



HOW IS THE REAL PROPERTY TAX DISTRIBUTED AMONG LAND USES?

The real property tax is an important source of revenue for local governments and school districts in Pennsylvania. Townships, boroughs, and cities receive an average of 19 percent of their total revenue from the real property tax. In counties, the average is 34 percent. School districts in Pennsylvania receive an average of 40 percent of their income from the real property tax.

The relatively widespread dependence on the real property tax in Pennsylvania has increased public concern about how—and how fairly—the tax burden is distributed. This publication is intended to help you understand how the real property tax burden is distributed across different property types in Pennsylvania. Understanding the composition of the real property tax base in your own county, municipality, and school district is important if you want to get a more complete understanding of tax fairness in your own community. It will help you see how your local real property tax is distributed and how your community compares to others in your county and state.

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What Types of Real Property Exist in Pennsylvania?

Seven general real property types of importance for tax purposes, as defined by county tax assessment offices and the Pennsylvania State Tax Equalization Board, exist in Pennsylvania:

1. *Residential property* represents property where people live in houses or apartments.
2. *Lots less than 10 acres* represent lots that are not developed into residences.
3. *Industrial property* represents property developed for manufacturing plants, mining operations, and other industry-type facilities.
4. *Commercial property* represents retail stores, restaurants, and business offices.
5. *Agricultural property* represents land being farmed.
6. *Lots more than 10 acres* represent land that is not developed or used for agricultural production.
7. *Mineral assessments* represent the assessed value of the minerals in the ground.

For the purposes of this publication, these seven real property types have been collapsed into five: *residential land*, which will include both property where people live and lots of less than 10 acres; *commercial property*; *industrial property*; *agricultural property*, which will include lots of more than 10 acres; and *mineral assessments*.

County tax assessment offices keep records of the value of each property and of the total value of all properties within the county's borders. This total value across all properties is called the *real property tax base* and is used to calculate real property tax rates. County tax assessment offices similarly keep records of the total value of all properties in each municipality (township, borough, and city) and school district in the county.

The composition of the tax base is important, because it reflects how the real property tax burden is distributed. If the value of residential land is 75 percent of the total tax base in a county, for example, owners of that land will pay 75 percent of county real property taxes regardless of the tax rate.

It is important to note that the tax base is based on the *value* of the land, not the total *acreage* involved in each land use. A community may have many more acres of farmland than industrial land, for example, but because the per-acre value of industrial land typically is greater than that of farmland, industrial land may comprise a larger share of the total tax base.

Which Property Types Bear the Real Property Tax Burden?

Counties

On average, residential properties made the largest contribution (66.1 percent of total tax assessments) to the real

property tax base in Pennsylvania counties in 1994 (see Figure 1). In only two counties (Greene and Tioga) did residential property contribute less than half of the total real property tax assessments (see Table 1). Residential property tax assessments in counties ranged from 32.9 percent (Greene County) to 87.9 percent (Pike County) of the total tax assessments. In nine counties (Beaver, Bucks, Carbon, Delaware, Monroe, Northampton, Pike, Wayne, and Westmoreland), residential property contributed over 75 percent of the total tax assessments.

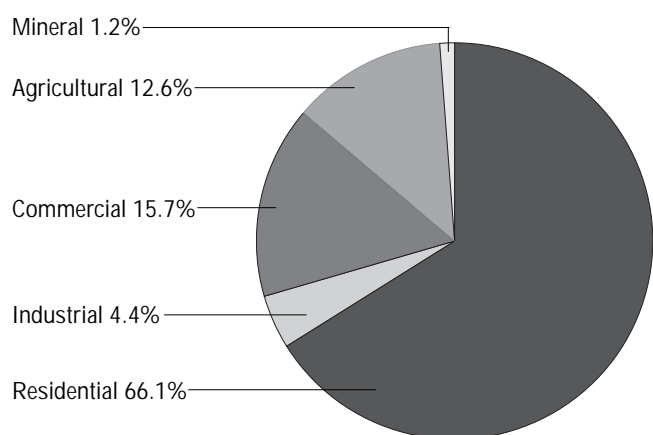
Industrial property made a small contribution to the real property tax base in Pennsylvania counties, averaging 4.4 percent of the total tax assessments. In one county only (Northumberland) did industrial property contribute more than 10 percent to the county tax base (11.3 percent). Industrial property contributed less than one percent to the tax base in seven counties (Allegheny, Forest, Monroe, Perry, Pike, Sullivan, and Wayne).

