

# Real Estate Advisory:

## Allegheny County's 2025 Common Level Ratio Drops to 52.7%

### Examples of How Commercial Property Owners Can Win With a 2025 Property Tax Assessment Appeal

Allegheny County's common level ratio ("CLR") will drop to 52.7% in 2025. Allegheny County's CLR is the factor used to convert a property's market value into assessed value. Property taxes are based on assessed value. Over the last four years, the CLR has come down significantly from 86.2% in 2021.

However, assessed values will not automatically be adjusted by the new 52.7% CLR. Property owners must file a 2025 tax assessment appeal in order to get the benefit of the change in the ratio.

To illustrate, here are just two examples on how a property's assessed value can change from "fair" to "over-assessed" over time.



#### **Example 1: Existing property owner - The CLR "snapshot" becomes unfair over time**

In 2020, ABC Company purchased a commercial property for \$2,000,000 (the "Property"). As a result of ABC's purchase price, in 2021 a "snapshot" was taken and the Property was assessed at \$1,724,000 (based on the 2021 CLR of 86.2%). ABC will pay property taxes on \$1,724,000 in assessed value.

In 2025, the Property will remain assessed at \$1,724,000, unless ABC files a tax assessment appeal. In 2025, an assessed value of \$1,724,000 would mean that the Property is being taxed as though it is currently worth \$3,271,300 (based on the 52.7% CLR). If the Property is worth less than \$3,271,300, the Property's assessed value is too high in 2025. ABC should file a tax assessment appeal to reduce its property taxes.

#### **Example 2: New purchaser saddled with an existing unfavorable assessment**

In 2023, XYZ Company purchased the Property for \$2,500,000 and the Property continues to be worth \$2,500,000 heading into 2025.

The Property's assessed value should drop from \$1,724,000 to \$1,317,500 (based on the 52.7% CLR) based on the purchase price. XYZ may also be able to argue for other market values based on various methods of valuation. However, the Property's assessed value will not automatically change. No taxing authority will ask that the assessed value be modified, because it would result in fewer property taxes. Unless XYZ files a 2025 tax assessment appeal, the Property's assessed value will remain at \$1,724,000, and XYZ will be overtaxed.

### **Making the Decision That's Best for You**

Meyer, Unkovic & Scott LLP has substantial experience representing commercial, industrial and residential property owners in handling tax assessment appeals of all property types. For more information about tax assessment appeals, please contact Jason Yarbrough on 412-456-2592 or at [jmy@muslaw.com](mailto:jmy@muslaw.com).