.1 percent to 63.6 percent. This means that if a property was accurately assessed for 2022, all else equal, it will be overassessed by about 27 percent for Tax Year 2023.

A recent court challenge to the 2022 CLR’s calculation, which remains ongoing at the time of publication, appears to have led to the dramatic drop in the CLR for Allegheny County.

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**WEBSITE:** For more about how to appeal your 2023 property taxes and potentially achieve significant savings, contact Peter or visit [www.babstcalland.com](http://www.babstcalland.com).

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### WHAT CAN PROPERTY OWNERS DO TO TAKE ADVANTAGE OF THIS OPPORTUNITY?

Property owners should find an attorney who is familiar with this area of the law to help them gather evidence to present a strong case for proof of the property’s fair market value.

Allegheny County property owners might also estimate what their property is worth as of Jan. 1, 2023, and multiply that by the 2023 CLR of 63.6 percent to get a sense as to what the property’s assessment could be following an appeal.

If the owner arrives at an estimate that’s less than the property’s current assessment, then a cost-benefit-risk analysis may lead to the conclusion that an appeal is well worth the effort, particularly in light of the fact that the assessment reduction (and resulting tax reduction) may be enjoyed for many years to come, as there is no regularly scheduled countywide reassessment in Allegheny County, or in nearly all of Pennsylvania’s counties.

For reference, assuming an annual tax rate of 3 percent of the assessment, a reduction of 27 percent on a property currently assessed at \$10 million would result in annual tax savings of about \$81,000.

Annual assessment appeals in

Allegheny County must be filed between Jan. 1, 2023, and March 31, 2023, for the 2023 Tax Year. If the owner can present good, clear evidence of the property’s fair market value as of Jan. 1, 2023, a favorable ruling may be made in a matter of months through a favorable decision from the Board of Property Assessment Appeals and Review.

A number of cases require additional time and effort, however, as the taxing jurisdictions can bring their own evidence of the property’s value and put up a fight.

### WHAT IS THE ROLE OF AN ATTORNEY IN FILING AN APPEAL?

An attorney experienced in Pennsylvania assessment and property valuation law and procedure can help evaluate the merits of an assessment appeal. This may include identifying and working with the appropriate appraiser to provide an opinion of the property’s fair market value and advising the owner whether it makes sense from a financial perspective to file an appeal.

Many attorneys will agree to represent owners on a contingent fee basis, where the fee is a percentage of any taxes saved as a result of an assessment reduction. ●