Commercial property contributed an average of 15.7 percent to the tax base of Pennsylvania counties, and ranged from 5.2 percent (Greene) to 42.3 percent (Philadelphia). In five counties (Allegheny, Blair, Centre, Dauphin, and Philadelphia), at least 25 percent of the tax base came from commercial property.

Agricultural property (including forest land) contributed an average of 12.6 percent to county tax bases, ranging from zero (Philadelphia) to 38.9 percent (Potter). In two counties (Philadelphia and Allegheny), less than one percent of the tax base came from agricultural land, since these counties are the most urban in Pennsylvania. In five counties (Fulton, Potter, Sullivan, Susquehanna, and Tioga), agricultural land contributed at least one-third of the total tax assessments.

Mineral assessments (such as coal reserves) contributed an average of only 1.2 percent to county tax bases. Twenty-seven counties had no mineral assessments. The proportion

Figure 1. Average division of real property tax base in PA counties in 1994.



of Greene County's tax base that came from minerals (42.2 percent) was the state's largest. The next largest contributions of minerals to county tax bases occurred in Forest County (7.4 percent) and Washington County (5.7 percent).

Municipalities (Townships, Boroughs, Cities)

Residential property made the largest contribution to municipal real property tax bases in 1994, averaging 69.1 percent (see Figure 2). The range, though, is quite large, from 0.2 percent to 100 percent. In seven municipalities (Pennsbury Village Borough, Allegheny County; Glasgow Borough, Beaver County; New Paris Borough, Bedford County; Birmingham Borough, Huntingdon County; Fairview Heights, Lebanon County; Casselman Borough, Somerset County; and Laurel Mountain Borough, Westmoreland County) 100 percent of the total tax assessments came from residential property, placing the property tax burden completely on those property owners (see Table 2). In two municipalities, less than one percent of the total tax assessments came from residential property. New Morgan Borough in Berks County (primarily a landfill) obtained only 0.2 percent of its tax assessments from residential property and 90 percent from industrial property; S. N. J. P. Borough in Lawrence County obtained only 0.6 percent of its assessments from residential property and 96 percent from commercial property.

Industrial property contributed an average of 3.7 percent to municipal tax bases, ranging from zero in 943 municipalities to 93.2 percent in Shippingport Borough, Beaver County (which is home to a power plant). In nine municipalities, over half of the tax assessments came from industrial property, and in three (Franklin Borough, Cambria County; New Morgan Borough, Berks County; and Shippingport Borough, Beaver County), over 75 percent came from industrial property.

Commercial property contributed an average of 11.9 percent to municipal tax bases, ranging from zero to 96.3 percent. Forty-five municipalities had no commercial property tax assessments, whereas in 20 municipalities more than half of the property tax assessments came from commercial property. In three municipalities (New Castle Township, Schuylkill County; Seven Springs Borough, Somerset County; and S. N. J. P. Borough, Lawrence County), more than 75 percent of the tax assessments came from commercial property.

Agricultural property contributed an average of 14.1 percent to municipal tax bases, ranging from zero to 87 percent. In six municipalities (Rutland Township and Brookfield Township, Tioga County; West Keating Township, Clinton County; Middletown Township, Susquehanna County; Pike Township, Bradford County; and Oswayo Township, Potter County) over 75 percent of the total tax assessments came from agricultural land, and 339 municipalities had no agricultural property.

Mineral assessments contributed an average of 1.2 percent to municipal tax bases, ranging from zero to 82.8 percent. Over half of all municipalities had no mineral tax assessments. In fifteen municipalities, over half of the tax base came from minerals, and in two (Gray Township and Gilmore Township, Greene County), over 75 percent came from minerals.

School Districts

Residential property made up 69 percent of school district real property tax bases in 1994 (see Figure 3), and ranged from 9.0 percent to 93.8 percent of the tax base (see Table 3). In almost all school districts (481 of 501), at least half of the real property tax base came from residential property,

Figure 2. Average division of real property tax base in PA municipalities in 1994.

