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LAW/KR

P.L. 2013, CHAPTER 15, *approved January 25, 2013*
Senate, No. 1213

1 **AN ACT** establishing a program to demonstrate a more cost
2 effective and accurate process of property assessment
3 administration, supplementing Title 54 of the Revised Statutes
4 and amending various parts of the statutory law.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. (New section) Sections 1 through 4 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) shall be known and may
11 be cited as the “Real Property Assessment Demonstration
12 Program.”

13
14 2. (New section) The Legislature finds and declares:

15 a. The current real property assessment system fails to take full
16 advantage of a collaborative system of property assessment between
17 a county board of taxation, through its administrator, and the
18 municipal assessors employed by each municipality in a county,
19 that would result in a cost-effective and accurate process of real
20 property assessment to benefit real property owners and property
21 taxpayers. The benefits of a more collaborative system of real
22 property assessment would accrue to local property owners and
23 property taxpayers through a system of a more precise, technology-
24 driven real property assessment process that would ensure that each
25 municipal assessor is using the same technology as his or her
26 colleagues in assessing real property, and by modifications to the
27 annual real property assessment calendar to better manage the
28 assessment, and taxation, of real property in a manner that is more
29 sensitive and responsive to the demands of the municipal budget
30 calendar.

31 b. A collaborative system of real property assessment would
32 also benefit municipalities by reducing the number of successful
33 property assessment appeals filed annually with a county board of
34 taxation and the Tax Court, thereby protecting the funding of
35 municipal budgets through property tax dollars from the impact of
36 successful property assessment appeals, which usually require the
37 refund of excess property taxes paid by a taxpayer and impact the

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 local budget by reducing the amount of property tax dollars
2 available to fund municipal operations.

3 c. It is in the public interest of the State and its many real
4 property taxpayers to implement a demonstration program to
5 investigate whether systemic changes to the current system of real
6 property assessment, including revisions to the assessment calendar
7 and the assessment appeal process, will help address the
8 shortcomings of the municipal assessment system and the effect of
9 those shortcomings on local property taxpayers by enhancing the
10 performance of local tax assessors through the use of cutting-edge
11 technology under the direction of the county tax board.

12

13 3. (New section) As used in this act:

14 “County board of taxation” or “county tax board” means the
15 board of taxation of a demonstration county.

16 “County tax administrator” means the administrator of the board
17 of taxation of a demonstration county.

18 “Demonstration county” means a county participating in the real
19 property assessment demonstration program established in section 4
20 of P.L. , c. (C.) (pending before the Legislature as this bill).

21 “Demonstration program” means the real property demonstration
22 program for municipal real property assessment established in
23 section 4 of P.L. , c. (C.) (pending before the Legislature as
24 this bill).

25

26 4. (New section) a. There is established a real property
27 assessment demonstration program, which shall be open for
28 participation therein to any county in the State, to evaluate the
29 efficacy and functionality of a municipal system of real property
30 assessment directed by a county tax board through the county tax
31 administrator pursuant to a revised assessment, and assessment
32 appeal, calendar.

33 A goal of the demonstration program is to demonstrate an
34 enhanced system of municipal real property assessment as a
35 complement to the county-based real property assessment system
36 pilot program undertaken pursuant to the provisions of P.L.2009,
37 c.118 (C.54:1-86 et seq.), under which the entire real property
38 assessment function formerly performed by the municipal tax
39 assessor, has been transferred to the county through the
40 appointment of a county assessor and deputy county assessors. The
41 existence of two programs under which the real property assessment
42 function is performed using two different methods will allow the
43 Legislature to evaluate the effectiveness of each system of real
44 property assessment, and to determine whether the current statutory
45 system of real property assessment function should be revised
46 Statewide.

47 For the first two full tax years immediately following the
48 enactment of P.L. , c. (C.) (pending before the Legislature

1 as this bill), no more than two counties shall participate in the
2 demonstration program established in this section, and for the third
3 and fourth full tax years immediately following the enactment of
4 P.L. , c. (C.) (pending before the Legislature as this bill),
5 no more than two additional counties shall participate in the
6 demonstration program established in this section. A county shall
7 not institute a demonstration program pursuant to the provisions of
8 P.L. , c. (C.) (pending before the Legislature as this bill)
9 unless it meets the following criteria, and provides the required
10 information to the Director of the Division of Taxation and to the
11 Director of the Division of Local Government Services:

12 (i) the county tax board by resolution, shall certify to the
13 Director of the Division of Taxation and to the Director of the
14 Division of Local Government Services that the county tax board
15 has sufficient funds available to pay all of the costs associated with
16 the demonstration program, including the conversion to the MOD-
17 IV system and the associated expansion of the technology
18 infrastructure to the municipalities in the county. The county tax
19 board shall forward the resolution to the Director of the Division of
20 Taxation and to the Director of the Division of Local Government
21 Services;

22 (ii) the county is a State-certified MOD-IV vendor, or the county
23 has contracted with a single State-certified MOD-IV vendor to
24 provide MOD-IV technology to all of the municipalities in the
25 county. The county shall provide a copy of its MOD-IV
26 certification, or a copy of a valid contract for MOD-IV services;

27 (iii) the members of the county's assessors' association, by not
28 less than 2/3rds of its voting membership, have approved the
29 implementation of the demonstration program. The county tax
30 board shall forward the resolution to the Director of the Division of
31 Taxation and to the Director of the Division of Local Government
32 Services.

33 b. There shall be no direct appropriation of State funds used to
34 effectuate the provisions of the demonstration program established
35 in subsection a. of this section. The technical costs of the
36 demonstration program shall be paid by the county board of
37 taxation using assessment appeal filing fees collected by the county
38 board of taxation pursuant to section 18 of P.L.1979, c.499 (C.54:3-
39 21.3a).

40 c. (1) Not later than September 1 immediately preceding
41 demonstration program implementation, and using its own funds
42 therefor, the county tax board of each demonstration county
43 participating in the demonstration program established in subsection
44 a. of this section shall provide MOD-IV and CAMA software to
45 each municipality that does not use the software, at no cost to those
46 municipalities, and shall provide, at no cost to those municipalities,
47 training in the use of the software to the assessors of those
48 municipalities, and to their respective staff members. Thereafter,

1 each municipality shall pay an annual fee per each taxable line item
2 in the municipality to the county tax board for the MOD-IV and
3 CAMA service.

4 (2) On October 1 next following the provision of software under
5 paragraph (1) of this subsection, each demonstration county shall
6 commence the demonstration program under a plan developed by
7 the county tax administrator of each demonstration county,
8 approved by the county board of taxation, and submitted to the
9 Director of the Division of Taxation and the Director of the
10 Division of Local Government Services not less than 60 days prior
11 to October 1. The Director of the Division of Taxation and the
12 Director of the Division of Local Government Services shall not
13 propose or require any changes to a demonstration program plan
14 submitted by a county board of taxation unless a provision of the
15 demonstration program shall be inconsistent with State law, or the
16 decision of any court of this State, regarding the assessment of real
17 property unless the changes have been agreed to by a majority of
18 the members of a demonstration county's Assessment
19 Demonstration Program Steering Committee created pursuant to
20 paragraph (3) of this subsection. The demonstration program of
21 each demonstration county shall operate under all statutory
22 requirements and pursuant to all statutory dates and time frames
23 concerning the assessment of real property in the State, as those
24 statutory dates and time frames have been amended pursuant to the
25 provisions of P.L. , c. (C.) (pending before the Legislature as
26 this bill).

27 (3) Each demonstration county shall establish an "Assessment
28 Demonstration Program Steering Committee" to monitor and report
29 on the activities within the demonstration county relative to the
30 demonstration program. Members of the steering committee shall
31 be the State Treasurer or his designee, the Director of the Division
32 of Taxation or his designee, the Director of the Division of Local
33 Government Services or his designee, a member of the County
34 Assessor's Association of the demonstration county, and the county
35 tax administrator of the demonstration county. Actions taken by the
36 steering committee shall be approved by a majority of the members
37 of the steering committee.

38 d. The Director of the Division of Taxation and the Director of
39 the Division of Local Government Services shall, with the advice
40 and the recommendations of the county tax administrator provide to
41 the Governor and to the Legislature, not later than July 1 next
42 following the fourth full tax year after the implementation of the
43 demonstration program, a report detailing the experience of each
44 demonstration county participating in the demonstration program,
45 the successes of the program, any problems experienced under the
46 program, and any recommendations for statutory or administrative
47 changes to the current system of real property assessment in the
48 State.

1 e. Under the demonstration program, each municipal assessor
2 in a demonstration county shall utilize the same property
3 assessment software as is used by the county tax board and
4 provided to the municipalities by the county tax board pursuant to
5 subsection c. of this section. All real property assessment functions
6 required pursuant to State law, including the revaluation or
7 reassessment of real property, as well as other assessment-based
8 functions such as the development of a compliance plan,
9 maintenance of assessments and the calculation of added
10 assessments shall be performed using the property assessment
11 software.

12 f. In accordance with the provisions of statutory law and with
13 any rule or regulation promulgated pursuant thereto, the county
14 board of taxation of a demonstration county shall compel the
15 implementation of a revaluation or reassessment of real property in
16 any municipality in the demonstration county at such time that the
17 county board of taxation determines the need therefore. If a
18 municipality fails to comply with a revaluation or reassessment, as
19 appropriate, ordered by the county board of taxation in a timely
20 manner, the county board of taxation shall cause the revaluation or
21 reassessment, as appropriate, to be performed at the municipality's
22 cost. The cost of a revaluation or reassessment, as appropriate,
23 shall be directly billed to such a municipality, in addition to the
24 apportionment valuation, through the adjustment of the county levy
25 for that municipality pursuant to R.S.54:4-48 and R.S.54:4-49. A
26 municipality feeling aggrieved by a decision of the county board of
27 taxation to cause the revaluation or reassessment, as appropriate, to
28 be performed at the municipality's cost may file an appeal of that
29 decision of the county board of taxation to the Tax Court within 45
30 days of the approval by the Director of the Division of Taxation of
31 the county tax board's order requiring the revaluation or
32 reassessment, as appropriate.

33 g. The Director of the Division of Local Government Services
34 in the Department of Community Affairs, and the Director of the
35 Division of Taxation in the Department of the Treasury, shall have
36 the authority to take any action as is deemed necessary and
37 consistent with the intent of P.L. , c. (C.) (pending before
38 the Legislature as this bill) to implement its provisions, including
39 but not limited to the authority waive any provisions of statutory
40 law and regulations that may be inconsistent with the intent or
41 application of the provisions of P.L. , c. (C.) (pending before
42 the Legislature as this bill).

43
44 5. Section 1 of P.L.1999, c.278 (C.54:1-35.25b) is amended to
45 read as follows:

46 1. a. All tax assessor certificates issued prior to the effective
47 date of P.L.1999, c.278 (C.54:1-35.25b et al.) shall expire five years
48 following that effective date and shall be renewed in accordance

1 with the procedure established in this section. All tax assessor
2 certificates issued on or after the effective date of P.L.1999, c.278
3 (C.54:1-35.25b et al.) shall expire five years after the issuance of
4 the certificate and shall be renewed in accordance with the
5 procedure established in this section.

6 (1) All tax assessor certificates shall be renewed upon
7 application, payment of the required renewal fee, and verification
8 that the applicant has met continuing education requirements, as set
9 forth in paragraph (2) of this subsection. After the initial expiration
10 of any tax assessor certificates following the effective date of
11 P.L.1999, c.278 (C.54:1-35.25b et al.), each renewal period shall
12 thereafter be for a period of three years. The renewal date shall be
13 30 days prior to the expiration date of the tax assessor certificate.

14 (2) Prior to the first renewal date of a tax assessor certificate
15 pursuant to P.L.1999, c.278 (C.54:1-35.25b et al.) every applicant
16 for renewal shall, on a form prescribed by the Director of the
17 Division of Taxation, furnish proof of having earned a total of at
18 least 50 continuing education credit hours over the prior five-year
19 period. Thereafter, prior to each succeeding renewal date of a tax
20 assessor certificate, every applicant for renewal shall, on a form
21 prescribed by the Director of the Division of Taxation, furnish
22 proof of having earned a total of at least 30 continuing education
23 credit hours over the prior three-year period. For the purposes of
24 this section, one continuing education credit hour means 50 minutes
25 of classroom or lecture time. After verifying that the applicant has
26 fulfilled the continuing education requirement and after receiving a
27 fee of not less than \$50 paid by the applicant to the order of the
28 Treasurer of the State of New Jersey, the Director of the Division of
29 Taxation shall renew the tax assessor certificate. The Director of
30 the Division of Taxation shall determine, by regulation, the
31 circumstances under which an extension of time to complete the
32 requirements for continuing education may be granted by the
33 director.

34 b. There is established within the Division of Taxation in the
35 Department of the Treasury the Tax Assessor Continuing Education
36 Eligibility Board. The board shall consist of six members and be
37 comprised as follows: the Director of the Division of Taxation or
38 his designee, the President of the Association of Municipal
39 Assessors, and the President of the New Jersey Association of
40 County Tax Board Commissioners and County Tax Administrators
41 shall be permanent members. The Director of the Division of
42 Taxation and the President of the Association of Municipal
43 Assessors shall each appoint an additional member who shall serve
44 for a term of two years. The Director of Government Services at
45 Rutgers University shall serve ex officio. Any vacancy in the
46 membership of the board shall be filled for the unexpired term in
47 the manner provided by the original appointment. The first meeting
48 of the board shall be held at the call of the Director of the Division

1 of Taxation, and thereafter the board shall meet annually and shall
2 hold at least one additional meeting within each 12-month period.
3 The board shall establish the curriculum areas and the number of
4 hours in each curriculum area that an assessor shall complete in
5 order to renew certification.

6 c. When the holder of a tax assessor certificate has allowed the
7 certificate to lapse by failing to renew the certificate, a new
8 application and certificate shall be required. If application is made
9 within six months of the expiration of the certificate, then
10 application may be made in the same manner as a renewal, but with
11 an additional late renewal fee of \$50.

