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October 29, 2015

Honorable Russell M. Nigro  
Chairman  
Board of Revision of Taxes  
The Curtis Center  
601 Walnut Street, Suite 325 East  
Philadelphia, PA 19106

Dear Chairman Nigro:

On behalf of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”), I am writing to express our concern regarding the need to complete the adjudication of all real estate assessment appeals for tax years 2014 and 2015 by the Board of Revision of Taxes (“BRT”).

These outstanding appeals have resulted in a significant reduction in the amount of real estate tax revenue collected by both the City of Philadelphia and School District of Philadelphia, and have compounded the School District’s cash position at a time when Commonwealth funding is already uncertain due to the budget impasse in Harrisburg.

On Wednesday, October 21, 2015, School District officials testified before Philadelphia City Council that the absence of a state budget will likely compel the District to make an additional short-term borrowing to address its cash needs. The impact of unadjudicated appeals on School District revenue will further increase the size of the needed borrowing.

PICA staff has been working with both the Office of Property Assessment and the BRT to obtain information regarding the current status of the remaining appeals. PICA’s analysis (see attached) indicates that there were 29,522 appeals filed with the BRT for tax years 2014 and 2015 combined. Of these, 2,557 cases remained to be heard as of October 15, 2015, representing more than \$6 billion in assessed value.

In conversations with BRT staff, PICA staff learned that only 775 of the 2,557 outstanding appeals have been scheduled for a BRT hearing between now and December 31, 2015. The remaining 1,782 outstanding cases are not yet scheduled. Although the BRT has in the past stated that it will complete the 2014 and 2015 appeals by the end of this current calendar year, its schedule does not suggest that this goal will be met. Further, we noted that the number of appeals adjudicated each month has decreased substantially from 2014 to 2015.

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In July, PICA approved the City's Five-Year Financial Plan for fiscal years 2016 through 2020. The Plan's financial projections assumed that \$26.7 million in City and School District real estate tax revenue would be received in FY16 rather than in FY15 due to delayed appeals processing. This amount included \$12 million in City revenue and \$14.7 million in School District revenue. These sums are not insubstantial, particularly for the School District, given its weak financial condition.

The PICA board would like to respectfully request the BRT to expedite its hearing process for the remaining 2014 and 2015 assessment appeal cases, so that at least half of the outstanding cases are heard and decided upon between now and the end of the calendar year, and that all of the 2014 and 2015 appeals are completed by February 2016, in time for the upcoming budget cycle. If the BRT requires additional resources in order to do so, we would hope that you would make these needs known to the PICA board.

Sincerely,

Suzanne Biemiller  
Chair  
Pennsylvania Intergovernmental  
Cooperation Authority

Attachment

cc: Members of the Board of Revision of Taxes  
Members of the PICA Board  
Harvey Rice, Executive Director, PICA  
Rob Dubow, Director of Finance, City of Philadelphia  
Sharon Ward, Director, Office of the Budget, Commonwealth of Pennsylvania