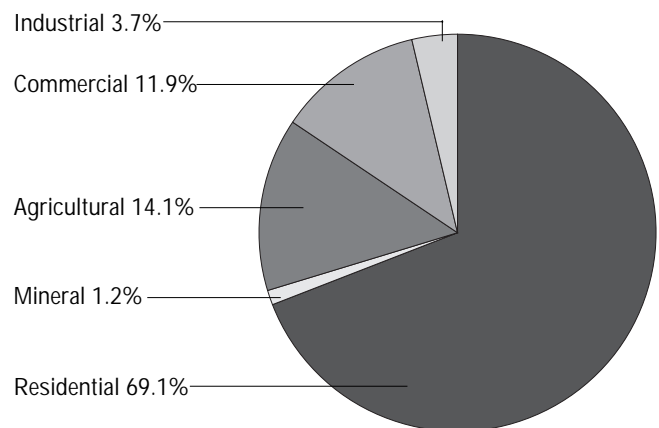
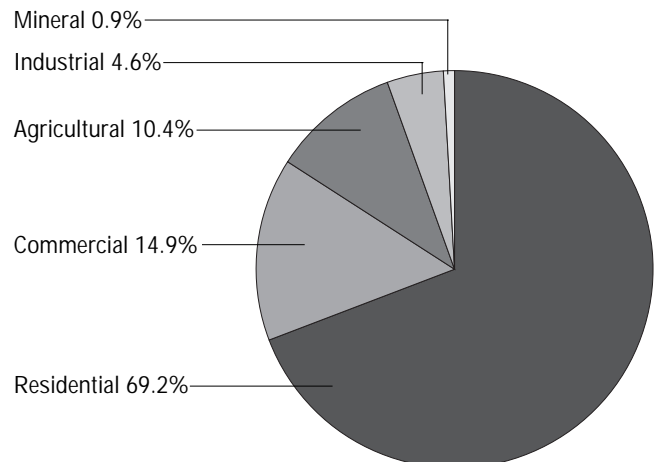


Figure 3. Average division of real property tax base in PA school districts in 1994.



and in 156 school districts, over 75 percent came from residential property. In five school districts (Avonworth, Mt. Lebanon, and South Park, Allegheny County; Union Area, Lawrence County; and Wallingford-Swarthmore, Delaware County), 90 percent or more of the real property tax base came from residential property.

Industrial property averaged 4.6 percent of the tax base in school districts, ranging from zero to 48.5 percent. Twenty school districts had no industrial property tax assessments, and in only two school districts (South Side Area, Beaver County and Farrell Area, Mercer County) did more than one-third of the total tax assessments come from industrial property.

Commercial property averaged 14.9 percent of the tax base in school districts, and ranged from 0.3 percent to 57.9 percent. Harrisburg City School District in Dauphin County was the only school district in which over fifty percent of the tax base came from commercial property.

Agricultural land contributed an average of 10.4 percent to school district tax bases, ranging from zero to 58.9 percent. Twenty-six school districts had no agricultural property. Four school districts (Northeast Bradford, Bradford County; Southern Fulton, Fulton County; Northern Potter, Potter County; and Elk Lake, Susquehanna County) obtained over half of their tax base from agricultural land.

Mineral assessments contributed an average of only 0.9 percent to school district tax bases. In 315 school districts

there were no mineral assessments. In only two school districts (Central Greene and West Greene, Greene County) one-third or more of the tax assessments came from minerals.

Implications

The distribution of the real property tax base across different land types reflects how land is used in your community and how the real property tax burden is distributed across the owners of those properties. The tax base shows which property-type owners are bearing the real property tax burden. It can provide a good beginning point for understanding local taxes and for local discussions of tax fairness. You also can use it to compare your own county's, municipality's, and school district's dependence upon different property types to those of neighboring jurisdictions.

In general, a wide tax base distributed across a variety of different land types is viewed as better than a narrower tax base heavily dependent upon one land type. A wide tax base distributes the tax burden across a wider variety of property owners, and helps give the community a greater ability to withstand economic downturns. A tax base composed primarily of one property type, such as industrial property, is vulnerable to changes in that property type; an economic downturn that shuts down industrial businesses in that community, for example, would devastate the tax base.

Table 1. 1994 County Percentages.

County	Residential	Industrial	Commercial	Agricultural	Mineral
Adams	62.7	5.2	16.4	15.6	0.0
Allegheny	72.4	0.8	26.8	0.1	0.0
Armstrong	65.8	6.5	12.4	14.1	1.1
Beaver	75.6	7.5	12.4	4.6	0.0
Bedford	63.4	2.3	11.0	23.2	0.1
Berks	67.6	5.3	18.9	8.3	0.0
Blair	67.4	4.0	25.1	3.5	0.0
Bradford	51.0	5.3	13.4	30.4	0.0
Bucks	77.5	6.7	13.9	1.9	0.0
Butler	70.4	3.0	17.1	9.4	0.1
Cambria	67.9	3.5	21.0	5.1	2.5
Cameron	64.3	3.6	11.7	17.5	2.8
Carbon	80.0	3.8	12.7	3.5	0.0
Centre	62.7	3.3	26.3	7.1	0.6
Chester	74.8	3.8	13.9	7.6	0.0
Clarion	56.5	1.1	22.6	19.3	0.5
Clearfield	64.3	2.8	19.1	12.7	1.1
Clinton	62.8	5.7	15.6	14.7	1.2
Columbia	57.0	6.4	19.5	17.1	0.1
Crawford	64.4	5.1	14.0	16.5	0.0
Cumberland	68.5	2.5	24.8	4.3	0.0