12 d. 【The Director of the Division of Taxation, in accordance
13 with the "Administrative Procedure Act," P.L.1968, c.410
14 (C.52:14B-1 et seq.), shall adopt such regulations as are necessary
15 to effectuate the provisions of this section.】 (Deleted by
16 amendment, P.L. , c.) (pending before the Legislature as this
17 bill).

18 e. In addition to the requirements of this section, to address the
19 introduction to, and competency of, municipal assessors and county
20 tax board personnel with the technology, administrative procedures,
21 and real property appraisal requirements within a demonstration
22 county under a demonstration program established in section 4 of
23 P.L. , c. (C.) (pending before the Legislature as this bill), the
24 county tax administrator of a demonstration county, in consultation
25 with the members of the county tax board of that demonstration
26 county, shall develop a training program to provide annually, free
27 of charge, an additional 10 credit hours of continuing education
28 training concerning the requirements of the real property
29 assessment function in the demonstration county for all assessors,
30 deputy assessors, tax board commissioners, the county tax
31 administrator, and the deputy county tax administrator, practicing
32 within that demonstration county. Attendance at the training
33 program shall be required for each of these professionals, and the
34 county tax administrator of the demonstration county shall annually
35 certify to the Director of the Division of Taxation in the Department
36 of the Treasury that each of these professionals has completed this
37 training. The continuing education credit hours required by this
38 subsection shall be in addition to the requirements of subsection a.
39 of this section, and shall not be used to satisfy any requirements of
40 that subsection. Any person who does not meet the additional
41 continuing education training requirement required by this
42 subsection shall be ineligible to function as an assessor or deputy
43 assessor in any municipality located in a demonstration county until
44 such time as the additional continuing education training
45 requirement has been satisfied.

46 The Director of the Division of Taxation, in accordance with the
47 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et

1 seq.), shall adopt such regulations as are necessary to effectuate the
2 provisions of this section.

3 (cf: P.L.1999, c.278, s.1)

4

5 6. Section 19 of P.L.1979, c. 499 (C.54:3-5.1) is amended to
6 read as follows:

7 19. a. The president of each county board of taxation shall
8 annually on or before August 15 report to the Director of the
9 Division of Taxation in the Department of the Treasury, except that
10 the president of a county board of taxation participating in the
11 demonstration program established in section 4 of P.L. _____,
12 c. (C. _____) (pending before the Legislature as this bill) shall make
13 this required report to the director annually on or before June 1.
14 Such report shall be in such form as shall be prescribed by the
15 director and shall contain such information and statistics as may be
16 appropriate to demonstrate for the immediately preceding 3-month
17 period during which tax appeals were heard by the county board:
18 the total number of appeals filed with the county board; the
19 disposition of the various appeals disposed of during that period;
20 the character of appeals filed with regard to the classification of
21 properties appealed; the total amount of assessments involved in
22 those appeals; the number of appeals filed in each filing fee
23 category during that period; and, the total amount of reductions and
24 increases of assessed valuation granted by the board during that
25 period.

26 b. The Director of the Division of Taxation shall annually
27 review the reports required under subsection a. of this section, and
28 shall include a summary of the information contained therein in the
29 division's annual report.

30 (cf: P.L.1979, c.499, s.19)

31

32 7. R.S.54:3-17 is amended to read as follows:

33 54:3-17. Each county tax administrator shall annually ascertain
34 and determine, according to his best knowledge and information,
35 the general ratio or percentage of true value at which the real
36 property of each taxing district is in fact assessed according to the
37 tax lists laid before the board. On or before March 1 of each year,
38 **[he]** or on or before May 15 in the case of a county board of
39 taxation participating in the demonstration program established in
40 section 4 of P.L. _____, c. (C. _____) (pending before the Legislature as
41 this bill), the county tax administrator shall prepare and submit to
42 the county board an equalization table showing, for each district,
43 the following items:

44 (a) The percentage level established pursuant to law for
45 expressing the taxable value of real property in the county;

46 (b) The aggregate assessed value of the real property, exclusive
47 of class II railroad property;

- 1 (c) The ratio of aggregate assessed to aggregate true value of the
2 real property, exclusive of class II railroad property;
- 3 (d) The aggregate true value of the real property, exclusive of
4 class II railroad property;
- 5 (e) The amount by which the valuation in item (b) should be
6 increased or decreased in order to correspond to item (d);
- 7 (f) The aggregate assessed value of machinery implements and
8 equipment and all other personal property used in business;
- 9 (g) The aggregate true value of machinery, implements and
10 equipment and all other personal property used in business;
- 11 (h) The aggregate equalized valuation of machinery, implements
12 and equipment and all other personal property used in business,
13 computed by multiplying the aggregate true value thereof by the
14 lower of (1) that percentage level established pursuant to law for
15 expressing the taxable value of real property in the county, or (2)
16 the average ratio of assessed to true value of real property as
17 promulgated by the director on October 1 of the pretax year,
18 pursuant to chapter 86, laws of 1954, for State school aid purposes,
19 as the same may have been modified by the Tax Court;
- 20 (i) The amount by which the valuation in item (f) should be
21 increased or decreased in order to correspond to item (h).

22 A copy of the table shall be mailed to the assessor of each
23 district, and to the Division of Taxation, and be posted at the
24 courthouse, not later than March 1, or not later than May 15 in the
25 case of a county board of taxation participating in the demonstration
26 program established in section 4 of P.L. , c. (C.) (pending
27 before the Legislature as this bill).

28 (cf: P.L.1979, c.499, s.11)

29

30 8. R.S.54:3-18 is amended to read as follows:

31 54:3-18. The county board of taxation in each county shall meet
32 annually for the purpose of reviewing the equalization table
33 prepared pursuant to R.S.54:3-17 with respect to the several taxing
34 districts of the county. At the meeting a hearing shall be given to
35 the assessors and representatives of the governing bodies of the
36 various taxing districts for the purpose of determining the accuracy
37 of the ratios and valuations of property as shown in the equalization
38 table, and the board shall confirm or revise the table in accordance
39 with the facts. The hearings may be adjourned from time to time
40 but the equalization shall be completed before March 10, or not
41 later than May 25 in the case of a county board of taxation
42 participating in the demonstration program established in section 4
43 of P.L. , c. (C.) (pending before the Legislature as this bill).
44 At the first hearing any taxing district may object to the ratio or
45 valuation fixed for any other district, but no increase in any
46 valuation as shown in the table shall be made by the board without
47 giving a hearing, after 3 days' notice, to the governing body and

1 assessor of the taxing district affected.
2 (cf: P.L.1979, c.499, s.12)

3

4 9. R.S.54:3-21 is amended to read as follows:

5 54:3-21. a. (1) Except as provided in subsection b. of this section
6 a taxpayer feeling aggrieved by the assessed valuation of the
7 taxpayer's property, or feeling discriminated against by the assessed
8 valuation of other property in the county, or a taxing district which
9 may feel discriminated against by the assessed valuation of property
10 in the taxing district, or by the assessed valuation of property in
11 another taxing district in the county, may on or before April 1, or 45
12 days from the date the bulk mailing of notification of assessment is
13 completed in the taxing district, whichever is later, appeal to the
14 county board of taxation by filing with it a petition of appeal;
15 provided, however, that any such taxpayer or taxing district may on
16 or before April 1, or 45 days from the date the bulk mailing of
17 notification of assessment is completed in the taxing district,
18 whichever is later, file a complaint directly with the Tax Court, if
19 the assessed valuation of the property subject to the appeal exceeds
20 \$1,000,000. In a taxing district where a municipal-wide revaluation
21 or municipal-wide reassessment has been implemented, a taxpayer
22 or a taxing district may appeal before or on May 1 to the county
23 board of taxation by filing with it a petition of appeal or, if the
24 assessed valuation of the property subject to the appeal exceeds
25 \$1,000,000, by filing a complaint directly with the State Tax Court.
26 Within ten days of the completion of the bulk mailing of
27 notification of assessment, the assessor of the taxing district shall
28 file with the county board of taxation a certification setting forth the
29 date on which the bulk mailing was completed. If a county board of
30 taxation completes the bulk mailing of notification of assessment,
31 the tax administrator of the county board of taxation shall within ten
32 days of the completion of the bulk mailing prepare and keep on file
33 a certification setting forth the date on which the bulk mailing was
34 completed. A taxpayer shall have 45 days to file an appeal upon the
35 issuance of a notification of a change in assessment. An appeal to
36 the Tax Court by one party in a case in which the Tax Court has
37 jurisdiction shall establish jurisdiction over the entire matter in the
38 Tax Court. All appeals to the Tax Court hereunder shall be in
39 accordance with the provisions of the State Uniform Tax Procedure
40 Law, R.S.54:48-1 et seq.

41 If a petition of appeal or a complaint is filed on April 1 or during
42 the 19 days next preceding April 1, a taxpayer or a taxing district
43 shall have 20 days from the date of service of the petition or
44 complaint to file a cross-petition of appeal with a county board of
45 taxation or a counterclaim with the Tax Court, as appropriate.

46 (2) With respect to property located in a county participating in
47 the demonstration program established in section 4 of
48 P.L. , c (C.) (pending before the Legislature as this bill),

1 and except as provided in subsection b. of this section, a taxpayer
2 feeling aggrieved by the assessed valuation of the taxpayer's
3 property, or feeling discriminated against by the assessed valuation
4 of other property in the county, or a taxing district which may feel
5 discriminated against by the assessed valuation of property in the
6 taxing district, or by the assessed valuation of property in another
7 taxing district in the county, may on or before January 15, or 45
8 days from the date the bulk mailing of notification of assessment is
9 completed in the taxing district, whichever date is later, appeal to
10 the county board of taxation by filing with it a petition of appeal;
11 provided, however, that any such taxpayer, or taxing district, may
12 on or before April 1, or 45 days from the date the bulk mailing of
13 notification of assessment is completed in the taxing district,
14 whichever date is later, file a complaint directly with the Tax Court,
15 if the assessed valuation of the property subject to the appeal
16 exceeds \$1,000,000.

17 If a petition of appeal is filed on January 15 or during the 19
18 days next preceding January 15, or a complaint is filed with the Tax
19 Court on April 1 or during the 19 days next preceding April 1, a
20 taxpayer or a taxing district shall have 20 days from the date of
21 service of the petition or complaint to file a cross-petition of appeal
22 with a county board of taxation or a counterclaim with the Tax
23 Court, as appropriate.

24 Within 10 days of the completion of the bulk mailing of
25 notification of assessment, the assessor of the taxing district shall
26 file with the county board of taxation a certification setting forth the
27 date on which the bulk mailing was completed. If a county board of
28 taxation completes the bulk mailing of notification of assessment,
29 the tax administrator of the county board of taxation shall within 10
30 days of the completion of the bulk mailing prepare and keep on file
31 a certification setting forth the date on which the bulk mailing was
32 completed. A taxpayer shall have 45 days to file an appeal upon the
33 issuance of a notification of a change in assessment. An appeal to
34 the Tax Court by one party in a case in which the Tax Court has
35 jurisdiction shall establish jurisdiction over the entire matter in the
36 Tax Court. All appeals to the Tax Court hereunder shall be in
37 accordance with the provisions of the State Uniform Tax Procedure
38 Law, R.S.54:48-1 et seq.

39 b. No taxpayer or taxing district shall be entitled to appeal
40 either an assessment or an exemption or both that is based on a
41 financial agreement subject to the provisions of the "Long Term
42 Tax Exemption Law" under the appeals process set forth in
43 subsection a. of this section.

44 (cf: P.L.2009, c.251, s.1)

45

46 10. Section 18 of P.L.1979, c.499 (C.54:3-21.3a) is amended to
47 read as follows:

1 18. All revenues received by the county from fees, either
2 established or increased pursuant to this amendatory and
3 supplementary act, shall be used exclusively for the purposes of
4 modernizing the record-retention capabilities of the county board of
5 taxation, for defraying the costs incurred by the county board of
6 taxation in recording and transcribing appeal proceedings, setting
7 forth memorandums of judgment and in providing copies thereof,
8 **[and]** for paying any salary required to be paid by the county
9 which is increased pursuant to this amendatory and supplementary
10 act, and to effectuate the provisions of the real property assessment
11 demonstration program established by section 4 of P.L. _____,
12 c. (C. _____) (pending before the Legislature as this bill).
13 (cf: P.L.1979, c.499, s.18)

14

15 11. R.S.54:4-23 is amended to read as follows:

16 54:4-23. All real property shall be assessed to the person owning
17 the same on October 1 in each year. The assessor shall ascertain the
18 names of the owners of all real property situate in his taxing district,
19 and after examination and inquiry, determine the full and fair value
20 of each parcel of real property situate in the taxing district at such
21 price as, in his judgment, it would sell for at a fair and bona fide
22 sale by private contract on October 1 next preceding the date on
23 which the assessor shall complete his assessments, as hereinafter
24 required; provided, however, that in determining the full and fair
25 value of land which is being assessed and taxed under the Farmland
26 Assessment Act of 1964, chapter 48, laws of 1964, the assessor
27 shall consider only those indicia of value which such land has for
28 agricultural or horticultural use as provided by said act; and
29 provided further however, that when the assessor has reason to
30 believe that property comprising all or part of a taxing district has
31 been assessed at a value lower or higher than is consistent with the
32 purpose of securing uniform taxable valuation of property according
33 to law for the purpose of taxation, or that the assessment of property
34 comprising all or part of a taxing district is not in substantial
35 compliance with the law and that the interests of the public will be
36 promoted by a reassessment of such property, the assessor shall,
37 after due investigation, make a reassessment of the property in the
38 taxing district that is not in substantial compliance, provided that
39 (1) the assessor has first notified, in writing, the mayor, the
40 municipal governing body, the county board of taxation, and the
41 county tax administrator of the basis of the assessor's determination
42 that a reassessment of that property in the taxing district is
43 warranted and (2) the assessor has submitted a copy of a
44 compliance plan to the county board of taxation for approval. In
45 the case of real property located in a county participating in the
46 demonstration program established in section 4 of P.L. _____,
47 c. (C. _____) (pending before the Legislature as this bill), the
48 assessor of the municipality in which the real property is situate,

1 after due investigation, shall make a reassessment of the property in
2 the taxing district that is not in substantial compliance. Following a
3 reassessment of a portion of the taxing district pursuant **【to an**
4 **approved compliance plan】** to the provisions of this section, the
5 assessor shall certify to the county board of taxation, through such
6 sampling as the county board of taxation deems adequate, that the
7 reassessment is in substantial compliance with the portions of the
8 taxing district that were not reassessed. For the purposes of
9 assessment, the assessor shall compute and determine the taxable
10 value of such real property at the level established for the county
11 pursuant to law.

