FY2011 OPERATING BUDGET TESTIMONY
FOR THE BOARD OF REVISION OF TAXES
PRESENTED TO CITY COUNCIL
April 20, 2010

Madam President and Members of City Council:

I am Charlesretta Meade, Chairman of the Board of Revision of Taxes (BRT). Here with me today are Vice Chairman Harvey Levin and members of the BRT senior management team. The senior management team includes Kevin Keene, Real Property Assistant Administrator; Michael Piper, Acting Real Property Assistant Administrator; Veronica Daniel, Administrative Service Director; and Barbara Krauss, Programmer Analyst Supervisor. Not with us here today is Robert Zambrano, Real Property Assistant Administrator. We are here to testify on the proposed 2011 fiscal year operating budget.

The BRT plays a key role in the generation of revenue for both the City and the School District. The total taxable real property market value and assessed value determined by the Board is the basis for the real estate tax. This is a major component of both City and School District funding.

In the case of the City, the real estate tax is second only to the wage tax in revenue generation. For the School District, the real estate tax is the largest single local source of tax revenue. In addition, the assessed value is used in calculating the Use and Occupancy Tax and the Special Services District assessment.

For fiscal year 2011, we are requesting from Council a general fund budgetary allowance of $6,702,559, a $1,113,465 decrease from the current year. Our estimated total expenditures of $6,702,559 for fiscal year 2011 are allocated as follows:

CITY OF PHILADELPHIA – General Fund

Class 100 - Employee Compensation, etc. – 110 full time positions		$6,335,579
Class 200 – Professional Service		264,048
Class 300 & 400 – Supplies/Equipment		102,932
	Total	$6,702,559

SCHOOL DISTRICT EMPLOYEES

Historically, the BRT received funding from the Philadelphia School District for eighty (80) Real Property Assistants. The full integration of longtime school district employees into the civil service ranks and onto the city payroll is an ongoing effort of the Administration and the School District. In December and January, several staff meetings were held to inform the employees of the process and timing of the integration. Central Personnel as well as representatives of the School District continue their efforts to provide detailed information on all aspects of the process.

BRT LEGISLATIVE MANDATE

The BRT is the legislatively mandated administrative body charged with three basic functions:

1. To uniformly value all real property at actual value (The three approaches to valuation include Sales Comparison, Income Capitalization and Cost.)

2. To hear on Appeal the petition of property owners and taxpayers

3. To administer various Legislative Acts and Ordinances concerning real estate tax abatement and exemption.

ASSESSMENT SUMMARY

For 2009, the City's taxable market value was $38,363,409,538. The City's taxable assessment was $12,276,291,049. The 2010 real estate assessments will generate potential tax revenue of $1,014,512,692, allocated to the City and School District approximately as follows:

City
Millage Rate $33.05 per $1,000 of Assessed Value: $405,805,077 (40%)

School District
Millage Rate $49.59 per $1,000 of Assessed Value: $608,707,615 (60%)

By statute, the Board's Predetermined Ratio cannot be in excess of +/-15% of the State Tax Equalization Board's Common Level Ratio. For 2010, the Board's Predetermined Ratio remains at 32%.

CITIZENS SERVICE CENTER (CSC)

In 2009, inquiries from all sources including website, phones, mail, fax, walk-in and internal rose to 13,757. This reflects an increase from the 2008 total of 11,370. The CSC handled 85% of these inquires while routing the other 15% to the appropriate Evaluation Unit. The most common inquiries to the BRT involved issues related to ownership, changes in mailing addresses and abatements. Also, BRT receives inquiries regarding taxes, zoning, licensing and the buying and selling of properties.

BRT is proud to be one of the most accessible departments in the City. The CSC is open from 8:00 AM to 5:00 PM, Monday through Friday, except for holidays. The Call Center is staffed Monday through Friday, 8:00 AM to 5:00 PM, except for holidays. Callers can also access information through the Interactive Voice Response System. The BRT website is available 24 hours each day, seven days a week and provides property record information as well as information regarding abatements, appeals and statutory exemptions. Also, users may submit inquiries and questions through the BRT website.

Key Performance Measurements

Measurements	2006	2007	2008	2009
Walk-In taxpayer served	2,800	3,600	3,116	2,933
Incoming calls to call center	22,781	26,479	16,028	14,836
Website Visits - property inquiries	6,560	9,616	7,952	7,155
Website Visits - general inquiries	745	1,173	1,507	1,690
IVR (Interactive Voice Response System)	N/A	2,204	7,567	6,151

As CSC approaches its 5th anniversary, we continue to work to improve quality service. We welcome constructive feedback. The website address is: http://brtweb.phila.gov. We may be emailed at: http://brtweb.phila.gov/brt.apps/mail/contact.aspx.