(continued)

Table 1 (continued).

County	Residential	Industrial	Commercial	Agricultural	Mineral
Dauphin	60.6	5.6	30.7	3.1	0.0
Delaware	75.9	3.2	19.9	1.1	0.0
Elk	73.1	7.6	8.0	10.9	0.3
Erie	67.8	5.8	18.3	8.1	0.0
Fayette	69.1	2.8	20.1	8.0	0.0
Forest	67.0	0.8	8.7	16.1	7.4
Franklin	69.8	6.4	15.2	8.6	0.0
Fulton	51.7	1.6	8.2	38.5	0.0
Greene	32.9	4.5	5.2	15.2	42.2
Huntingdon	60.0	4.1	10.3	25.5	0.1
Indiana	62.0	2.4	20.7	13.2	1.7
Jefferson	65.2	4.5	13.1	16.9	0.3
Juniata	64.3	1.3	9.1	25.3	0.0
Lackawanna	69.2	8.0	19.9	2.7	0.2
Lancaster	72.2	5.9	15.8	6.2	0.0
Lawrence	70.9	4.6	16.7	7.7	0.0
Lebanon	72.6	5.8	13.4	8.2	0.0
Lehigh	66.5	7.8	20.5	5.1	0.0
Luzerne	71.4	7.9	16.4	3.7	0.7
Lycoming	71.0	5.8	16.8	6.4	0.0
McKean	62.2	8.2	14.7	14.0	0.9
Mercer	63.6	5.7	20.4	10.2	0.0
Mifflin	63.8	6.6	17.2	12.4	0.0
Monroe	83.3	0.9	10.2	5.6	0.0
Montgomery	71.4	7.1	19.8	1.7	0.0
Montour	64.0	5.0	17.2	13.8	0.0
Northampton	78.2	3.4	10.7	7.7	0.0
Northumberland	63.0	11.3	14.9	10.1	0.7
Perry	74.8	0.4	7.8	17.0	0.0
Philadelphia	52.0	5.6	42.3	0.0	0.0
Pike	87.9	0.1	7.1	4.9	0.0
Potter	52.6	1.3	6.8	38.9	0.4
Schuylkill	74.6	5.3	12.1	4.7	3.3
Snyder	61.6	5.4	17.0	16.0	0.0
Somerset	64.4	4.1	15.2	14.0	2.3
Sullivan	55.1	0.8	7.6	36.4	0.0
Susquehanna	54.0	1.0	8.7	36.2	0.0
Tioga	48.0	2.0	12.3	37.7	0.0
Union	66.2	5.0	15.4	13.5	0.0
Venango	66.1	3.2	19.1	11.3	0.4
Warren	61.7	6.3	13.6	16.5	2.0
Washington	69.2	2.7	15.3	7.0	5.7
Wayne	78.7	1.0	8.7	11.6	0.0
Westmoreland	75.2	3.9	15.8	4.7	0.5
Wyoming	59.6	6.6	12.1	21.8	0.0
York	69.7	7.4	16.0	6.9	0.0

Table 2. 1994 Municipality Averages Within Counties.