12 (cf: P.L.2009, c.251, s.2)

13

14 12. R.S.54:4-31 is amended to read as follows:

15 54:4-31. **【Within】** Unless provided electronically by the
16 custodian of record, within one week thereafter the officer with
17 whom the deed or other instrument shall have been recorded shall
18 mail an abstract thereof, together with the address of the grantee, to
19 such assessor, collector or other custodian who shall properly note
20 the facts therein contained. The abstract shall contain the names of
21 the grantor and grantee and an exact description of the property
22 conveyed as set forth in the deed or instrument of conveyance,
23 together with the date of presentation thereof for record.

24 (cf: R.S.54:4-31)

25

26 13. R.S.54:4-35 is amended to read as follows:

27 54:4-35. **【The】** a. Except as provided in subsection b. of this
28 section, the assessor shall determine his taxable valuations of real
29 property as of October 1 in each year and shall complete the
30 preparation of his assessment list by January 10 following, on
31 which date he shall attend before the county board of taxation and
32 file with the board his complete assessment list, and a true copy
33 thereof, to be called the assessor's duplicate. Such list and duplicate
34 shall include the assessments of personal property reported or
35 determined pursuant to this chapter. They shall be properly made
36 up in such manner and form required by the Director of the Division
37 of Taxation pursuant to **【section】** R.S.54:4-26 **【of this chapter】**, to
38 be examined, revised and corrected by the board as provided by
39 law.

40 b. In the case of a municipality located in a county where the
41 county board of taxation is participating in the demonstration
42 program established in section 4 of P.L. , c. (C.) (pending
43 before the Legislature as this bill), the assessor shall determine the
44 taxable valuations of real property as of October 1 in each year and
45 shall complete the preparation of the preliminary assessment list by
46 November 1, and the assessor shall appear on that date before the
47 county board of taxation and shall certify to the board, on forms

1 promulgated by the Director of the Division of Taxation in the
2 Department of the Treasury, that the electronic file within the
3 county's MOD-IV tax system is his complete preliminary
4 assessment list.

5 After all of the assessment appeals filed with the county tax
6 board have been decided, the assessor shall complete the
7 preparation of the final assessment list by May 5, on which date the
8 assessor shall appear before the county board of taxation and shall
9 file with the board his completed final assessment list, and a true
10 copy of the final assessment list, which true copy shall be the
11 assessor's duplicate. The final assessment and the assessor's
12 duplicate shall include the assessments of personal property
13 reported or determined pursuant to the requirements of chapter 4 of
14 Title 54 of the Revised Statutes, in such manner and form as shall
15 be required by the director pursuant to R.S.54:4-26, and shall be
16 examined, revised and corrected by the board as provided by law.

17 (cf: P.L.1966, c.138, s.9)

18

19 14. R.S.54:4-38 is amended to read as follows:

20 54:4-38. **【Every】** a. Except as provided in subsection b. of this
21 section, every assessor, at least ten days before filing the complete
22 assessment list and duplicate with the county board of taxation, and
23 before annexing thereto his affidavit as required in section 54:4-36
24 of this title, shall notify each taxpayer of the current assessment and
25 preceding year's taxes and give public notice by advertisement in at
26 least one newspaper circulating within his taxing district of a time
27 and place when and where the assessment list may be inspected by
28 any taxpayer for the purpose of enabling the taxpayer to ascertain
29 what assessments have been made against him or his property and
30 to confer informally with the assessor as to the correctness of the
31 assessments, so that any errors may be corrected before the filing of
32 the assessment list and duplicate. Thereafter, the assessor shall
33 notify each taxpayer by mail within 30 days of any change to the
34 assessment. This notification of change of assessment shall contain
35 the prior assessment and the current assessment.

36 b. In the case of a municipality located in a county where the
37 county board of taxation is participating in the demonstration
38 program established in section 4 of P.L. , c. (C.) (pending
39 before the Legislature as this bill), every assessor, before filing the
40 preliminary assessment list with the county board of taxation
41 pursuant to subsection b. of R.S.54:4-35, shall notify each taxpayer
42 of the preliminary assessment and preceding year's taxes and give
43 public notice by advertisement in at least one newspaper circulating
44 within his taxing district of a time and place when and where the
45 assessment list may be inspected by any taxpayer for the purpose of
46 enabling the taxpayer to ascertain what assessments have been
47 made against the taxpayer or the taxpayer's property. Thereafter,
48 the assessor shall notify each taxpayer by mail within 30 days of

1 any change to the assessment. This notification of change of
2 assessment shall contain the prior assessment and the current
3 assessment.

4 (cf: P.L.1991, c.75, s.31)

5

6 15. Section 32 of P.L.1991, c.75 (C.54:4-38.1) is amended to
7 read as follows:

8 32. **【Every】** a. Except as provided in subsection b. of this
9 section, every assessor, prior to February 1, shall notify by mail
10 each taxpayer of the current assessment and preceding year's taxes.
11 Thereafter, the assessor or county board of taxation shall notify
12 each taxpayer by mail within 30 days of any change to the
13 assessment. This notification of change of assessment shall contain
14 the prior assessment and the current assessment. The director shall
15 establish the form of notice of assessment and change of
16 assessment. Any notice issued by the assessor or county board of
17 taxation shall contain information instructing taxpayers on how to
18 appeal their assessment.

19 b. In the case of a municipality located in a county where the
20 county board of taxation is participating in the demonstration
21 program established in section 4 of P.L. , c. (C.) (pending
22 before the Legislature as this bill), every assessor, on or before
23 November 15 of the pretax year, shall notify by mail each taxpayer
24 of the preliminary assessment and preceding year's taxes.
25 Thereafter, the assessor or county board of taxation shall notify
26 each taxpayer by mail within 30 days of any change to the
27 assessment. This notification of change of assessment shall contain
28 the prior assessment and the current assessment. The director shall
29 establish the form of notice of assessment and change of
30 assessment. Any notice issued by the assessor or county board of
31 taxation shall contain information instructing taxpayers on how to
32 appeal their assessment.

33 c. The county board of taxation of the demonstration county
34 shall make the preliminary data electronically accessible to the
35 public by posting the data in searchable form on the county's
36 website not later than 15 business days after the submission of the
37 preliminary data.

38 (cf: P.L.1991, c.75, s.32)

39

40 16. R.S.54:4-52 is amended to read as follows:

41 54:4-52. The county board of taxation shall, on or before May
42 20, or on or before May 31 in the case of a county board of taxation
43 participating in the demonstration program established in section 4
44 of P.L. , c. (C.) (pending before the Legislature as this bill),
45 fill out a table of aggregates copied from the duplicates of the
46 several assessors and the certifications of the Director of the
47 Division of Taxation relating to second-class railroad property, and
48 enumerating the following items:

S1213

16

- 1 (1) The total number of acres and lots assessed;
- 2 (2) The value of the land assessed;
- 3 (3) The value of the improvements thereon assessed;
- 4 (4) The total value of the land and improvements assessed,
5 including:
 - 6 a. Second-class railroad property;
 - 7 b. All other real property.
- 8 (5) The value of the personal property assessed, stating in
9 separate columns:
 - 10 a. Value of household goods and chattels assessed;
 - 11 b. Value of farm stock and machinery assessed;
 - 12 c. Value of stocks in trade, materials used in manufacture and
13 other personal property assessed under section 54:4-11;
 - 14 d. Value of all other tangible personal property used in
15 business assessed.
- 16 (6) Deductions allowed, stated in separate columns:
 - 17 a. Household goods and other exemptions under the provisions
18 of section 54:4-3.16 of this Title;
 - 19 b. Property exempted under section 54:4-3.12 of this Title.
- 20 (7) The net valuation taxable;
- 21 (8) Amounts deducted under the provisions of sections 54:4-49
22 and 54:4-53 of this Title or any other similar law (adjustments
23 resulting from prior appeals);
- 24 (9) Amounts added under any of the laws mentioned in
25 subdivision 8 of this section (like adjustments);
- 26 (10) Amounts added for equalization under the provisions of
27 sections 54:3-17 to 54:3-19 of this Title;
- 28 (11) Amounts deducted for equalization under the provisions of
29 sections 54:3-17 to 54:3-19 of this Title;
- 30 (12) Net valuation on which county, State and State school taxes
31 are apportioned;
- 32 (13) The number of polls assessed;
- 33 (14) The amount of dog taxes assessed;
- 34 (15) The property exempt from taxation under the following
35 special classifications:
 - 36 a. Public school property;
 - 37 b. Other school property;
 - 38 c. Public property;
 - 39 d. Church and charitable property;
 - 40 e. Cemeteries and graveyards;
 - 41 f. Other exemptions not included in foregoing classifications
42 subdivided showing exemptions of real property and exemptions of
43 personal property;
 - 44 g. The total amount of exempt property.
- 45 (16) State road tax;
- 46 (17) State school tax;
- 47 (18) County taxes apportioned, exclusive of bank stock taxes;

1 (19) Local taxes to be raised, exclusive of bank stock taxes,
2 subdivided as follows:

- 3 a. District school tax;
- 4 b. Other local taxes.

5 (20) Total amount of miscellaneous revenues, including surplus
6 revenue appropriated, for the support of the taxing district budget,
7 which, for a municipality operating under the State fiscal year, shall
8 be the amounts for the fiscal year ending June 30 of the year in
9 which the table is prepared;

10 (21) District court taxes;

11 (22) Library tax;

12 (23) Bank stock taxes due taxing district;

13 (24) Tax rate for local taxing purposes to be known as general
14 tax rate to apply per \$100.00 of valuation, which general tax rate
15 shall be rounded up to the nearest one-half penny after receipt in
16 any year of a municipal resolution submitted to the county tax board
17 on or before April 1 of that tax year requesting that the general tax
18 rate be rounded up to the nearest one-half penny.

19 For municipalities operating under the State fiscal year, the
20 amount for local municipal purposes shall be the amount as
21 certified pursuant to section 16 of P.L.1994, c.72 (C.40A:4-12.1).
22 The table shall also include a footnote showing the amount raised
23 by taxation for municipal purposes as shown in the State fiscal year
24 budget ending June 30 of the year the table is prepared.

25 In addition to the above such other matters may be added, or
26 such changes in the foregoing items may be made, as may from
27 time to time be directed by the Director of the Division of Taxation.
28 The forms for filling out tables of aggregates shall be prescribed by
29 the director and sent by him to the county treasurers of the several
30 counties to be by them transmitted to the county board of taxation.
31 Such table of aggregates shall be correctly added by columns and
32 shall be signed by the members of the county board of taxation and
33 shall within three days thereafter be transmitted to the county
34 treasurer who shall file the same and forthwith cause it to be printed
35 in its entirety and shall transmit certified copy of same to the
36 Director of the Division of Taxation, the State Auditor, the Director
37 of the Division of Local Government Services in the Department of
38 Community Affairs, the clerk of the board of freeholders, and the
39 clerk of each municipality in the county.

40 (cf: P.L.1995, c.345, s.1)

41

42 17. (New section) The State Treasurer, in consultation with the
43 Director of the Division of Taxation in the Department of the
44 Treasury, pursuant to the "Administrative Procedure Act,"
45 P.L.1968, c.410 (C.52:14B-1 et seq.), may adopt rules and
46 regulations to effectuate the purposes of the real property
47 assessment demonstration program established in this act, except
48 that notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1

1 et seq.) to the contrary, the Director of the Division of Local
2 Government Services in the Department of Community Affairs and
3 the State Treasurer may adopt, immediately upon filing with the
4 Office of Administrative Law, such rules and regulations as deemed
5 necessary to implement the provisions of this act which shall be
6 effective for a period not to exceed 12 months and shall thereafter
7 be amended, adopted or re-adopted in accordance with the
8 provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).
9

10 18. This act shall take effect immediately.
11
12

13 STATEMENT
14

15 This bill would create a real property assessment demonstration
16 program to demonstrate a more cost-effective and accurate process
17 of real property assessment administration. Under the provisions of
18 the bill, not more than four counties may participate in the
19 demonstration program as demonstration counties; not more than
20 two in the first two full tax years after the bill's enactment, and not
21 more than two more in the third and fourth full tax years after the
22 bill's enactment. The bill also sets strict criteria that a county must
23 meet, and information a county must provide to the Director of the
24 Division of Local Government Services in the Department of
25 Community Affairs and to the Director of the Division of Taxation
26 in the Department of the Treasury, in order to implement the
27 demonstration program as a demonstration county. The real
28 property assessment demonstration program will specifically
29 address the systemic costs which result from the losses due to
30 successful assessment appeals. The economic impact of addressing
31 the cost of lost assessment appeals offers potential savings many
32 times greater than the proposed savings resulting from consolidated
33 county-based assessment.

34 The real property assessment demonstration program proposes a
35 real property assessment system that will remain decentralized for
36 the purpose of creating a more responsive and accurate assessment
37 function that can annually adjust to the flow of the county's varied
38 markets and submarkets. The central premise of the demonstration
39 program is a collaborative effort between the county tax board and
40 municipal assessors. The demonstration program relies on this
41 working relationship to address the issues of cost effectiveness and
42 the accurate process of assessment.

