



INDEPENDENT FISCAL OFFICE

Second Floor, Rachel Carson State Office Building
Harrisburg, Pennsylvania 17105

December 17, 2013

The Honorable Michelle F. Brownlee
121 B East Wing
Main Capital Building
Harrisburg, PA 17120

Dear Representative Brownlee:

This letter responds to your request regarding House Bill 1693 and data on residential and non-residential property in the Commonwealth. The Independent Fiscal Office (IFO) compiled data on the assessed values of residential and non-residential property for all counties in Pennsylvania. In addition to examining data on residential and non-residential property in Philadelphia, the IFO calculated the revenues associated with each mill of tax for such property.

The table following this letter presents data on the assessed values of residential and non-residential property for 66 counties in Pennsylvania (excluding Philadelphia). These data are published annually by the State Tax Equalization Board. The data show that non-residential property comprised nearly 30 percent of total property statewide in 2012. Hence, a 10 percent change in the tax rate on non-residential property could change total property tax liability by roughly 3 percent, although results would vary by county.

To estimate the effect of different millage rates for residential and non-residential property in Philadelphia, the IFO used data from the city's Actual Value Initiative (AVI), a city-wide reevaluation of all real property. These data are from the Philadelphia Office of Property Assessment and are applicable to property taxes levied by the city and school district for FY 2013-14. Table 1 presents the taxable market value and share of residential and non-residential property in Philadelphia as of December 19, 2012.

Table 1: Taxable Market Value and Share of Property in Philadelphia (\$ millions)

<u>Property</u>	<u>Taxable Market Value</u>	<u>Share</u>
Residential	\$60,458	62.6%
Non-Residential	36,057	37.4
Total	96,515	100.0

Table 2 presents the composition of non-residential property in Philadelphia for FY 2013-14 from the AVI data. For this purpose, Stores with Dwellings have been categorized as non-residential property and this convention will somewhat overstate the taxable market value of non-residential property reported in Table 1. Thus, the \$36 billion in non-residential property should be viewed as an upper-bound.

<u>Category</u>	<u>Share</u>
Commercial	42.5%
Industrial	8.1
Hotels and Apartments	35.2
Stores with Dwellings	9.3
Vacant Land	5.0

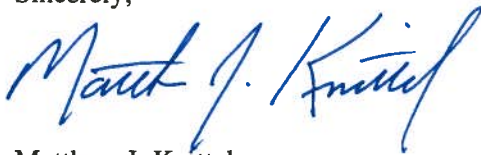
Table 3 presents property tax liability by residential and non-residential property in Philadelphia for FY 2013-14. The tax liability is equal to the taxable market value of real estate (\$96.5 billion) multiplied by the real estate tax rate of 1.34 percent (13.4 mills).¹

	<u>Residential</u>	<u>Non-Residential</u>	<u>Total</u>
Taxable Market Value	\$60,458	\$36,057	\$96,515
Property Tax Liability	810	483	1,293

Based on these data, each mill (i.e., 0.1 percentage point of the tax rate) represents property tax liability of \$60.4 million for residential property and \$36.0 million for non-residential property.

I hope you find this information useful. Please do not hesitate to contact me if you have any further questions or comments.

Sincerely,



Matthew J. Knittel
Director

¹ See <http://cityofphiladelphia.wordpress.com/2013/03/14/mayor-michael-a-nutter-delivers-the-proposed-fiscal-year-2014-fy14-budget-and-fiscal-year-2014-2018-five-year-plan-to-city-council/>. The Philadelphia City Council approved a real estate tax rate of 1.34 percent on June 13, 2013. As per a conversation with the City of Philadelphia Department of Revenue, more recent data from the Office of Property Assessment may report a taxable market value closer to \$98 billion, but the \$96.5 billion may inform a better estimate of property tax liability due to appeals and exemptions.

Residential and Non-Residential Property by County (\$ millions)				
County	Assessed Value		Share	
	Residential	Non-Residential	Residential	Non-Residential
Adams	\$6,326	\$2,752	69.7%	30.3%
Allegheny	42,653	16,501	72.1	27.9
Armstrong	641	306	67.7	32.3
Beaver	1,512	614	71.1	28.9
Bedford	1,208	1,200	50.2	49.8
Berks	13,186	5,182	71.8	28.2
Blair	492	221	69.0	31.0
Bradford	548	516	51.5	48.5
Bucks	6,120	1,892	76.4	23.6
Butler	1,210	467	72.2	27.8
Cambria	848	379	69.1	30.9
Cameron	55	21	72.4	27.6
Carbon	1,331	336	79.8	20.2
Centre	2,100	1,181	64.0	36.0
Chester	28,227	8,180	77.5	22.5
Clarion	217	181	54.5	45.5
Clearfield	328	211	60.9	39.1
Clinton	1,277	709	64.3	35.7
Columbia	611	432	58.6	41.4
Crawford	748	431	63.4	36.6
Cumberland	15,181	7,251	67.7	32.3
Dauphin	9,054	5,586	61.8	38.2
Delaware	23,955	6,306	79.2	20.8
Elk	389	126	75.5	24.5
Erie	7,679	3,690	67.5	32.5
Fayette	3,190	1,356	70.2	29.8
Forest	47	18	72.3	27.7
Franklin	965	404	70.5	29.5
Fulton	200	187	51.7	48.3
Greene	516	1,060	32.7	67.3
Huntingdon	176	111	61.3	38.7
Indiana	350	224	61.0	39.0
Jefferson	500	321	60.9	39.1
Juniata	144	80	64.3	35.7
Lackawanna	993	483	67.3	32.7
Lancaster	21,743	9,519	69.6	30.4
Lawrence	2,675	801	77.0	23.0
Lebanon	861	357	70.7	29.3
Lehigh	6,217	3,011	67.4	32.6
Luzerne	13,576	5,991	69.4	30.6
Lycoming	3,603	1,905	65.4	34.6
McKean	697	488	58.8	41.2
Mercer	732	434	62.8	37.2
Mifflin	571	275	67.5	32.5
Monroe	1,781	409	81.3	18.7
Montgomery	42,551	15,741	73.0	27.0

Residential and Non-Residential Property by County (\$ millions)				
County	Assessed Value		Share	
	Residential	Non-Residential	Residential	Non-Residential
Montour	719	437	62.2	37.8
Northampton	6,118	1,888	76.4	23.6
Northumberland	486	261	65.1	34.9
Perry	1,917	993	65.9	34.1
Pike	972	145	87.0	13.0
Potter	165	173	48.8	51.2
Schuylkill	1,689	770	68.7	31.3
Snyder	260	171	60.3	39.7
Somerset	959	533	64.3	35.7
Sullivan	372	249	59.9	40.1
Susquehanna	430	387	52.6	47.4
Tioga	882	872	50.3	49.7
Union	1,381	729	65.5	34.5
Venango	1,182	792	59.9	40.1
Warren	302	184	62.1	37.9
Washington	1,075	486	68.9	31.1
Wayne	3,384	1,706	66.5	33.5
Westmoreland	2,912	902	76.4	23.6
Wyoming	224	165	57.6	42.4
York	20,116	6,804	74.7	25.3
Total	\$313,529	\$126,493	70.8%	29.2%

Source: State Tax Equalization Board, 2012 Land Use, additional calculations by the IFO.