County	Number of Municipalities	Residential Average	Industrial Average	Commercial Average	Agricultural Average	Mineral Average
Adams	34	63.9	5.8	14.7	15.7	0.0
Allegheny	130	79.0	2.2	18.7	0.1	0.0
Armstrong	45	68.9	4.6	9.8	15.4	1.3
Beaver	54	75.7	8.1	11.6	4.6	0.0
Bedford	38	69.7	0.9	8.0	21.3	0.1
Berks	76	68.7	6.3	13.0	11.9	0.0
Blair	24	67.0	4.5	19.2	9.2	0.0
Bradford	51	49.0	3.1	8.5	39.5	0.0
Bucks	54	78.5	5.1	13.7	2.6	0.0
Butler	57	68.3	2.8	14.2	14.6	0.1
Cambria	64	75.4	2.8	11.6	6.9	3.2
Cameron	7	63.9	1.5	8.3	21.5	4.9
Carbon	23	77.5	5.3	12.3	4.9	0.0
Centre	36	69.3	1.8	12.3	15.0	1.6
Chester	73	73.8	4.1	9.0	13.0	0.0
Clarion	34	62.1	0.6	16.2	20.5	0.6
Clearfield	51	64.9	1.9	10.4	20.9	2.0
Clinton	29	63.7	3.8	9.9	20.1	2.5
Columbia	33	55.7	3.4	14.5	26.1	0.3
Crawford	51	62.5	3.8	8.9	24.8	0.0
Cumberland	34	72.3	1.6	16.4	9.7	0.0
Dauphin	40	71.4	4.1	16.9	7.6	0.0
Delaware	49	74.6	5.4	18.9	1.1	0.0
Elk	12	72.5	4.6	5.1	17.0	0.9
Erie	39	63.7	3.9	11.7	20.7	0.0
Fayette	42	73.0	3.3	14.8	8.9	0.0
Forest	9	66.2	1.0	8.8	16.3	7.8
Franklin	22	70.7	4.9	11.0	13.4	0.0
Fulton	13	52.4	0.9	8.6	38.1	0.0
Greene	26	39.6	4.1	5.0	14.7	36.6
Huntingdon	48	66.0	2.4	8.0	23.5	0.1
Indiana	39	66.1	1.8	10.7	18.8	2.6
Jefferson	34	64.1	3.4	8.7	23.3	0.5
Juniata	17	63.9	1.0	10.0	25.1	0.0
Lackawanna	40	75.2	7.0	10.8	7.0	0.1
Lancaster	60	75.4	4.4	10.9	9.2	0.0
Lawrence	27	66.7	5.0	14.9	13.4	0.0
Lebanon	27	73.3	5.6	11.2	9.9	0.0
Lehigh	25	70.5	6.3	14.4	8.9	0.0
Luzerne	76	78.3	5.4	10.5	4.9	0.9
Lycoming	52	76.6	2.4	8.9	12.1	0.0
McKean	22	59.9	6.0	11.4	21.2	1.5
Mercer	48	61.6	4.0	12.7	21.7	0.0
Mifflin	16	72.3	5.7	8.1	13.8	0.0
Monroe	20	79.9	1.4	11.0	7.6	0.0
Montgomery	62	73.7	6.8	17.0	2.5	0.0
Montour	11	61.2	4.0	10.7	24.2	0.0
Northampton	38	77.6	4.9	8.9	8.6	0.0
Northumberland	36	65.1	6.6	10.2	17.1	1.0
Perry	30	73.2	0.4	9.2	17.2	0.0

(continued)

Table 2 (continued).

County	Number of Municipalities	Residential Average	Industrial Average	Commercial Average	Agricultural Average	Mineral Average
Philadelphia	1	52.0	5.6	42.3	0.0	0.0
Pike	13	83.5	0.3	10.4	5.8	0.0
Potter	31	53.7	1.1	5.0	39.6	0.6
Schuylkill	67	74.2	4.8	9.7	5.0	6.3
Snyder	21	62.4	5.3	10.9	21.4	0.0
Somerset	50	67.6	2.0	12.1	16.5	1.8
Sullivan	13	56.0	0.4	10.0	33.5	0.0
Susquehanna	40	55.3	0.7	8.8	35.2	0.0
Tioga	39	51.2	1.7	9.7	37.3	0.0
Union	14	66.8	3.3	13.0	16.9	0.0
Venango	31	64.7	1.8	13.8	19.2	0.5
Warren	27	60.6	2.5	8.5	25.0	3.4
Washington	67	68.2	2.5	12.3	9.3	7.7
Wayne	28	72.0	1.2	9.6	17.2	0.0
Westmoreland	65	75.8	4.6	14.5	4.5	0.5
Wyoming	23	60.7	3.3	11.3	24.7	0.0
York	72	76.0	4.3	10.3	9.4	0.0

Table 3. 1994 School District Averages Within Counties.