43 The demonstration program is based on the utilization by all of a
44 demonstration county's municipalities of the same property
45 assessment software, the MOD-IV/CAMA system. The bill
46 requires that under the demonstration program, all future
47 revaluations and reassessments of real property by municipalities in
48 a demonstration county will be performed on the county system,

1 and the system will also be used for other assessment-based
2 functions, such as the development of a compliance plan,
3 maintenance of assessments, and the calculation of added
4 assessments. It is important to note that no State funds will be
5 necessary for the implementation of this demonstration program.
6 The county board of taxation in a demonstration county will absorb
7 the cost of assessment data conversion through assessment appeal
8 filing fees collected by the board.

9 Specifically, the bill provides that on the first day of October
10 next following the effective date of the bill, demonstration counties
11 shall commence the demonstration program under a plan developed
12 by each county's county tax administrator, approved by each
13 county's county board of taxation, and submitted to both the
14 Director of the Division of Taxation and the Director of the
15 Division of Local Government Services not less than 60 days prior
16 to that October 1. Under the bill, the Director of the Division of
17 Taxation and the Director of the Division of Local Government
18 Services cannot propose or require any changes to the
19 demonstration program plan submitted by the board of taxation of a
20 demonstration county unless a provision of the demonstration
21 program is inconsistent with State law, or the decision of any court
22 of this State, regarding the assessment of real property, unless the
23 changes have been agreed to by a majority of the members of the
24 county's demonstration program steering committee. The bill also
25 establishes an "Assessment Demonstration Program Steering
26 Committee" in each demonstration county to monitor and report on
27 the activities within the demonstration county relative to the
28 demonstration program. Members of each such steering committee
29 are the State Treasurer or his designee, the Director of the Division
30 of Taxation or his designee, the Director of the Division of Local
31 Government Services or his designee, a member of the Assessor's
32 Association of each demonstration county, and the tax administrator
33 of the county tax board of each demonstration county. Actions
34 taken by a steering committee must be approved by a majority of
35 the members of the steering committee.

36 The demonstration program must operate under all statutory
37 requirements and pursuant to all statutory dates and time frames
38 concerning the assessment of real property in the State, as those
39 statutory dates and time frames have been amended pursuant to the
40 provisions of the bill.

41 The bill requires Director of the Division of Taxation and the
42 Director of the Division of Local Government Services, with the
43 advice and the recommendations of the tax administrator of each
44 demonstration county, to provide to the Governor and to the
45 Legislature, not later than July 1 next following the fourth full tax
46 year after the implementation of the demonstration program, a
47 report detailing the experience of each demonstration county under
48 the demonstration program, the successes of the program, any

1 problems experienced under the program, and any recommendations
2 for statutory or administrative changes to the current system of real
3 property assessment in the State.

4 The bill also requires the county board of taxation of each
5 demonstration county to compel the implementation of a
6 revaluation or reassessment of real property. If a municipality fails
7 to complete the revaluation or reassessment, as appropriate, ordered
8 by the county board of taxation in a timely manner, the county tax
9 board will contract for the revaluation or reassessment, as
10 appropriate, for the municipality at the municipality's cost. Under
11 the bill, a municipality feeling aggrieved by a decision of the county
12 board of taxation to cause the revaluation or reassessment, as
13 appropriate, to be performed at the municipality's cost may file an
14 appeal of that decision by the county board of taxation to the Tax
15 Court within 45 days of the approval by the Director of the Division
16 of Taxation of the county tax board's order requiring the
17 revaluation or reassessment, as appropriate.

18 The bill also provides the Director of the Division of Local
19 Government Services and the Director of the Division of Taxation
20 the authority to take any action that is deemed necessary and
21 consistent with the intent of the bill to implement its provisions,
22 including but not limited to the authority to waive any provisions of
23 statutory law and regulations that may be inconsistent with the
24 intent or application of the provisions of the bill.

25 Finally, the bill revises the statutory dates for the assessment of
26 real property in demonstration counties to implement the
27 demonstration program's provisions concerning the re-scheduling
28 of the assessment appeal process.

29 Under current law, every municipal tax assessor files the
30 municipality's tax list with the county board of taxation, which
31 subsequently sets the local tax rates. Assessment appeals are filed
32 by property owners on April 1 of each year, or on May 1 in the case
33 of a municipality that has undergone a municipal-wide revaluation
34 or reassessment of real property. Appeals are heard by the county
35 tax board and generally decided in most, if not all, cases by the end
36 of July. Successful appeals that late in the tax year result in
37 reduced assessments, which results in a reduced municipal tax base,
38 which then results in the under-collection of property taxes to fund
39 current year operations. The demonstration program proposes the
40 re-scheduling of the property assessment appeal process to dates
41 prior to the calculation of the local property tax rate, which would
42 allow for a more accurate local property tax rate to reflect local
43 budgetary needs and the true value of the tax base that provides the
44 property tax revenue to fund the local budget.

45 It is the intent of the sponsor that the implementation of the
46 demonstration program authorized under this bill will demonstrate
47 both the value of a collaboration of a county tax board with the
48 municipal-based assessors, supported by countywide technology in

1 the real property assessment process, and the significant benefits of
 2 an assessment appeal structure that takes place prior to the county
 3 board of taxation’s calculation of local tax rates.

4 The following chart sets forth the current statutory dates relative
 5 to the individual functions that comprise the real property
 6 assessment process, and the proposed dates for those functions
 7 under the demonstration program proposed by this bill:
 8

<i>DATES RELATIVE TO CERTIFICATION OF THE TAX LIST, ASSESSMENT APPEALS, AND THE CALCULATION OF LOCAL TAX RATES IN DEMONSTRATION COUNTIES</i>			
<i>Description</i>	<i>of</i>	<i>Current Date</i>	<i>Proposed Date for All Municipalities</i>
Assessing Date		October 1 of pre-tax year	October 1 of pre-tax year
Certification of Preliminary Assessment		N/A	November 1 of pre-tax year
Notification of Assessment Postcards		February 1	November 15 of pre-tax year
Assessment Appeal Filing Deadline		April 1; May 1 in municipalities wherein revaluation of real property has occurred	January 15
Assessment Appeals Heard		May, June and July	February, March and April
Tax List Filed		January 10	May 5
County Preliminary Equalization		March 10	May 15
County Final Equalization		March 10	May 25
Municipal Budget to Tax Board		March 31	May 15
County Budget to Tax Board		April 1	May 15
School Budget to Tax Board		May 19	May 15
Certified Tax Rates		May 20	May 31
Tax Duplicates		June 3	June 3
Tax Bills		June 14	June 14

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 14

Establishes real property assessment demonstration program.

SENATE, No. 1213

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JANUARY 23, 2012

Sponsored by:

Senator JEFF VAN DREW

District 1 (Atlantic, Cape May and Cumberland)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblywoman CELESTE M. RILEY

District 3 (Cumberland, Gloucester and Salem)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblywoman CAROLINE CASAGRANDE

District 11 (Monmouth)

Assemblyman DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman ALBERT COUTINHO

District 29 (Essex)

Co-Sponsored by:

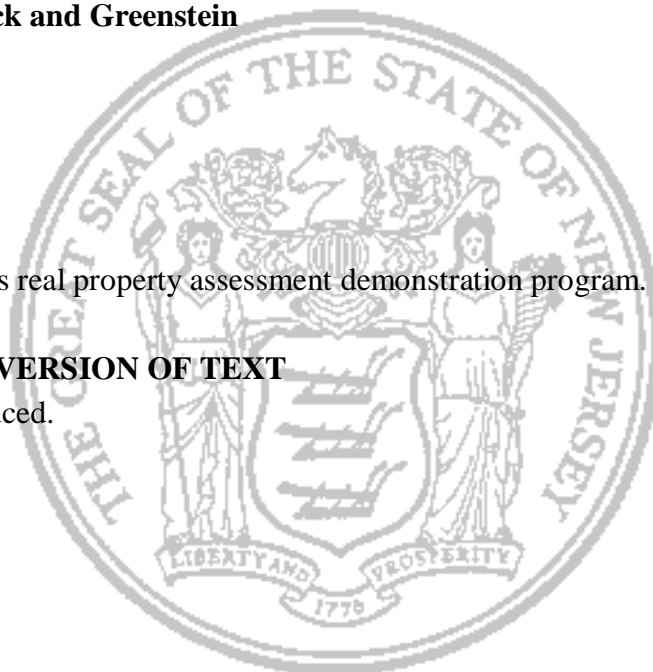
Senators Beck and Greenstein

SYNOPSIS

Establishes real property assessment demonstration program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/18/2012)

S1213 VAN DREW

2

1 AN ACT establishing a program to demonstrate a more cost
2 effective and accurate process of property assessment
3 administration, supplementing Title 54 of the Revised Statutes
4 and amending various parts of the statutory law.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. (New section) Sections 1 through 4 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) shall be known and may
11 be cited as the “Real Property Assessment Demonstration
12 Program.”

13

14 2. (New section) The Legislature finds and declares:

15 a. The current real property assessment system fails to take full
16 advantage of a collaborative system of property assessment between
17 a county board of taxation, through its administrator, and the
18 municipal assessors employed by each municipality in a county,
19 that would result in a cost-effective and accurate process of real
20 property assessment to benefit real property owners and property
21 taxpayers. The benefits of a more collaborative system of real
22 property assessment would accrue to local property owners and
23 property taxpayers through a system of a more precise, technology-
24 driven real property assessment process that would ensure that each
25 municipal assessor is using the same technology as his or her
26 colleagues in assessing real property, and by modifications to the
27 annual real property assessment calendar to better manage the
28 assessment, and taxation, of real property in a manner that is more
29 sensitive and responsive to the demands of the municipal budget
30 calendar.

31 b. A collaborative system of real property assessment would
32 also benefit municipalities by reducing the number of successful
33 property assessment appeals filed annually with a county board of
34 taxation and the Tax Court, thereby protecting the funding of
35 municipal budgets through property tax dollars from the impact of
36 successful property assessment appeals, which usually require the
37 refund of excess property taxes paid by a taxpayer and impact the
38 local budget by reducing the amount of property tax dollars
39 available to fund municipal operations.

40 c. It is in the public interest of the State and its many real
41 property taxpayers to implement a demonstration program to
42 investigate whether systemic changes to the current system of real
43 property assessment, including revisions to the assessment calendar
44 and the assessment appeal process, will help address the

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

S1213 VAN DREW

1 shortcomings of the municipal assessment system and the effect of
2 those shortcomings on local property taxpayers by enhancing the
3 performance of local tax assessors through the use of cutting-edge
4 technology under the direction of the county tax board.

5
6 3. (New section) As used in this act:

7 “County board of taxation” or “county tax board” means the
8 board of taxation of a demonstration county.

9 “County tax administrator” means the administrator of the board
10 of taxation of a demonstration county.

11 “Demonstration county” means a county participating in the real
12 property assessment demonstration program established in section 4
13 of P.L. , c. (C.) (pending before the Legislature as this bill).

14 “Demonstration program” means the real property demonstration
15 program for municipal real property assessment established in
16 section 4 of P.L. , c. (C.) (pending before the Legislature as
17 this bill).

18
19 4. (New section) a. There is established a real property
20 assessment demonstration program, which shall be open for
21 participation therein to any county in the State, to evaluate the
22 efficacy and functionality of a municipal system of real property
23 assessment directed by a county tax board through the county tax
24 administrator pursuant to a revised assessment, and assessment
25 appeal, calendar.

26 A goal of the demonstration program is to demonstrate an
27 enhanced system of municipal real property assessment as a
28 complement to the county-based real property assessment system
29 pilot program undertaken pursuant to the provisions of P.L.2009,
30 c.118 (C.54:1-86 et seq.), under which the entire real property
31 assessment function formerly performed by the municipal tax
32 assessor, has been transferred to the county through the
33 appointment of a county assessor and deputy county assessors. The
34 existence of two programs under which the real property assessment
35 function is performed using two different methods will allow the
36 Legislature to evaluate the effectiveness of each system of real
37 property assessment, and to determine whether the current statutory
38 system of real property assessment function should be revised
39 Statewide.

40 For the first two full tax years immediately following the
41 enactment of P.L. , c. (C.) (pending before the Legislature
42 as this bill), no more than two counties shall participate in the
43 demonstration program established in this section, and for the third
44 and fourth full tax years immediately following the enactment of
45 P.L. , c. (C.) (pending before the Legislature as this bill),
46 no more than two additional counties shall participate in the
47 demonstration program established in this section. A county shall
48 not institute a demonstration program pursuant to the provisions of

1 P.L. , c. (C.) (pending before the Legislature as this bill)
2 unless it meets the following criteria, and provides the required
3 information to the Director of the Division of Taxation and to the
4 Director of the Division of Local Government Services:

5 (i) the county tax board by resolution, shall certify to the
6 Director of the Division of Taxation and to the Director of the
7 Division of Local Government Services that the county tax board
8 has sufficient funds available to pay all of the costs associated with
9 the demonstration program, including the conversion to the MOD-
10 IV system and the associated expansion of the technology
11 infrastructure to the municipalities in the county. The county tax
12 board shall forward the resolution to the Director of the Division of
13 Taxation and to the Director of the Division of Local Government
14 Services;

15 (ii) the county is a State-certified MOD-IV vendor, or the county
16 has contracted with a single State-certified MOD-IV vendor to
17 provide MOD-IV technology to all of the municipalities in the
18 county. The county shall provide a copy of its MOD-IV
19 certification, or a copy of a valid contract for MOD-IV services;

20 (iii) the members of the county's assessors' association, by not
21 less than 2/3rds of its voting membership, have approved the
22 implementation of the demonstration program. The county tax
23 board shall forward the resolution to the Director of the Division of
24 Taxation and to the Director of the Division of Local Government
25 Services.

26 b. There shall be no direct appropriation of State funds used to
27 effectuate the provisions of the demonstration program established
28 in subsection a. of this section. The technical costs of the
29 demonstration program shall be paid by the county board of
30 taxation using assessment appeal filing fees collected by the county
31 board of taxation pursuant to section 18 of P.L.1979, c.499 (C.54:3-
32 21.3a).

