

NEWS & INSIGHTS

What two court decisions on tax assessment appeals mean for Pa. school districts

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Two recent decisions from the Pennsylvania Commonwealth Court struck down school district-initiated tax assessment appeals of two different school districts.

While that was bad news for those Philadelphia-area school districts, the decisions helped paint a clearer picture of what school districts must do when filing their own tax assessment appeals in the future.

In both cases – one from the School District of Philadelphia, the other from Downingtown Area School District – the Commonwealth Court held that the school district-initiated appeals violated the Uniformity Clause of the Pennsylvania Constitution – but never said tax assessment appeals initiated by school districts are unconstitutional, just that these appeals were implemented in an arbitrary manner that did not treat all similarly situated property in the same manner.

School District of Philadelphia appeal

The School District of Philadelphia appealed a trial court order quashing the district's appeal of 138 commercial properties in 2016. The Board of Revision of Taxes denied the appeals and the district then appealed the board's denials to the trial court. After the Supreme Court's decision in *Valley Forge Towers Apartment v. Lower Merion Area School District*, owners of some of the properties filed motions to quash the district's appeals, arguing that the school district's selection criteria violated *Valley Forge*. The district responded that it used a monetary threshold to determine which property assessments to appeal, and that this policy conformed with the Uniformity Clause as construed in *Valley Forge*. The trial court ruled to quash the appeals, finding that the district violated *Valley Forge* because it only appealed certain commercial properties.

The district's policy was to appeal properties where it was reasonably likely that an appeal of the assessed value would lead a minimum of an additional \$7,500 of tax annually. After reviewing the evidence presented regarding how the district selected the properties to appeal, the Commonwealth Court affirmed the trial court decision to quash. It is important to note the Commonwealth Court did not find using a monetary threshold to determine which properties to appeal violated the Uniformity Clause. Instead, the Commonwealth Court found that the district violated the Uniformity Clause by choosing to only appeal commercial properties, even though other types of property met the neutral monetary threshold set forth in their policy. The Commonwealth Court stated, "the School District's monetary threshold may have been neutral, but its implementation...created a systematic and disparate treatment of taxpayers" that violated the Uniformity Clause.

Downingtown Area School District appeal

In the Downingtown Area School District case, the taxpayer, Marchwood Apartments, appealed the trial court decision granting a tax assessment appeal filed by the district. The taxpayer argued the district's tax assessment appeal policy, both on its face and as applied, violated the Uniformity Clause. The district's policy was to appeal any real estate assessment that would potentially result in total annual additional tax revenue of \$10,000 or more. The district hired Valbridge Property Associates to "identify up to 15 properties" that were likely to be underassessed by an amount sufficient to meet the district's policy. The trial court rejected the taxpayer's claim that the district's policy violated the Uniformity Clause because the \$10,000 monetary threshold was "facially neutral." The taxpayer appealed the trial court decision to the Commonwealth Court, arguing that the district's tax assessment appeal policy violated the Equal Protection Clause and the Uniformity Clause. Although the Commonwealth Court indicated that "the School District policy uses a monetary threshold for identifying properties for tax assessment appeal which may be constitutional," the Court it held that the district's implementation of its policy "in an arbitrary fashion," by choosing only 16 properties to appeal even though many other properties satisfied the monetary threshold, rendered this appeal unconstitutional. The Commonwealth Court reversed the trial court based on the district's

“random application of a monetary threshold creating a lack of uniformity in violation of the Pennsylvania Constitution.”

Conclusion and recommendation

In both cases, the Commonwealth Court threw out the district-initiated tax assessment appeals because of how their policies were implemented, not based on the policies themselves. Nothing in these decisions prevents school districts from adopting and implementing school district-initiated tax assessment appeal policies based on a neutral monetary threshold.

Our firm created a sample School District-Initiated Tax Assessment Appeal policy after the *Valley Forge* decision that remains valid after these decisions. The policy is thorough, adaptable to any district’s plans or intentions, and considers all the legal complexities established by the courts and the legal precedents that are currently in place. These latest decisions illustrate the need to treat all properties equally when seeking to file district tax assessment appeal r under the recommended policy to withstand uniformity challenges.

If you have any questions about these cases or how our School District-Initiated Tax Assessment Appeal Policy can help your district accumulate much-needed tax revenue, please [contact Kay Mercein Mann](#) or any member of our [Education Group](#).

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