County	Number of School Districts	Residential Average	Industrial Average	Commercial Average	Agricultural Average	Mineral Average
Adams	6	64.8	5.6	13.2	16.4	0.0
Allegheny	46	78.4	1.6	20.0	0.1	0.0
Armstrong	8	68.1	6.9	10.0	13.8	1.2
Beaver	16	75.2	8.2	12.2	4.4	0.0
Bedford	6	67.3	1.6	7.7	23.2	0.2
Berks	19	68.1	5.0	15.4	11.4	0.0
Blair	8	68.8	5.3	20.1	5.8	0.0
Bradford	7	49.4	4.6	12.6	33.4	0.0
Bucks	16	76.9	6.1	14.8	2.2	0.0
Butler	9	69.1	2.0	12.1	16.6	0.2
Cambria	14	73.0	3.0	14.5	6.4	3.1
Cameron	1	64.3	3.6	11.7	17.5	2.8
Carbon	6	74.9	7.4	13.8	3.9	0.0
Centre	7	64.8	2.6	13.5	17.3	1.7
Chester	14	73.9	3.9	10.8	11.4	0.0
Clarion	8	60.8	0.6	18.4	19.6	0.6
Clearfield	9	62.0	2.5	12.9	20.7	1.8
Clinton	3	48.6	3.9	9.4	37.3	0.8
Columbia	8	61.5	3.9	14.6	19.0	1.0
Crawford	7	63.0	4.3	10.7	21.9	0.0
Cumberland	9	69.0	2.1	23.0	5.9	0.0
Dauphin	12	64.9	6.5	22.9	5.7	0.0
Delaware	17	75.6	4.0	18.7	1.6	0.0
Elk	6	72.0	4.6	5.8	16.5	1.0
Erie	13	65.1	5.8	14.2	14.9	0.0
Fayette	8	71.9	4.6	15.5	8.0	0.0
Forest	1	67.0	0.8	8.7	16.1	7.4

(continued)

Table 3. (continued)

County	Number of School Districts	Residential Average	Industrial Average	Commercial Average	Agricultural Average	Mineral Average
Franklin	6	69.1	6.5	11.0	13.4	0.0
Fulton	3	51.1	1.2	7.6	40.1	0.0
Greene	5	44.7	4.8	5.6	14.8	30.2
Huntingdon	6	58.9	3.4	7.2	30.4	0.1
Indiana	11	61.2	1.8	11.4	22.9	2.7
Jefferson	5	66.2	4.4	11.7	17.4	0.3
Juniata	2	57.6	0.6	5.6	36.1	0.0
Lackawanna	12	70.6	10.2	15.1	3.9	0.2
Lancaster	18	74.6	5.1	12.9	7.4	0.0
Lawrence	9	73.2	3.3	14.3	9.2	0.0
Lebanon	6	72.2	5.7	12.7	9.4	0.0
Lehigh	10	67.0	7.7	18.0	7.3	0.0
Luzerne	12	75.5	7.3	12.2	4.3	0.7
Lycoming	11	73.2	3.9	12.4	10.5	0.0
McKean	6	58.1	7.8	10.2	22.9	1.0
Mercer	14	61.6	5.2	14.8	18.5	0.0
Mifflin	2	67.9	3.8	11.0	17.3	0.0
Monroe	4	82.7	1.2	11.0	5.1	0.0
Montgomery	23	72.7	6.6	18.5	2.3	0.0
Montour	2	60.0	5.3	10.3	24.4	0.0
Northampton	10	78.5	3.5	9.5	8.4	0.0
Northumberland	8	62.8	12.1	12.5	11.8	0.8
Perry	5	72.9	0.3	6.8	19.9	0.0
Philadelphia	1	52.0	5.6	42.3	0.0	0.0
Pike	3	88.5	0.1	6.9	4.4	0.0
Potter	7	56.5	0.9	5.8	36.4	0.4
Schuylkill	14	75.7	4.5	10.8	4.1	4.9
Snyder	2	61.7	5.9	15.3	17.1	0.0
Somerset	11	64.2	3.3	12.0	17.8	2.6
Sullivan	1	55.1	0.8	7.6	36.4	0.0
Susquehanna	6	55.1	0.9	9.4	34.6	0.0
Tioga	5	50.6	1.3	9.6	38.5	0.0
Union	4	64.6	4.8	14.9	15.7	0.0
Venango	8	63.5	2.4	16.5	17.3	0.3
Warren	3	47.2	2.8	6.5	30.6	12.9
Washington	15	68.2	2.6	13.7	8.5	6.9
Wayne	6	75.3	0.6	5.8	18.4	0.0
Westmoreland	19	75.1	5.1	13.8	5.4	0.5
Wyoming	6	64.2	2.5	10.6	22.8	0.0
York	16	71.0	6.46	14.5	8.0	0.0

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