33 c. (1) Not later than September 1 immediately preceding
34 demonstration program implementation, and using its own funds
35 therefor, the county tax board of each demonstration county
36 participating in the demonstration program established in subsection
37 a. of this section shall provide MOD-IV and CAMA software to
38 each municipality that does not use the software, at no cost to those
39 municipalities, and shall provide, at no cost to those municipalities,
40 training in the use of the software to the assessors of those
41 municipalities, and to their respective staff members. Thereafter,
42 each municipality shall pay an annual fee per each taxable line item
43 in the municipality to the county tax board for the MOD-IV and
44 CAMA service.

45 (2) On October 1 next following the provision of software under
46 paragraph (1) of this subsection, each demonstration county shall
47 commence the demonstration program under a plan developed by
48 the county tax administrator of each demonstration county,

1 approved by the county board of taxation, and submitted to the
2 Director of the Division of Taxation and the Director of the
3 Division of Local Government Services not less than 60 days prior
4 to October 1. The Director of the Division of Taxation and the
5 Director of the Division of Local Government Services shall not
6 propose or require any changes to a demonstration program plan
7 submitted by a county board of taxation unless a provision of the
8 demonstration program shall be inconsistent with State law, or the
9 decision of any court of this State, regarding the assessment of real
10 property unless the changes have been agreed to by a majority of
11 the members of a demonstration county's Assessment
12 Demonstration Program Steering Committee created pursuant to
13 paragraph (3) of this subsection. The demonstration program of
14 each demonstration county shall operate under all statutory
15 requirements and pursuant to all statutory dates and time frames
16 concerning the assessment of real property in the State, as those
17 statutory dates and time frames have been amended pursuant to the
18 provisions of P.L. , c. (C.) (pending before the Legislature as
19 this bill).

20 (3) Each demonstration county shall establish an "Assessment
21 Demonstration Program Steering Committee" to monitor and report
22 on the activities within the demonstration county relative to the
23 demonstration program. Members of the steering committee shall
24 be the State Treasurer or his designee, the Director of the Division
25 of Taxation or his designee, the Director of the Division of Local
26 Government Services or his designee, a member of the County
27 Assessor's Association of the demonstration county, and the county
28 tax administrator of the demonstration county. Actions taken by the
29 steering committee shall be approved by a majority of the members
30 of the steering committee.

31 d. The Director of the Division of Taxation and the Director of
32 the Division of Local Government Services shall, with the advice
33 and the recommendations of the county tax administrator provide to
34 the Governor and to the Legislature, not later than July 1 next
35 following the fourth full tax year after the implementation of the
36 demonstration program, a report detailing the experience of each
37 demonstration county participating in the demonstration program,
38 the successes of the program, any problems experienced under the
39 program, and any recommendations for statutory or administrative
40 changes to the current system of real property assessment in the
41 State.

42 e. Under the demonstration program, each municipal assessor
43 in a demonstration county shall utilize the same property
44 assessment software as is used by the county tax board and
45 provided to the municipalities by the county tax board pursuant to
46 subsection c. of this section. All real property assessment functions
47 required pursuant to State law, including the revaluation or
48 reassessment of real property, as well as other assessment-based

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6

1 functions such as the development of a compliance plan,
2 maintenance of assessments and the calculation of added
3 assessments shall be performed using the property assessment
4 software.

5 f. In accordance with the provisions of statutory law and with
6 any rule or regulation promulgated pursuant thereto, the county
7 board of taxation of a demonstration county shall compel the
8 implementation of a revaluation or reassessment of real property in
9 any municipality in the demonstration county at such time that the
10 county board of taxation determines the need therefore. If a
11 municipality fails to comply with a revaluation or reassessment, as
12 appropriate, ordered by the county board of taxation in a timely
13 manner, the county board of taxation shall cause the revaluation or
14 reassessment, as appropriate, to be performed at the municipality's
15 cost. The cost of a revaluation or reassessment, as appropriate,
16 shall be directly billed to such a municipality, in addition to the
17 apportionment valuation, through the adjustment of the county levy
18 for that municipality pursuant to R.S.54:4-48 and R.S.54:4-49. A
19 municipality feeling aggrieved by a decision of the county board of
20 taxation to cause the revaluation or reassessment, as appropriate, to
21 be performed at the municipality's cost may file an appeal of that
22 decision of the county board of taxation to the Tax Court within 45
23 days of the approval by the Director of the Division of Taxation of
24 the county tax board's order requiring the revaluation or
25 reassessment, as appropriate.

26 g. The Director of the Division of Local Government Services
27 in the Department of Community Affairs, and the Director of the
28 Division of Taxation in the Department of the Treasury, shall have
29 the authority to take any action as is deemed necessary and
30 consistent with the intent of P.L. , c. (C.) (pending before
31 the Legislature as this bill) to implement its provisions, including
32 but not limited to the authority waive any provisions of statutory
33 law and regulations that may be inconsistent with the intent or
34 application of the provisions of P.L. , c. (C.) (pending before
35 the Legislature as this bill).

36
37 5. Section 1 of P.L.1999, c.278 (C.54:1-35.25b) is amended to
38 read as follows:

39 1. a. All tax assessor certificates issued prior to the effective
40 date of P.L.1999, c.278 (C.54:1-35.25b et al.) shall expire five years
41 following that effective date and shall be renewed in accordance
42 with the procedure established in this section. All tax assessor
43 certificates issued on or after the effective date of P.L.1999, c.278
44 (C.54:1-35.25b et al.) shall expire five years after the issuance of
45 the certificate and shall be renewed in accordance with the
46 procedure established in this section.

47 (1) All tax assessor certificates shall be renewed upon
48 application, payment of the required renewal fee, and verification

1 that the applicant has met continuing education requirements, as set
2 forth in paragraph (2) of this subsection. After the initial expiration
3 of any tax assessor certificates following the effective date of
4 P.L.1999, c.278 (C.54:1-35.25b et al.), each renewal period shall
5 thereafter be for a period of three years. The renewal date shall be
6 30 days prior to the expiration date of the tax assessor certificate.

7 (2) Prior to the first renewal date of a tax assessor certificate
8 pursuant to P.L.1999, c.278 (C.54:1-35.25b et al.) every applicant
9 for renewal shall, on a form prescribed by the Director of the
10 Division of Taxation, furnish proof of having earned a total of at
11 least 50 continuing education credit hours over the prior five-year
12 period. Thereafter, prior to each succeeding renewal date of a tax
13 assessor certificate, every applicant for renewal shall, on a form
14 prescribed by the Director of the Division of Taxation, furnish
15 proof of having earned a total of at least 30 continuing education
16 credit hours over the prior three-year period. For the purposes of
17 this section, one continuing education credit hour means 50 minutes
18 of classroom or lecture time. After verifying that the applicant has
19 fulfilled the continuing education requirement and after receiving a
20 fee of not less than \$50 paid by the applicant to the order of the
21 Treasurer of the State of New Jersey, the Director of the Division of
22 Taxation shall renew the tax assessor certificate. The Director of
23 the Division of Taxation shall determine, by regulation, the
24 circumstances under which an extension of time to complete the
25 requirements for continuing education may be granted by the
26 director.

27 b. There is established within the Division of Taxation in the
28 Department of the Treasury the Tax Assessor Continuing Education
29 Eligibility Board. The board shall consist of six members and be
30 comprised as follows: the Director of the Division of Taxation or
31 his designee, the President of the Association of Municipal
32 Assessors, and the President of the New Jersey Association of
33 County Tax Board Commissioners and County Tax Administrators
34 shall be permanent members. The Director of the Division of
35 Taxation and the President of the Association of Municipal
36 Assessors shall each appoint an additional member who shall serve
37 for a term of two years. The Director of Government Services at
38 Rutgers University shall serve ex officio. Any vacancy in the
39 membership of the board shall be filled for the unexpired term in
40 the manner provided by the original appointment. The first meeting
41 of the board shall be held at the call of the Director of the Division
42 of Taxation, and thereafter the board shall meet annually and shall
43 hold at least one additional meeting within each 12-month period.
44 The board shall establish the curriculum areas and the number of
45 hours in each curriculum area that an assessor shall complete in
46 order to renew certification.

47 c. When the holder of a tax assessor certificate has allowed the
48 certificate to lapse by failing to renew the certificate, a new

1 application and certificate shall be required. If application is made
2 within six months of the expiration of the certificate, then
3 application may be made in the same manner as a renewal, but with
4 an additional late renewal fee of \$50.

5 d. ~~【The Director of the Division of Taxation, in accordance
6 with the "Administrative Procedure Act," P.L.1968, c.410
7 (C.52:14B-1 et seq.), shall adopt such regulations as are necessary
8 to effectuate the provisions of this section.】 (Deleted by
9 amendment, P.L. , c.) (pending before the Legislature as this
10 bill).~~

11 e. In addition to the requirements of this section, to address the
12 introduction to, and competency of, municipal assessors and county
13 tax board personnel with the technology, administrative procedures,
14 and real property appraisal requirements within a demonstration
15 county under a demonstration program established in section 4 of
16 P.L. , c. (C.) (pending before the Legislature as this bill), the
17 county tax administrator of a demonstration county, in consultation
18 with the members of the county tax board of that demonstration
19 county, shall develop a training program to provide annually, free
20 of charge, an additional 10 credit hours of continuing education
21 training concerning the requirements of the real property
22 assessment function in the demonstration county for all assessors,
23 deputy assessors, tax board commissioners, the county tax
24 administrator, and the deputy county tax administrator, practicing
25 within that demonstration county. Attendance at the training
26 program shall be required for each of these professionals, and the
27 county tax administrator of the demonstration county shall annually
28 certify to the Director of the Division of Taxation in the Department
29 of the Treasury that each of these professionals has completed this
30 training. The continuing education credit hours required by this
31 subsection shall be in addition to the requirements of subsection a.
32 of this section, and shall not be used to satisfy any requirements of
33 that subsection. Any person who does not meet the additional
34 continuing education training requirement required by this
35 subsection shall be ineligible to function as an assessor or deputy
36 assessor in any municipality located in a demonstration county until
37 such time as the additional continuing education training
38 requirement has been satisfied.

39 The Director of the Division of Taxation, in accordance with the
40 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
41 seq.), shall adopt such regulations as are necessary to effectuate the
42 provisions of this section.
43 (cf: P.L.1999, c.278, s.1)

44
45 6. Section 19 of P.L.1979, c. 499 (C.54:3-5.1) is amended to
46 read as follows:

47 19. a. The president of each county board of taxation shall
48 annually on or before August 15 report to the Director of the

1 Division of Taxation in the Department of the Treasury, except that
2 the president of a county board of taxation participating in the
3 demonstration program established in section 4 of P.L. _____,
4 c. (C. _____) (pending before the Legislature as this bill) shall make
5 this required report to the director annually on or before June 1.
6 Such report shall be in such form as shall be prescribed by the
7 director and shall contain such information and statistics as may be
8 appropriate to demonstrate for the immediately preceding 3-month
9 period during which tax appeals were heard by the county board:
10 the total number of appeals filed with the county board; the
11 disposition of the various appeals disposed of during that period;
12 the character of appeals filed with regard to the classification of
13 properties appealed; the total amount of assessments involved in
14 those appeals; the number of appeals filed in each filing fee
15 category during that period; and, the total amount of reductions and
16 increases of assessed valuation granted by the board during that
17 period.

18 b. The Director of the Division of Taxation shall annually
19 review the reports required under subsection a. of this section, and
20 shall include a summary of the information contained therein in the
21 division's annual report.

22 (cf: P.L.1979, c.499, s.19)

23

24 7. R.S.54:3-17 is amended to read as follows:

25 54:3-17. Each county tax administrator shall annually ascertain
26 and determine, according to his best knowledge and information,
27 the general ratio or percentage of true value at which the real
28 property of each taxing district is in fact assessed according to the
29 tax lists laid before the board. On or before March 1 of each year,
30 [he] or on or before May 15 in the case of a county board of
31 taxation participating in the demonstration program established in
32 section 4 of P.L. _____, c. (C. _____) (pending before the Legislature as
33 this bill), the county tax administrator shall prepare and submit to
34 the county board an equalization table showing, for each district,
35 the following items:

36 (a) The percentage level established pursuant to law for
37 expressing the taxable value of real property in the county;

38 (b) The aggregate assessed value of the real property, exclusive
39 of class II railroad property;

40 (c) The ratio of aggregate assessed to aggregate true value of the
41 real property, exclusive of class II railroad property;

42 (d) The aggregate true value of the real property, exclusive of
43 class II railroad property;

44 (e) The amount by which the valuation in item (b) should be
45 increased or decreased in order to correspond to item (d);

46 (f) The aggregate assessed value of machinery implements and
47 equipment and all other personal property used in business;

1 (g) The aggregate true value of machinery, implements and
2 equipment and all other personal property used in business;

3 (h) The aggregate equalized valuation of machinery, implements
4 and equipment and all other personal property used in business,
5 computed by multiplying the aggregate true value thereof by the
6 lower of (1) that percentage level established pursuant to law for
7 expressing the taxable value of real property in the county, or (2)
8 the average ratio of assessed to true value of real property as
9 promulgated by the director on October 1 of the pretax year,
10 pursuant to chapter 86, laws of 1954, for State school aid purposes,
11 as the same may have been modified by the Tax Court;

12 (i) The amount by which the valuation in item (f) should be
13 increased or decreased in order to correspond to item (h).

14 A copy of the table shall be mailed to the assessor of each
15 district, and to the Division of Taxation, and be posted at the
16 courthouse, not later than March 1, or not later than May 15 in the
17 case of a county board of taxation participating in the demonstration
18 program established in section 4 of P.L. , c. (C.) (pending
19 before the Legislature as this bill).

