

Luzerne County gives Mountain Top company \$8.7 million assessment reduction

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The Fairchild Semiconductor plant at the Crestwood Industrial Park off Route 309 in Wright Township recently received an \$8.7 million assessment reduction, one of the largest drops since Luzerne County's 2009 reassessment.

WRIGHT TWP. — A Mountain Top business has received an \$8.7 million assessment reduction — one of the highest since Luzerne County's 2009 reassessment.

The decrease for Fairchild Semiconductor in the Crestwood Industrial Park removed the company from its ranking among the 20 top highest valued commercial properties in the county and caused Wright Township to experience the greatest tax base decline of all 76 municipalities since the fall.

It also puts the county in a bind because the resulting refund for prior years will deplete or exceed funds available for refunds, which would force the county to find money somewhere else.

This year's county budget allocated \$1.25 million to catch up on a \$718,000 backlog of 2013 refunds that included some big-ticket commercial mediation reductions in addition to covering this year's refunds.

However, the county has only between \$60,000 and \$110,000 remaining in this budget line, the administration said.

According to county records, Fairchild must be repaid \$94,767 from the county, \$12,874 from the township and \$159,811 from the Crestwood School District for 2013 and 2014. Assessment reductions apply retroactively to the date an appeal was filed, which is 2012 for Fairchild.

The company now will pay \$341,805 in school, county and local taxes, or \$139,002 less than it paid on its prior assessment of \$21.488 million, which was reduced to \$12.75 million last month.

The reduction was obtained through court-level mediation — a negotiation between county assistant solicitor David Schwager and the property owner.

Property owners get to mediation when they contest values set by the county assessment appeals board. In this case the appeal board denied the company's request for a reduction in November 2012.

Schwager said Wednesday that Fairchild submitted an appraisal concluding its plant on 38.29 acres was worth \$8.6 million.

Due to the high value of the property, Schwager called in an outside appraiser to review Fairchild's submission and conduct its own opinion of value, he said. The settlement amount — \$1.15 million for the land and \$11.6 million for the building — was consistent with the county appraiser's recommendation for value per square foot, he said. The structure is 437,000 square feet, he said.

Fairchild produces wafers used to make computer chips primarily for the automotive market. The plant employing more than 200 was targeted for closure in 2009 but changed course in 2011, announcing the plant would remain open indefinitely.

The highest assessment reduction granted to a single property at court-level mediation to date was a \$16.8 million decrease in 2010 for the former Techneglas television glass-making plant in Jenkins Township, which went from a value of \$21.3 million to \$4.5 million.

The PPL nuclear power plant in Salem Township remains the county's highest assessed commercial property, with a value of \$248 million, followed by the Wyoming Valley Mall in Wilkes-Barre Township at \$76.1 million. The mall obtained a \$13 million reduction at mediation in 2012.

Another top-20 property, the Brooklyn, New York-based Laurel Mall Limited Partnership, received a \$16.3 million assessment reduction at mediation last year on five parcels that make up the Laurel Mall complex in Hazle and Sugarloaf townships. The mall and surrounding retail properties are assessed at \$27.8 million instead of \$44.1 million.

Schwager has said there are numerous remaining unresolved commercial assessment appeals, and he has no way to predict how many will be settled in 2015 or the projected reduction amounts. These cases often take longer to resolve than residential appeals because they are more involved and complex, which may result in refunds spanning several years, he has said.

Schwager said he reviews all proposed settlements with certified evaluators in the county assessor's office. All settlements must be approved by a county judge.

County court created the mediation process after the reassessment so judges wouldn't be jammed up handling thousands of appeals, with the idea they may eventually revert back to the traditional process in which property owners automatically appear before a judge if they aren't satisfied with a county assessment appeal board ruling.

The county's reassessment company, 21st Century Appraisals Inc., had criticized the mediation process, alleging it can result in "compromised" values on properties without "proper factual support" and a sufficient record of the proceedings.

While the final mediation settlement amounts are public record, the negotiation process is conducted out of the public eye. In comparison, assessment hearings before county appeal boards and judges are public.

Despite pummeling from appeals, new construction has helped the county's tax base increase overall, picking up \$34 million in growth since November, county records show. Wright Township was at the bottom of the 32 municipalities that experienced assessment decreases during the period, with a loss of \$8.1 million, or 1.39 percent.

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