



## Committee of Seventy

### Testimony on the Proposal to Abolish the Board of Revision of Taxes

Bill No. 090706  
Philadelphia City Council  
Committee of the Whole  
October 27, 2009

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I am Zack Stalberg, President and CEO of the non-partisan Committee of Seventy. I am here today to testify on proposed legislation to abolish the Board of Revision of Taxes and to restructure the city's property assessments and assessments appeals processes. I appreciate the opportunity to testify before Council and, in particular, want to thank Councilman Bill Green for his leadership in sponsoring this legislation and the 14 other Council members for their co-sponsorship.

The Committee of Seventy has repeatedly called for overhauling the BRT, most recently in statements issued in May, September and October of this year and in our September 2009 *Tackling True Reform: Why Philadelphia Must Innovate* report, which recommended long-term improvements to make government smaller, more effective and cost less. (The report is available at [www.seventy.org](http://www.seventy.org).)

Seventy supports Bill No. 090706 and believes its enactment is essential to restoring public confidence in the way Philadelphia handles property assessments and assessment appeals. However, we urge Council to make the law stronger by including the following recommendations:

**Reduce Salaries for Members of the Board of Property Assessment Appeals.** Separating the now-combined assessment and appeals functions will inevitably decrease the workload for each

of the separate units. The enactment of a fair and equitable property valuation system, in particular, should also lessen the volume of assessment appeals, as well as the time commitment required of Board members.

Section 2-202(4) of Bill No. 090706 sets compensation levels ranging from \$63,000 to \$68,000 for members of the new Board of Property Assessment Appeals – only slightly less than the \$70,000 to \$75,000 annual salaries of current BRT members.

The Committee of Seventy urges Council to set per diem salaries for members of the Board of Property Assessment Appeals that are similar to those set for virtually all other city Boards and Commissions, including those that meet regularly, such as the Civil Service Commission.

To put this in further perspective: City Council members have far more time-consuming jobs than envisioned for the new Board of Property Assessment Appeals. Yet even the lowest paid member of the new Board (\$63,000) will be paid an annual salary that is more than half of the lowest paid member of Council (\$117,990). That makes no sense.

**Make the Board of Property Assessment Appeals selection process more transparent.** Bill No. 090706 proposes the creation of a seven-member Nominating Process to nominate candidates for mayoral appointment to the Board of Property Assessment Appeals, subject to approval by a majority of Council. The selection process follows procedures set forth in Section 3-1003 of the Philadelphia Home Rule Charter: The Nominating Panel submits to the mayor in writing the names of three qualified persons for each position to be filled. If the mayor is not satisfied with the list, he can request additional lists until the position is filled.

The Committee of Seventy urges Council to establish a more transparent process by requiring the Nominating Panel to make public the list of prospective Board members sent to the mayor, and also to limit the number of times the mayor can request additional lists of candidates.

The particular history of political deal-making and patronage at the BRT demands an open nominating process. While Seventy appreciates that some candidates may wish to keep their

interest in a Board seat confidential, and be spared embarrassment if their names are submitted to the mayor yet they are not selected, these considerations are far outweighed by the public's right to be kept informed. Where Nominating Panels are used in the judicial selection process, the list of nominees is almost always disclosed.

Limiting the number of times the mayor can request additional lists of candidates will diminish the opportunity for political factors to enter into the Board member selection process. It also ensures that a mayor cannot hold up the selection process indefinitely by rejecting lists of names repeatedly until he gets the nominee of his choice.

**Requiring all employees involved in the property assessments or assessment appeals processes to be on the city payroll.** Section 2-207 of Bill No. 090706 addresses transferring existing BRT employees to either the Office of Property Assessment or the Board of Property Assessment Appeals. Yet the legislation is silent on transferring the 78 employees now paid by the School District of Philadelphia to the city's payroll.

The Committee of Seventy urges Council to correct this serious omission. There is no reason now – or when the new units contemplated by Bill No. 090706 are created – for any employee involved in property assessments or assessment appeals to be paid by the School District. Their work has nothing to do with improving public education. A September 23 *Philadelphia Inquirer* story reported that the BRT employees file paperwork, answer telephones and handle duties for property assessors. Even if it is essential to have the same number of employees performing these jobs – which should be assessed according to the maximum efficiency and cost-savings goals outlined in *Seventy's Tackling True Reform* report – they should be housed in city offices and receive a city paycheck. They should also be bound by the same ethics rules that apply to all city employees, instead of continuing to enjoy the exemptions (residency requirements and political activity restrictions, among others) accorded them as School District employees.

The problem of having these employees paid by the School District is not “cured” if their jobs are converted to civil service positions – as Human Resources Director Albert D'Attilio anticipates in an October 19 memorandum to Mayor Nutter, the Finance Director and Chief of

Staff – and they are required to comply with the provisions of the Home Rule Charter. They simply do not belong on the School District’s payroll.