20 (cf: P.L.1979, c.499, s.11)

21

22 8. R.S.54:3-18 is amended to read as follows:

23 54:3-18. The county board of taxation in each county shall meet
24 annually for the purpose of reviewing the equalization table
25 prepared pursuant to R.S.54:3-17 with respect to the several taxing
26 districts of the county. At the meeting a hearing shall be given to
27 the assessors and representatives of the governing bodies of the
28 various taxing districts for the purpose of determining the accuracy
29 of the ratios and valuations of property as shown in the equalization
30 table, and the board shall confirm or revise the table in accordance
31 with the facts. The hearings may be adjourned from time to time
32 but the equalization shall be completed before March 10, or not
33 later than May 25 in the case of a county board of taxation
34 participating in the demonstration program established in section 4
35 of P.L. , c. (C.) (pending before the Legislature as this bill).

36 At the first hearing any taxing district may object to the ratio or
37 valuation fixed for any other district, but no increase in any
38 valuation as shown in the table shall be made by the board without
39 giving a hearing, after 3 days' notice, to the governing body and
40 assessor of the taxing district affected.

41 (cf: P.L.1979, c.499, s.12)

42

43 9. R.S.54:3-21 is amended to read as follows:

44 54:3-21. a. (1) Except as provided in subsection b. of this section
45 a taxpayer feeling aggrieved by the assessed valuation of the
46 taxpayer's property, or feeling discriminated against by the assessed
47 valuation of other property in the county, or a taxing district which
48 may feel discriminated against by the assessed valuation of property

1 in the taxing district, or by the assessed valuation of property in
2 another taxing district in the county, may on or before April 1, or 45
3 days from the date the bulk mailing of notification of assessment is
4 completed in the taxing district, whichever is later, appeal to the
5 county board of taxation by filing with it a petition of appeal;
6 provided, however, that any such taxpayer or taxing district may on
7 or before April 1, or 45 days from the date the bulk mailing of
8 notification of assessment is completed in the taxing district,
9 whichever is later, file a complaint directly with the Tax Court, if
10 the assessed valuation of the property subject to the appeal exceeds
11 \$1,000,000. In a taxing district where a municipal-wide revaluation
12 or municipal-wide reassessment has been implemented, a taxpayer
13 or a taxing district may appeal before or on May 1 to the county
14 board of taxation by filing with it a petition of appeal or, if the
15 assessed valuation of the property subject to the appeal exceeds
16 \$1,000,000, by filing a complaint directly with the State Tax Court.
17 Within ten days of the completion of the bulk mailing of
18 notification of assessment, the assessor of the taxing district shall
19 file with the county board of taxation a certification setting forth the
20 date on which the bulk mailing was completed. If a county board of
21 taxation completes the bulk mailing of notification of assessment,
22 the tax administrator of the county board of taxation shall within ten
23 days of the completion of the bulk mailing prepare and keep on file
24 a certification setting forth the date on which the bulk mailing was
25 completed. A taxpayer shall have 45 days to file an appeal upon the
26 issuance of a notification of a change in assessment. An appeal to
27 the Tax Court by one party in a case in which the Tax Court has
28 jurisdiction shall establish jurisdiction over the entire matter in the
29 Tax Court. All appeals to the Tax Court hereunder shall be in
30 accordance with the provisions of the State Uniform Tax Procedure
31 Law, R.S.54:48-1 et seq.

32 If a petition of appeal or a complaint is filed on April 1 or during
33 the 19 days next preceding April 1, a taxpayer or a taxing district
34 shall have 20 days from the date of service of the petition or
35 complaint to file a cross-petition of appeal with a county board of
36 taxation or a counterclaim with the Tax Court, as appropriate.

37 (2) With respect to property located in a county participating in
38 the demonstration program established in section 4 of
39 P.L. , c (C.) (pending before the Legislature as this bill),
40 and except as provided in subsection b. of this section, a taxpayer
41 feeling aggrieved by the assessed valuation of the taxpayer's
42 property, or feeling discriminated against by the assessed valuation
43 of other property in the county, or a taxing district which may feel
44 discriminated against by the assessed valuation of property in the
45 taxing district, or by the assessed valuation of property in another
46 taxing district in the county, may on or before January 15, or 45
47 days from the date the bulk mailing of notification of assessment is
48 completed in the taxing district, whichever date is later, appeal to

1 the county board of taxation by filing with it a petition of appeal;
2 provided, however, that any such taxpayer, or taxing district, may
3 on or before April 1, or 45 days from the date the bulk mailing of
4 notification of assessment is completed in the taxing district,
5 whichever date is later, file a complaint directly with the Tax Court,
6 if the assessed valuation of the property subject to the appeal
7 exceeds \$1,000,000.

8 If a petition of appeal is filed on January 15 or during the 19
9 days next preceding January 15, or a complaint is filed with the Tax
10 Court on April 1 or during the 19 days next preceding April 1, a
11 taxpayer or a taxing district shall have 20 days from the date of
12 service of the petition or complaint to file a cross-petition of appeal
13 with a county board of taxation or a counterclaim with the Tax
14 Court, as appropriate.

15 Within 10 days of the completion of the bulk mailing of
16 notification of assessment, the assessor of the taxing district shall
17 file with the county board of taxation a certification setting forth the
18 date on which the bulk mailing was completed. If a county board of
19 taxation completes the bulk mailing of notification of assessment,
20 the tax administrator of the county board of taxation shall within 10
21 days of the completion of the bulk mailing prepare and keep on file
22 a certification setting forth the date on which the bulk mailing was
23 completed. A taxpayer shall have 45 days to file an appeal upon the
24 issuance of a notification of a change in assessment. An appeal to
25 the Tax Court by one party in a case in which the Tax Court has
26 jurisdiction shall establish jurisdiction over the entire matter in the
27 Tax Court. All appeals to the Tax Court hereunder shall be in
28 accordance with the provisions of the State Uniform Tax Procedure
29 Law, R.S.54:48-1 et seq.

30 b. No taxpayer or taxing district shall be entitled to appeal
31 either an assessment or an exemption or both that is based on a
32 financial agreement subject to the provisions of the "Long Term
33 Tax Exemption Law" under the appeals process set forth in
34 subsection a. of this section.

35 (cf: P.L.2009, c.251, s.1)

36

37 10. Section 18 of P.L.1979, c.499 (C.54:3-21.3a) is amended to
38 read as follows:

39 18. All revenues received by the county from fees, either
40 established or increased pursuant to this amendatory and
41 supplementary act, shall be used exclusively for the purposes of
42 modernizing the record-retention capabilities of the county board of
43 taxation, for defraying the costs incurred by the county board of
44 taxation in recording and transcribing appeal proceedings, setting
45 forth memorandums of judgment and in providing copies thereof,
46 **[and]** for paying any salary required to be paid by the county
47 which is increased pursuant to this amendatory and supplementary
48 act, and to effectuate the provisions of the real property assessment

1 demonstration program established by section 4 of P.L. _____,
2 c. (C. _____) (pending before the Legislature as this bill).
3 (cf: P.L.1979, c.499, s.18)

4
5 11. R.S.54:4-23 is amended to read as follows:

6 54:4-23. All real property shall be assessed to the person owning
7 the same on October 1 in each year. The assessor shall ascertain the
8 names of the owners of all real property situate in his taxing district,
9 and after examination and inquiry, determine the full and fair value
10 of each parcel of real property situate in the taxing district at such
11 price as, in his judgment, it would sell for at a fair and bona fide
12 sale by private contract on October 1 next preceding the date on
13 which the assessor shall complete his assessments, as hereinafter
14 required; provided, however, that in determining the full and fair
15 value of land which is being assessed and taxed under the Farmland
16 Assessment Act of 1964, chapter 48, laws of 1964, the assessor
17 shall consider only those indicia of value which such land has for
18 agricultural or horticultural use as provided by said act; and
19 provided further however, that when the assessor has reason to
20 believe that property comprising all or part of a taxing district has
21 been assessed at a value lower or higher than is consistent with the
22 purpose of securing uniform taxable valuation of property according
23 to law for the purpose of taxation, or that the assessment of property
24 comprising all or part of a taxing district is not in substantial
25 compliance with the law and that the interests of the public will be
26 promoted by a reassessment of such property, the assessor shall,
27 after due investigation, make a reassessment of the property in the
28 taxing district that is not in substantial compliance, provided that
29 (1) the assessor has first notified, in writing, the mayor, the
30 municipal governing body, the county board of taxation, and the
31 county tax administrator of the basis of the assessor's determination
32 that a reassessment of that property in the taxing district is
33 warranted and (2) the assessor has submitted a copy of a
34 compliance plan to the county board of taxation for approval. In
35 the case of real property located in a county participating in the
36 demonstration program established in section 4 of P.L. _____,
37 c. (C. _____) (pending before the Legislature as this bill), the
38 assessor of the municipality in which the real property is situate,
39 after due investigation, shall make a reassessment of the property in
40 the taxing district that is not in substantial compliance. Following a
41 reassessment of a portion of the taxing district pursuant **[to an**
42 **approved compliance plan]** to the provisions of this section, the
43 assessor shall certify to the county board of taxation, through such
44 sampling as the county board of taxation deems adequate, that the
45 reassessment is in substantial compliance with the portions of the
46 taxing district that were not reassessed. For the purposes of
47 assessment, the assessor shall compute and determine the taxable

1 value of such real property at the level established for the county
2 pursuant to law.

3 (cf: P.L.2009, c.251, s.2)

4

5 12. R.S.54:4-31 is amended to read as follows:

6 54:4-31. **【Within】** Unless provided electronically by the
7 custodian of record, within one week thereafter the officer with
8 whom the deed or other instrument shall have been recorded shall
9 mail an abstract thereof, together with the address of the grantee, to
10 such assessor, collector or other custodian who shall properly note
11 the facts therein contained. The abstract shall contain the names of
12 the grantor and grantee and an exact description of the property
13 conveyed as set forth in the deed or instrument of conveyance,
14 together with the date of presentation thereof for record.

15 (cf: R.S.54:4-31)

16

17 13. R.S.54:4-35 is amended to read as follows:

18 54:4-35. **【The】** a. Except as provided in subsection b. of this
19 section, the assessor shall determine his taxable valuations of real
20 property as of October 1 in each year and shall complete the
21 preparation of his assessment list by January 10 following, on
22 which date he shall attend before the county board of taxation and
23 file with the board his complete assessment list, and a true copy
24 thereof, to be called the assessor's duplicate. Such list and duplicate
25 shall include the assessments of personal property reported or
26 determined pursuant to this chapter. They shall be properly made
27 up in such manner and form required by the Director of the Division
28 of Taxation pursuant to **【section】** R.S.54:4-26 **【of this chapter】**, to
29 be examined, revised and corrected by the board as provided by
30 law.

31 b. In the case of a municipality located in a county where the
32 county board of taxation is participating in the demonstration
33 program established in section 4 of P.L. , c. (C.) (pending
34 before the Legislature as this bill), the assessor shall determine the
35 taxable valuations of real property as of October 1 in each year and
36 shall complete the preparation of the preliminary assessment list by
37 November 1, and the assessor shall appear on that date before the
38 county board of taxation and shall certify to the board, on forms
39 promulgated by the Director of the Division of Taxation in the
40 Department of the Treasury, that the electronic file within the
41 county's MOD-IV tax system is his complete preliminary
42 assessment list.

43 After all of the assessment appeals filed with the county tax
44 board have been decided, the assessor shall complete the
45 preparation of the final assessment list by May 5, on which date the
46 assessor shall appear before the county board of taxation and shall
47 file with the board his completed final assessment list, and a true
48 copy of the final assessment list, which true copy shall be the

1 assessor's duplicate. The final assessment and the assessor's
2 duplicate shall include the assessments of personal property
3 reported or determined pursuant to the requirements of chapter 4 of
4 Title 54 of the Revised Statutes, in such manner and form as shall
5 be required by the director pursuant to R.S.54:4-26, and shall be
6 examined, revised and corrected by the board as provided by law.
7 (cf: P.L.1966, c.138, s.9)

8
9 14. R.S.54:4-38 is amended to read as follows:

10 54:4-38. **【Every】** a. Except as provided in subsection b. of this
11 section, every assessor, at least ten days before filing the complete
12 assessment list and duplicate with the county board of taxation, and
13 before annexing thereto his affidavit as required in section 54:4-36
14 of this title, shall notify each taxpayer of the current assessment and
15 preceding year's taxes and give public notice by advertisement in at
16 least one newspaper circulating within his taxing district of a time
17 and place when and where the assessment list may be inspected by
18 any taxpayer for the purpose of enabling the taxpayer to ascertain
19 what assessments have been made against him or his property and
20 to confer informally with the assessor as to the correctness of the
21 assessments, so that any errors may be corrected before the filing of
22 the assessment list and duplicate. Thereafter, the assessor shall
23 notify each taxpayer by mail within 30 days of any change to the
24 assessment. This notification of change of assessment shall contain
25 the prior assessment and the current assessment.

26 b. In the case of a municipality located in a county where the
27 county board of taxation is participating in the demonstration
28 program established in section 4 of P.L. , c. (C.) (pending
29 before the Legislature as this bill), every assessor, before filing the
30 preliminary assessment list with the county board of taxation
31 pursuant to subsection b. of R.S.54:4-35, shall notify each taxpayer
32 of the preliminary assessment and preceding year's taxes and give
33 public notice by advertisement in at least one newspaper circulating
34 within his taxing district of a time and place when and where the
35 assessment list may be inspected by any taxpayer for the purpose of
36 enabling the taxpayer to ascertain what assessments have been
37 made against the taxpayer or the taxpayer's property. Thereafter,
38 the assessor shall notify each taxpayer by mail within 30 days of
39 any change to the assessment. This notification of change of
40 assessment shall contain the prior assessment and the current
41 assessment.

42 (cf: P.L.1991, c.75, s.31)

43
44 15. Section 32 of P.L.1991, c.75 (C.54:4-38.1) is amended to
45 read as follows:

46 32. **【Every】** a. Except as provided in subsection b. of this
47 section, every assessor, prior to February 1, shall notify by mail
48 each taxpayer of the current assessment and preceding year's taxes.

