Reassessing homes as they sell puts unfair burden on buyers

Realtors, local officials should work together to make assessments equitable.

By Michael J. McGee

In his May 15 commentary, "A fix for property-tax inequities," George Metzger urges that properties be reassessed at their market price upon being sold.

He argues that it is fairer for purchasers to pay taxes on the full value because "the buyer who can afford a $200,000 house ought to be able to afford taxes based on that value."

THE PHILA. INQUIRER 6/02/03

Writing on behalf of the Bucks County Association of Township Officials, he further reasons that this multitiered tax structure is fair because buyers "would be buying a share in a community that was built and paid for by the other residents."

Huh? The last time I checked, paying for police services, schools, recreation, etc., is a continuing capital and general-fund expenditure of a community. For a family or business moving into an existing structure, what has previously been paid for that gives a new owner a free ride?

Further, using this logic, if a five-member family is moving out and a three-person family is moving in, shouldn't the new residents get some form of rebate for lessening the community burden?

The answer is: Of course not. The truth behind this proposal is rooted in another observation made by Mr. Metzger. Noting that Bucks County has not been reassessed since 1972, he argues that countywide reassessment is not feasible because "it would be an act of polinical suicide for the county commissioners."

being asked to buy the argument that recent purchasers should shell out hundreds or even thousands of dollars more in property taxes each year than neighbors in comparable houses, simply because it's politically expedient for our elected officials.

What is fair or equitable about that?

Something Mr. Metzger forgot to mention is that buyers and sellers of real property already contribute hundreds of millions of dollars to local, county and state coffers through transfer taxes, deed and mortgage recording fees, and inspection fees. These "community contributions" already reduce the tax burden on other citizens who are not moving. Now counties, municipalities and school boards would want more of the hard-earned money of new property owners so they can protect their constituents who are already there. Does this still sound fair?

A final point to consider is that reassessing properties at their sale price would affect the purchasing power of buyers, and could subsequently hurt home values. Assuming a buyer is borrowing at 6 percent interest on a 30-year loan, a property-tax increase of $2,000 would reduce the purchasing power by $27,800. A property-tax increase would equate to more than $41,000 in home value.

cause a $34,750 reduction, while a $3,000 increase would equate to more than $41,000 in home value.

Rather than target a political minority to shoulder the increased costs of government, it would be more equitable to look for more comprehensive ways to correct the obviously flawed real estate assessment process.

Understanding that there are high political and financial costs to conducting a reassessment, we question whether Mr. Metzger and his organization researched other systems across the country to determine whether and where these costs have been reduced.

Realtors have long advocated a review of the property-tax assessment law because of the inequities it creates. We pledge to work with local and state elected officials to bring about a fair and reasonable solution to this long-standing issue.

We also urge the Bucks County Association of Township Officials and the Pennsylvania Association of Township Supervisors — which has endorsed the sale-price-assessment plan — to reconsider their position. We urge them to work with our organization to identify a solution that truly does fix property-tax inequities.

Michael J. McGee is president and chief executive officer of the Realtors Legislative Alliance, a regional lobbying organization representing the Bucks County, Delaware Valley, and Montgomery County Associations of Realtors.

PAUL LACHINE