ADDRESS MANAGEMENT

The BRT has the legal responsibility for assigning all numerical addresses in the City. We have streamlined this critical administrative function by assigning one division to this task.

ANNUAL OPERATIONS UPDATE

BRT is planning and executing the following initiatives:

- Writing standards for all aspects of the valuation process
- Defining all necessary data elements to be collected for improvement of the valuation process
- Improving data quality through visual inspection of all properties
- Providing continuing staff training and education
- Updating Geographic Market Area boundaries
- Improving performance of the models used for valuation
- Participation in the Property 2 project

INFORMATION TECHNOLOGY DIVISION OPERATIONS

Computer Assisted Mass Appraisal (CAMA) System

The BRT CAMA2 is a multi-phase project that will be used as the first step in the Property 2 project. This system developed by BRT staff will include the conversion of the BRT's VSAM data, current Oracle data, and data contained in silos throughout the department. All information will be integrated into one Oracle database. This system will retain all of our current functionality and data checks. Also, enhancements and improved security will be incorporated into the new system.

BRT Website

Currently, BRT users may view and/or print the following:

- Property assessment records by address, block, intersection, and account number
- Characteristics data of the property
- General instructions to file an application for the abatement of real estate taxes
- Application for the abatement of real estate taxes due to improvements
- Application for the abatement of real estate taxes due to catastrophic loss
- Real estate market value appeal form
- Non-Profit real estate tax exemption application
- View Historical status of a property
- View Revenue tax balances on each property
- View BRT employment opportunities

ACTUAL VALUE INTIATIVE

The BRT continues its mission to establish uniformity, equity, accuracy and transparency of market value assessments throughout the City. We focus our daily operations on training, improved data collection, analysis and modeling governed by industry standards. These practices form the foundation of a fair and equitable assessment system. We remain committed to the implementation of an assessment system that uses actual market values.

ABATEMENTS & EXEMPTIONS

For tax year 2009, the market value for all properties exempt from real estate taxes were certified at $16,683,583,350. The allocation follows:

Statutorily Exempted Properties $12,794,104,406 an increase of $225,953,776 from Tax Year 2008.

Real Estate Tax Abated Properties $3,889,428,944, an increase of $379,36,090 from Tax Year 2008.

(The table below identifies abated properties by class, number of properties, total abated assessed values and the current market value of the abatement.)

CERTIFIED TAX YEAR 2010

ABATEMENT PROGRAM	NUMBER OF PROPERTIES	TOTAL ABATED ASSESSED VALUE	MARKET VALUE OF THE ABATED ASSESSED VALUE
1130 – Section 19-1304(3) Ten (10) Year Commercial & Industrial	2,450	$ 444,260,800	$ 1,388,315,000
1456A – Section 19-1303(4) Ten (10) Year Residential The total MV/AV of the improvement is abated	5,950	398,424,506	1,245,076,581
961/1332 Five (5) Year Declining Residential Properties	5	123,328	385,400
961 – Section 19-1303(2) Ten (10) Year Capped Residential Properties	399	5,125,249	16,016,404
961 - 10 Year Uncapped	4,037	164,611,080	514,409,625
205/175	245	13,823,784	43,199,325
970/274 7/1/97 10 Year Commercial/Residential	219	28,060,298	87,688,431
Keystone Opportunity Zone Properties 12 Year Tax Abatement	198	190,188,217	594,338,178
Total	13,503	$ 1,244,617,262	$ 3,889,428,944

SUMMARY

The Board of Revision of Taxes is continuing its efforts to improve levels of performance in all areas. Our ultimate goal remains the establishment of fair and equitable property assessments. We remain committed to achieving excellence in the provision of customer service to the City. While acknowledging the City's economic issues, we are concerned that the reduction to BRT staff reflected in the FY2010 budget reduces our ability to institute needed reforms, complete critical projects and negatively impacts our ability to provide quality service to citizens. Current staffing levels jeopardize our ability to perform our legislatively mandated mission.

Respectfully, we request restoration of employee positions to the FY2008 funding levels.

Thank you for your consideration.

Respectfully submitted,

Charlesretta Meade, Esq.
Chairman, Board of Revision of Taxes