1 Thereafter, the assessor or county board of taxation shall notify
2 each taxpayer by mail within 30 days of any change to the
3 assessment. This notification of change of assessment shall contain
4 the prior assessment and the current assessment. The director shall
5 establish the form of notice of assessment and change of
6 assessment. Any notice issued by the assessor or county board of
7 taxation shall contain information instructing taxpayers on how to
8 appeal their assessment.

9 b. In the case of a municipality located in a county where the
10 county board of taxation is participating in the demonstration
11 program established in section 4 of P.L. , c. (C.) (pending
12 before the Legislature as this bill), every assessor, on or before
13 November 15 of the pretax year, shall notify by mail each taxpayer
14 of the preliminary assessment and preceding year's taxes.
15 Thereafter, the assessor or county board of taxation shall notify
16 each taxpayer by mail within 30 days of any change to the
17 assessment. This notification of change of assessment shall contain
18 the prior assessment and the current assessment. The director shall
19 establish the form of notice of assessment and change of
20 assessment. Any notice issued by the assessor or county board of
21 taxation shall contain information instructing taxpayers on how to
22 appeal their assessment.

23 c. The county board of taxation of the demonstration county
24 shall make the preliminary data electronically accessible to the
25 public by posting the data in searchable form on the county's
26 website not later than 15 business days after the submission of the
27 preliminary data.

28 (cf: P.L.1991, c.75, s.32)

29
30 16. R.S.54:4-52 is amended to read as follows:

31 54:4-52. The county board of taxation shall, on or before May
32 20, or on or before May 31 in the case of a county board of taxation
33 participating in the demonstration program established in section 4
34 of P.L. , c. (C.) (pending before the Legislature as this bill),
35 fill out a table of aggregates copied from the duplicates of the
36 several assessors and the certifications of the Director of the
37 Division of Taxation relating to second-class railroad property, and
38 enumerating the following items:

- 39 (1) The total number of acres and lots assessed;
40 (2) The value of the land assessed;
41 (3) The value of the improvements thereon assessed;
42 (4) The total value of the land and improvements assessed,
43 including:
44 a. Second-class railroad property;
45 b. All other real property.
46 (5) The value of the personal property assessed, stating in
47 separate columns:
48 a. Value of household goods and chattels assessed;

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- 1 b. Value of farm stock and machinery assessed;
- 2 c. Value of stocks in trade, materials used in manufacture and
- 3 other personal property assessed under section 54:4-11;
- 4 d. Value of all other tangible personal property used in
- 5 business assessed.
- 6 (6) Deductions allowed, stated in separate columns:
- 7 a. Household goods and other exemptions under the provisions
- 8 of section 54:4-3.16 of this Title;
- 9 b. Property exempted under section 54:4-3.12 of this Title.
- 10 (7) The net valuation taxable;
- 11 (8) Amounts deducted under the provisions of sections 54:4-49
- 12 and 54:4-53 of this Title or any other similar law (adjustments
- 13 resulting from prior appeals);
- 14 (9) Amounts added under any of the laws mentioned in
- 15 subdivision 8 of this section (like adjustments);
- 16 (10) Amounts added for equalization under the provisions of
- 17 sections 54:3-17 to 54:3-19 of this Title;
- 18 (11) Amounts deducted for equalization under the provisions of
- 19 sections 54:3-17 to 54:3-19 of this Title;
- 20 (12) Net valuation on which county, State and State school taxes
- 21 are apportioned;
- 22 (13) The number of polls assessed;
- 23 (14) The amount of dog taxes assessed;
- 24 (15) The property exempt from taxation under the following
- 25 special classifications:
- 26 a. Public school property;
- 27 b. Other school property;
- 28 c. Public property;
- 29 d. Church and charitable property;
- 30 e. Cemeteries and graveyards;
- 31 f. Other exemptions not included in foregoing classifications
- 32 subdivided showing exemptions of real property and exemptions of
- 33 personal property;
- 34 g. The total amount of exempt property.
- 35 (16) State road tax;
- 36 (17) State school tax;
- 37 (18) County taxes apportioned, exclusive of bank stock taxes;
- 38 (19) Local taxes to be raised, exclusive of bank stock taxes,
- 39 subdivided as follows:
- 40 a. District school tax;
- 41 b. Other local taxes.
- 42 (20) Total amount of miscellaneous revenues, including surplus
- 43 revenue appropriated, for the support of the taxing district budget,
- 44 which, for a municipality operating under the State fiscal year, shall
- 45 be the amounts for the fiscal year ending June 30 of the year in
- 46 which the table is prepared;
- 47 (21) District court taxes;
- 48 (22) Library tax;

1 (23) Bank stock taxes due taxing district;

2 (24) Tax rate for local taxing purposes to be known as general
3 tax rate to apply per \$100.00 of valuation, which general tax rate
4 shall be rounded up to the nearest one-half penny after receipt in
5 any year of a municipal resolution submitted to the county tax board
6 on or before April 1 of that tax year requesting that the general tax
7 rate be rounded up to the nearest one-half penny.

8 For municipalities operating under the State fiscal year, the
9 amount for local municipal purposes shall be the amount as
10 certified pursuant to section 16 of P.L.1994, c.72 (C.40A:4-12.1).
11 The table shall also include a footnote showing the amount raised
12 by taxation for municipal purposes as shown in the State fiscal year
13 budget ending June 30 of the year the table is prepared.

14 In addition to the above such other matters may be added, or
15 such changes in the foregoing items may be made, as may from
16 time to time be directed by the Director of the Division of Taxation.
17 The forms for filling out tables of aggregates shall be prescribed by
18 the director and sent by him to the county treasurers of the several
19 counties to be by them transmitted to the county board of taxation.
20 Such table of aggregates shall be correctly added by columns and
21 shall be signed by the members of the county board of taxation and
22 shall within three days thereafter be transmitted to the county
23 treasurer who shall file the same and forthwith cause it to be printed
24 in its entirety and shall transmit certified copy of same to the
25 Director of the Division of Taxation, the State Auditor, the Director
26 of the Division of Local Government Services in the Department of
27 Community Affairs, the clerk of the board of freeholders, and the
28 clerk of each municipality in the county.

29 (cf: P.L.1995, c.345, s.1)

30

31 17. (New section) The State Treasurer, in consultation with the
32 Director of the Division of Taxation in the Department of the
33 Treasury, pursuant to the "Administrative Procedure Act,"
34 P.L.1968, c.410 (C.52:14B-1 et seq.), may adopt rules and
35 regulations to effectuate the purposes of the real property
36 assessment demonstration program established in this act, except
37 that notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1
38 et seq.) to the contrary, the Director of the Division of Local
39 Government Services in the Department of Community Affairs and
40 the State Treasurer may adopt, immediately upon filing with the
41 Office of Administrative Law, such rules and regulations as deemed
42 necessary to implement the provisions of this act which shall be
43 effective for a period not to exceed 12 months and shall thereafter
44 be amended, adopted or re-adopted in accordance with the
45 provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

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47 18. This act shall take effect immediately.

STATEMENT

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This bill would create a real property assessment demonstration program to demonstrate a more cost-effective and accurate process of real property assessment administration. Under the provisions of the bill, not more than four counties may participate in the demonstration program as demonstration counties; not more than two in the first two full tax years after the bill's enactment, and not more than two more in the third and fourth full tax years after the bill's enactment. The bill also sets strict criteria that a county must meet, and information a county must provide to the Director of the Division of Local Government Services in the Department of Community Affairs and to the Director of the Division of Taxation in the Department of the Treasury, in order to implement the demonstration program as a demonstration county. The real property assessment demonstration program will specifically address the systemic costs which result from the losses due to successful assessment appeals. The economic impact of addressing the cost of lost assessment appeals offers potential savings many times greater than the proposed savings resulting from consolidated county-based assessment.

The real property assessment demonstration program proposes a real property assessment system that will remain decentralized for the purpose of creating a more responsive and accurate assessment function that can annually adjust to the flow of the county's varied markets and submarkets. The central premise of the demonstration program is a collaborative effort between the county tax board and municipal assessors. The demonstration program relies on this working relationship to address the issues of cost effectiveness and the accurate process of assessment.

The demonstration program is based on the utilization by all of a demonstration county's municipalities of the same property assessment software, the MOD-IV/CAMA system. The bill requires that under the demonstration program, all future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system, and the system will also be used for other assessment-based functions, such as the development of a compliance plan, maintenance of assessments, and the calculation of added assessments. It is important to note that no State funds will be necessary for the implementation of this demonstration program. The county board of taxation in a demonstration county will absorb the cost of assessment data conversion through assessment appeal filing fees collected by the board.

Specifically, the bill provides that on the first day of October next following the effective date of the bill, demonstration counties shall commence the demonstration program under a plan developed by each county's county tax administrator, approved by each

1 county's county board of taxation, and submitted to both the
2 Director of the Division of Taxation and the Director of the
3 Division of Local Government Services not less than 60 days prior
4 to that October 1. Under the bill, the Director of the Division of
5 Taxation and the Director of the Division of Local Government
6 Services cannot propose or require any changes to the
7 demonstration program plan submitted by the board of taxation of a
8 demonstration county unless a provision of the demonstration
9 program is inconsistent with State law, or the decision of any court
10 of this State, regarding the assessment of real property, unless the
11 changes have been agreed to by a majority of the members of the
12 county's demonstration program steering committee. The bill also
13 establishes an "Assessment Demonstration Program Steering
14 Committee" in each demonstration county to monitor and report on
15 the activities within the demonstration county relative to the
16 demonstration program. Members of each such steering committee
17 are the State Treasurer or his designee, the Director of the Division
18 of Taxation or his designee, the Director of the Division of Local
19 Government Services or his designee, a member of the Assessor's
20 Association of each demonstration county, and the tax administrator
21 of the county tax board of each demonstration county. Actions
22 taken by a steering committee must be approved by a majority of
23 the members of the steering committee.

24 The demonstration program must operate under all statutory
25 requirements and pursuant to all statutory dates and time frames
26 concerning the assessment of real property in the State, as those
27 statutory dates and time frames have been amended pursuant to the
28 provisions of the bill.

29 The bill requires Director of the Division of Taxation and the
30 Director of the Division of Local Government Services, with the
31 advice and the recommendations of the tax administrator of each
32 demonstration county, to provide to the Governor and to the
33 Legislature, not later than July 1 next following the fourth full tax
34 year after the implementation of the demonstration program, a
35 report detailing the experience of each demonstration county under
36 the demonstration program, the successes of the program, any
37 problems experienced under the program, and any recommendations
38 for statutory or administrative changes to the current system of real
39 property assessment in the State.

40 The bill also requires the county board of taxation of each
41 demonstration county to compel the implementation of a
42 revaluation or reassessment of real property. If a municipality fails
43 to complete the revaluation or reassessment, as appropriate, ordered
44 by the county board of taxation in a timely manner, the county tax
45 board will contract for the revaluation or reassessment, as
46 appropriate, for the municipality at the municipality's cost. Under
47 the bill, a municipality feeling aggrieved by a decision of the county
48 board of taxation to cause the revaluation or reassessment, as

1 appropriate, to be performed at the municipality's cost may file an
2 appeal of that decision by the county board of taxation to the Tax
3 Court within 45 days of the approval by the Director of the Division
4 of Taxation of the county tax board's order requiring the
5 revaluation or reassessment, as appropriate.

6 The bill also provides the Director of the Division of Local
7 Government Services and the Director of the Division of Taxation
8 the authority to take any action that is deemed necessary and
9 consistent with the intent of the bill to implement its provisions,
10 including but not limited to the authority to waive any provisions of
11 statutory law and regulations that may be inconsistent with the
12 intent or application of the provisions of the bill.

13 Finally, the bill revises the statutory dates for the assessment of
14 real property in demonstration counties to implement the
15 demonstration program's provisions concerning the re-scheduling
16 of the assessment appeal process.

17 Under current law, every municipal tax assessor files the
18 municipality's tax list with the county board of taxation, which
19 subsequently sets the local tax rates. Assessment appeals are filed
20 by property owners on April 1 of each year, or on May 1 in the case
21 of a municipality that has undergone a municipal-wide revaluation
22 or reassessment of real property. Appeals are heard by the county
23 tax board and generally decided in most, if not all, cases by the end
24 of July. Successful appeals that late in the tax year result in
25 reduced assessments, which results in a reduced municipal tax base,
26 which then results in the under-collection of property taxes to fund
27 current year operations. The demonstration program proposes the
28 re-scheduling of the property assessment appeal process to dates
29 prior to the calculation of the local property tax rate, which would
30 allow for a more accurate local property tax rate to reflect local
31 budgetary needs and the true value of the tax base that provides the
32 property tax revenue to fund the local budget.

33 It is the intent of the sponsor that the implementation of the
34 demonstration program authorized under this bill will demonstrate
35 both the value of a collaboration of a county tax board with the
36 municipal-based assessors, supported by countywide technology in
37 the real property assessment process, and the significant benefits of
38 an assessment appeal structure that takes place prior to the county
39 board of taxation's calculation of local tax rates.

40 The following chart sets forth the current statutory dates relative
41 to the individual functions that comprise the real property
42 assessment process, and the proposed dates for those functions
43 under the demonstration program proposed by this bill:

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<i>DATES RELATIVE TO CERTIFICATION OF THE TAX LIST, ASSESSMENT APPEALS, AND THE CALCULATION OF LOCAL TAX RATES IN DEMONSTRATION COUNTIES</i>		
<i>Description of Function</i>	<i>Current Date</i>	<i>Proposed Date for All Municipalities</i>
Assessing Date	October 1 of pre-tax year	October 1 of pre-tax year
Certification of Preliminary Assessment	N/A	November 1 of pre-tax year
Notification of Assessment Postcards	February 1	November 15 of pre-tax year
Assessment Appeal Filing Deadline	April 1; May 1 in municipalities wherein revaluation of real property has occurred	January 15
Assessment Appeals Heard	May, June and July	February, March and April
Tax List Filed	January 10	May 5
County Preliminary Equalization	March 10	May 15
County Final Equalization	March 10	May 25
Municipal Budget to Tax Board	March 31	May 15
County Budget to Tax Board	April 1	May 15
School Budget to Tax Board	May 19	May 15
Certified Tax Rates	May 20	May 31
Tax Duplicates	June 3	June 3
Tax Bills	June 14	June 14

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SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1213

STATE OF NEW JERSEY

DATED: FEBRUARY 27, 2012

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1213.