If Council believes this provision does not belong in the proposed legislation, its members and also the mayor should publicly call on the School Reform Commission to immediately end this practice, the legality of which has been called into question.

The SRC has been inexplicably silent on this issue, despite its Chairman Robert Archie’s call for a thorough and objective review of this practice last spring and SRC member Johnny Irizarry’s plea last month for his colleagues to take up the issue. Especially considering the School District’s significant budget shortfall, it is mystifying why its leaders have adopted a wait-and-see-how-BRT-reforms-unfold attitude before cutting BRT employees from its payroll.

**Reform the Board of View.** Almost forgotten in the continuing troubles of the BRT is the Board of View. Its only mention in Bill No. 090706 is in Section 2-202(7): “The Board of Appeals shall perform such administrative duties for the Board of View as had been performed by the BRT.”

According to a May 5 *Philadelphia Inquirer* story, members of the Board of View, which hears appeals in eminent domain matters, receive a \$50,000 annual salary for approximately ten days of work. If the member also serves on the BRT, which is permissible, that person receives his or her BRT salary (ranging from \$70,000 to \$75,000).

The Committee of Seventy urges Council to amend the proposed legislation – or, in the alternative, to promptly introduce new legislation – to reform the Board of View. Its members should have the professional qualifications necessary to perform their duties, and they should be chosen through the same selection process outlined in Bill No. 090706 for the Board of Property Assessment Appeals (subject to the recommendations to increase transparency outlined in this testimony.)

In addition, since the Board of View’s future workload is unlikely to differ from its current docket, its members should be paid on a per diem basis, rather than receive an annual salary. The

*Philadelphia Inquirer* reports that per diem compensation is the standard practice for boards performing similar functions in the four counties surrounding Philadelphia.

The current \$50,000 salary for members of the Board of View is even more egregious when compared to the proposed salaries for members of the new Board of Property Assessment Appeals.

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It is unfortunate that the most accelerated timetable will not result in the reforms contemplated in the proposed legislation until the current BRT completes its assessments in 2010 in order to impose real estate taxes in 2011. In the meantime, the current BRT will continue to hear assessment appeals (and also receive their existing salaries despite this significantly reduced workload).

Until permanent reforms are in place, short-term improvements at the BRT must be made to create a semblance of public confidence.

These improvements can be enacted outside of the legislative or voter approval process. The Committee of Seventy urges City Council to use its subpoena powers to compel BRT members to appear at a public hearing in order to obtain the following pledges:

- **Select a New BRT Executive Director:** The top administrative job at the BRT is vacant, thanks to the recent resignation of Executive Director Enrico Foglia, as Seventy and others called for last spring. While applicants for a soon-to-be-abolished agency may be slimmer than might normally be expected, someone will step up to the job. The BRT should select an individual who meets the highest standards for ethics, integrity and character, as well as published, objective qualifications to perform the job, without regard to political connections or support. This individual should have no past connection with the current BRT.

- **Pledge non-political hiring:** Anyone in a position to hire individuals to fill non-civil service positions at the BRT should pledge to remove political considerations from these decisions.
- **End secret deals to politically-connected residential and commercial property owners:** This expectation should be communicated to all personnel and strictly enforced. As the *Philadelphia Inquirer's* May 2009 series on the BRT exposed, private deals for well-connected property owners have deprived the city of millions of dollars in property tax revenues. While adverse publicity may have quieted this practice, a zero tolerance message should be underscored by the mayor, Council, political party and union leaders.
- **Establish a strict conflicts-of-interest policy:** All BRT employees who hold second jobs should register the names of their employer and their job description with the Philadelphia Board of Ethics. No employee should participate in any matter where real or perceived conflicts with their second jobs exist.

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There are two more short-term reforms that Council cannot demand of BRT members, but which are equally significant:

- **Fill the vacant BRT and Board of View seats:** The Committee of Seventy also urges the Board of Judges – which still has the authority to select members of the BRT and Board of View – to fill each of the vacant seats at its next scheduled meeting in November. The Board should choose individuals who meet the highest standards for ethics, integrity and character, as well as published, objective qualifications to perform the job, without regard to political connections or support.
- **Correct faulty information underlying current property assessments:** Even in this interim era, the Committee of Seventy urges engaging independent property assessment experts to fix the glaring mistakes that continue to create inaccuracies in current property

assessments. These corrections are necessary regardless of the method ultimately decided upon to produce equitable and uniform property assessments and market values which, in any event, cannot happen overnight.

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The urgency of correcting problems at the BRT has implications far beyond arriving at a fair, accurate and trustworthy method for calculating property taxes. As the Mayor's Task Force on Tax Policy and Economic Competitiveness said in its just-released report, "Without significant improvements in the property assessment system, Philadelphia will be unable to implement a competitive tax structure and will continue to struggle economically."

Once again, the Committee of Seventy applauds members of Council for making BRT reform a top priority of its fall legislative session. We appreciate the opportunity to testify today.