

**BOARD OF REVISION OF TAXES
FISCAL YEAR 2019 BUDGET TESTIMONY
MAY 8, 2018 @ 11:00 a.m.**

Good Morning Council President and members of Council, I am, Carla Pagan, Executive Director of the Board of Revision of Taxes (BRT), here this morning to testify and address questions regarding the 2019 fiscal year operating budget.

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

Mission: The Board of Revision of Taxes is charged with the function of hearing appeals on real property valuations and addressing exceptions and inequities in those values.

Description of Major Services: The Board of Revision of Taxes is an independent, seven-member board appointed by the Board of Judges of the Philadelphia Common Pleas Court. The Board is required to hear assessment appeals. The Board only determines the value for a property when there is an appeal. The Appeals Board hears and renders decisions for real property assessment appeals, and unique non-profit applications, Homestead Exemption appeals and nunc pro tunc petitions ('nunc pro tunc' means 'now for then' which allows property owners to file a petition at the present time for a previous deadline or tax year). The Board of View, an independent three member Board appointed by the Board of Judges, hears and renders decisions for condemnation (eminent domain) appeals.

PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST

Budget Highlights: The Board of Revision of Taxes General Fund appropriations from FY17 to FY23 Current Projection remains consistent. The FY19 Proposed Budget is \$1,023,903 just \$2,000 above the FY18 Current Projection.

Fund	Class	FY17 Actual	FY18 Current Target	FY19 Proposed Budget	FY18-FY19 Change	FY18-FY19 Percent Change
General	100	898,026	919,050	920,976	1,926	0.0%
	200	111,593	90,200	90,200	0	0.0%
	300/400	15,146	15,727	15,727	0	0.0%
	Total	1,024,765	1,024,977	1,026,903	1,926	0.0%

PERFORMANCE, CHALLENGES AND INITIATIVES

DEPARTMENT PERFORMANCE (OPERATIONS)

Fiscal year 2018 ushered in new challenges for our department. Overall, the business of appeals has become more complicated with each passing year.

Even though the volume of market value appeal filings have returned to normal levels since the 2014 city-wide reassessment, there is \$4 billion more (market value dollars, not real estate tax) at stake for tax year 2018 than it was in 2014.

During the 2014 city-wide assessment, approximately 25,000 appeals were filed with the BRT, with a combined market value of approximately \$18 billion. For tax year 2018, approximately 6,300 appeals were filed with a combined market value of more than \$22 billion dollars. So, even though the appeal volume is only 25% of the 2014 numbers, the total market value under appeal has reached record levels.

Accordingly, the BRT has employed new strategies to improve efficiency during market value appeal hearings and within the scheduling process. The department is 100% committed to completing 2018 appeals during the

calendar year. The number of appeals scheduled each month have increased even though the cases are more complicated and often require more than usual testimony.

Another new challenge for FY18 into FY19, has and will be hearing and rendering decisions on real estate market value appeals filed by the School District of Philadelphia. Although 2017 was the first year the School District exercised their right to appeal, 2018 is the first year for the Appeals Board to hear oral testimony for approximately 400 appeals filed by them. In these cases, the School Board is arguing that real market values are too low and asking the Board to increase market values. The Board holds one hearing per month for these types appeals.

In addition, as the approach to real estate valuation for Low Income Housing Tax Credit (LIHTC) properties is undergoing change, the BRT received just under 1,0000 appeals for this type of real estate. Fortunately, parties continue to communicate and most of these cases should be settled outside of a hearing.

The Board of Viewers also also experienced an increase appeal filings. Since the Sharswood/Blumberg condemnation process began, the volume of eminent domain cases have doubled. Thus far, approximately 13% of those cases settled and 40% have heard by the Board of Viewers. We anticipate hearings throughout fiscal year 2019 as additional court orders arrive.

The BRT is looking forward to using the new Computer-Assisted Mass Appraisal (CAMA) Software recently purchased by the Office of Information Technology. Although the new software is primarily for the Office of Property Assessment (OPA), the BRT will benefit greatly, since an 'appeal module' is included in the program. The new system will improve workflow processes and allow filers to tract the status of their applications online. It will also increase efficiencies between the BRT and OPA.

Thank you for the opportunity to testify today. I am happy to answer any questions or concerns at this time.