This bill would create a real property assessment demonstration program to demonstrate a more cost-effective and accurate process of real property assessment administration. Under the provisions of the bill, not more than four counties may participate in the demonstration program as demonstration counties; not more than two in the first two full tax years after the bill's enactment, and not more than two more in the third and fourth full tax years after the bill's enactment. The bill also sets strict criteria that a county must meet, and information a county must provide to the Director of the Division of Local Government Services in the Department of Community Affairs and to the Director of the Division of Taxation in the Department of the Treasury, in order to implement the demonstration program as a demonstration county. The real property assessment demonstration program will specifically address the systemic costs which result from the losses due to successful assessment appeals. The economic impact of addressing the cost of lost assessment appeals offers potential savings many times greater than the proposed savings resulting from consolidated county-based assessment.

The real property assessment demonstration program proposes a real property assessment system that will remain decentralized for the purpose of creating a more responsive and accurate assessment function that can annually adjust to the flow of the county's varied markets and submarkets. The central premise of the demonstration program is a collaborative effort between the county tax board and municipal assessors. The demonstration program relies on this working relationship to address the issues of cost effectiveness and the accurate process of assessment.

The demonstration program is based on the utilization by all of a demonstration county's municipalities of the same property assessment software, the MOD-IV/CAMA system. The bill requires that under the demonstration program, all future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system, and the system will also be used for other assessment-based functions, such as the development of a compliance plan, maintenance of assessments, and

the calculation of added assessments. It is important to note that no State funds will be necessary for the implementation of this demonstration program. The county board of taxation in a demonstration county will absorb the cost of assessment data conversion through assessment appeal filing fees collected by the board.

Specifically, the bill provides that on the first day of October next following the effective date of the bill, demonstration counties shall commence the demonstration program under a plan developed by each county's county tax administrator, approved by each county's county board of taxation, and submitted to both the Director of the Division of Taxation and the Director of the Division of Local Government Services not less than 60 days prior to that October 1. Under the bill, the Director of the Division of Taxation and the Director of the Division of Local Government Services cannot propose or require any changes to the demonstration program plan submitted by the board of taxation of a demonstration county unless a provision of the demonstration program is inconsistent with State law, or the decision of any court of this State, regarding the assessment of real property, unless the changes have been agreed to by a majority of the members of the county's demonstration program steering committee. The bill also establishes an "Assessment Demonstration Program Steering Committee" in each demonstration county to monitor and report on the activities within the demonstration county relative to the demonstration program. Members of each such steering committee are the State Treasurer or his designee, the Director of the Division of Taxation or his designee, the Director of the Division of Local Government Services or his designee, a member of the Assessor's Association of each demonstration county, and the tax administrator of the county tax board of each demonstration county. Actions taken by a steering committee must be approved by a majority of the members of the steering committee.

The demonstration program must operate under all statutory requirements and pursuant to all statutory dates and time frames concerning the assessment of real property in the State, as those statutory dates and time frames have been amended pursuant to the provisions of the bill.

The bill requires the Director of the Division of Taxation and the Director of the Division of Local Government Services, with the advice and the recommendations of the tax administrator of each demonstration county, to provide to the Governor and to the Legislature, not later than July 1 next following the fourth full tax year after the implementation of the demonstration program, a report detailing the experience of each demonstration county under the demonstration program, the successes of the program, any problems experienced under the program, and any recommendations for

statutory or administrative changes to the current system of real property assessment in the State.

The bill also requires the county board of taxation of each demonstration county to compel the implementation of a revaluation or reassessment of real property. If a municipality fails to complete the revaluation or reassessment, as appropriate, ordered by the county board of taxation in a timely manner, the county tax board will contract for the revaluation or reassessment, as appropriate, for the municipality at the municipality's cost. Under the bill, a municipality feeling aggrieved by a decision of the county board of taxation to cause the revaluation or reassessment, as appropriate, to be performed at the municipality's cost may file an appeal of that decision by the county board of taxation to the Tax Court within 45 days of the approval by the Director of the Division of Taxation of the county tax board's order requiring the revaluation or reassessment, as appropriate.

The bill also provides the Director of the Division of Local Government Services and the Director of the Division of Taxation the authority to take any action that is deemed necessary and consistent with the intent of the bill to implement its provisions, including but not limited to the authority to waive any provisions of statutory law and regulations that may be inconsistent with the intent or application of the provisions of the bill.

Finally, the bill revises the statutory dates for the assessment of real property in demonstration counties to implement the demonstration program's provisions concerning the re-scheduling of the assessment appeal process.

Under current law, every municipal tax assessor files the municipality's tax list with the county board of taxation, which subsequently sets the local tax rates. Assessment appeals are filed by property owners on April 1 of each year, or on May 1 in the case of a municipality that has undergone a municipal-wide revaluation or reassessment of real property. Appeals are heard by the county tax board and generally decided in most, if not all, cases by the end of July. Successful appeals that late in the tax year result in reduced assessments, which results in a reduced municipal tax base, which then results in the under-collection of property taxes to fund current year operations. The demonstration program proposes the re-scheduling of the property assessment appeal process to dates prior to the calculation of the local property tax rate, which would allow for a more accurate local property tax rate to reflect local budgetary needs and the true value of the tax base that provides the property tax revenue to fund the local budget.

The implementation of the demonstration program authorized under this bill is intended to demonstrate both the value of a collaboration of a county tax board with the municipal-based assessors, supported by countywide technology in the real property assessment process, and the significant benefits of an assessment

appeal structure that takes place prior to the county board of taxation's calculation of local tax rates.

The following chart sets forth the current statutory dates relative to the individual functions that comprise the real property assessment process, and the proposed dates for those functions under the demonstration program proposed by this bill:

<i>DATES RELATIVE TO CERTIFICATION OF THE TAX LIST, ASSESSMENT APPEALS, AND THE CALCULATION OF LOCAL TAX RATES IN DEMONSTRATION COUNTIES</i>		
<i>Description of Function</i>	<i>Current Date</i>	<i>Proposed Date for All Municipalities</i>
Assessing Date	October 1 of pre-tax year	October 1 of pre-tax year
Certification of Preliminary Assessment	N/A	November 1 of pre-tax year
Notification of Assessment Postcards	February 1	November 15 of pre-tax year
Assessment Appeal Filing Deadline	April 1; May 1 in municipalities wherein revaluation of real property has occurred	January 15
Assessment Appeals Heard	May, June and July	February, March and April
Tax List Filed	January 10	May 5
County Preliminary Equalization	March 10	May 15
County Final Equalization	March 10	May 25
Municipal Budget to Tax Board	March 31	May 15
County Budget to Tax Board	April 1	May 15
School Budget to Tax Board	May 19	May 15
Certified Tax Rates	May 20	May 31
Tax Duplicates	June 3	June 3
Tax Bills	June 14	June 14

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1213

STATE OF NEW JERSEY

DATED: SEPTEMBER 20, 2012

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1213.

This bill would create a real property assessment demonstration program to demonstrate a more cost-effective and accurate process of real property assessment administration. Under the provisions of the bill, not more than four counties may participate in the demonstration program as demonstration counties; not more than two in the first two full tax years after the bill's enactment, and not more than two more in the third and fourth full tax years after the bill's enactment. The bill also sets strict criteria that a county must meet, and information a county must provide to the Director of the Division of Local Government Services in the Department of Community Affairs and to the Director of the Division of Taxation in the Department of the Treasury, in order to implement the demonstration program as a demonstration county. The real property assessment demonstration program is intended to address the systemic costs which result from the losses due to successful assessment appeals. It is anticipated that by addressing the cost of lost assessment appeals will offer potential saving many times greater than the proposed savings resulting from consolidated county-based assessment.

The real property assessment demonstration program proposes a real property assessment system that will remain decentralized for the purpose of creating a more responsive and accurate assessment function that can annually adjust to the flow of the county's varied markets and submarkets. The central premise of the demonstration program is a collaborative effort between the county tax board and municipal assessors. The demonstration program relies on this working relationship to address the issues of cost effectiveness and the accurate process of assessment.

The demonstration program is based on the utilization by all of a demonstration county's municipalities of the same property assessment software, the MOD-IV/CAMA system. The bill requires that under the demonstration program, all future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system, and the system will also be used for other assessment-based functions, such as the development of a compliance plan, maintenance of assessments, and

the calculation of added assessments. It is important to note that no State funds will be necessary for the implementation of this demonstration program. The county board of taxation in a demonstration county will absorb the cost of assessment data conversion through assessment appeal filing fees collected by the board.

Specifically, the bill provides that on the first day of October next following the effective date of the bill, demonstration counties shall commence the demonstration program under a plan developed by each county's county tax administrator, approved by each county's county board of taxation, and submitted to both the Director of the Division of Taxation and the Director of the Division of Local Government Services not less than 60 days prior to that October 1. Under the bill, the Director of the Division of Taxation and the Director of the Division of Local Government Services cannot propose or require any changes to the demonstration program plan submitted by the board of taxation of a demonstration county unless a provision of the demonstration program is inconsistent with State law, or the decision of any court of this State, regarding the assessment of real property, unless the changes have been agreed to by a majority of the members of the county's demonstration program steering committee. The bill also establishes an "Assessment Demonstration Program Steering Committee" in each demonstration county to monitor and report on the activities within the demonstration county relative to the demonstration program. Members of each such steering committee are the State Treasurer or his designee, the Director of the Division of Taxation or his designee, the Director of the Division of Local Government Services or his designee, a member of the Assessor's Association of each demonstration county, and the tax administrator of the county tax board of each demonstration county. Actions taken by a steering committee must be approved by a majority of the members of the steering committee.

The demonstration program must operate under all statutory requirements and pursuant to all statutory dates and time frames concerning the assessment of real property in the State, as those statutory dates and time frames have been amended pursuant to the provisions of the bill.

The bill requires the Director of the Division of Taxation and the Director of the Division of Local Government Services, with the advice and the recommendations of the tax administrator of each demonstration county, to provide to the Governor and to the Legislature, not later than July 1 next following the fourth full tax year after the implementation of the demonstration program, a report detailing the experience of each demonstration county under the demonstration program, the successes of the program, any problems experienced under the program, and any recommendations for

statutory or administrative changes to the current system of real property assessment in the State.

The bill also requires the county board of taxation of each demonstration county to compel the implementation of a revaluation or reassessment of real property. If a municipality fails to complete the revaluation or reassessment, as appropriate, ordered by the county board of taxation in a timely manner, the county tax board will contract for the revaluation or reassessment, as appropriate, for the municipality at the municipality's cost. Under the bill, a municipality feeling aggrieved by a decision of the county board of taxation to cause the revaluation or reassessment, as appropriate, to be performed at the municipality's cost may file an appeal of that decision by the county board of taxation to the Tax Court within 45 days of the approval by the Director of the Division of Taxation of the county tax board's order requiring the revaluation or reassessment, as appropriate.

The bill also provides the Director of the Division of Local Government Services and the Director of the Division of Taxation the authority to take any action that is deemed necessary and consistent with the intent of the bill to implement its provisions, including but not limited to the authority to waive any provisions of statutory law and regulations that may be inconsistent with the intent or application of the provisions of the bill.

Finally, the bill revises the statutory dates for the assessment of real property in demonstration counties to implement the demonstration program's provisions concerning the re-scheduling of the assessment appeal process.

Under current law, every municipal tax assessor files the municipality's tax list with the county board of taxation, which subsequently sets the local tax rates. Assessment appeals are filed by property owners on April 1 of each year, or on May 1 in the case of a municipality that has undergone a municipal-wide revaluation or reassessment of real property. Appeals are heard by the county tax board and generally decided in most, if not all, cases by the end of July. Successful appeals that late in the tax year result in reduced assessments, which results in a reduced municipal tax base, which then results in the under-collection of property taxes to fund current year operations. The demonstration program proposes the re-scheduling of the property assessment appeal process to dates prior to the calculation of the local property tax rate, which would allow for a more accurate local property tax rate to reflect local budgetary needs and the true value of the tax base that provides the property tax revenue to fund the local budget.

The implementation of the demonstration program authorized under this bill is intended to demonstrate both the value of a collaboration of a county tax board with the municipal-based assessors, supported by countywide technology in the real property assessment process, and the significant benefits of an assessment

appeal structure that takes place prior to the county board of taxation's calculation of local tax rates.

The following chart sets forth the current statutory dates relative to the individual functions that comprise the real property assessment process, and the proposed dates for those functions under the demonstration program proposed by this bill:

<i>DATES RELATIVE TO CERTIFICATION OF THE TAX LIST, ASSESSMENT APPEALS, AND THE CALCULATION OF LOCAL TAX RATES IN DEMONSTRATION COUNTIES</i>		
<i>Description of Function</i>	<i>Current Date</i>	<i>Proposed Date for All Municipalities</i>
Assessing Date	October 1 of pre-tax year	October 1 of pre-tax year
Certification of Preliminary Assessment	N/A	November 1 of pre-tax year
Notification of Assessment Postcards	February 1	November 15 of pre-tax year
Assessment Appeal Filing Deadline	April 1; May 1 in municipalities wherein revaluation of real property has occurred	January 15
Assessment Appeals Heard	May, June and July	February, March and April
Tax List Filed	January 10	May 5
County Preliminary Equalization	March 10	May 15
County Final Equalization	March 10	May 25
Municipal Budget to Tax Board	March 31	May 15
County Budget to Tax Board	April 1	May 15
School Budget to Tax Board	May 19	May 15
Certified Tax Rates	May 20	May 31
Tax Duplicates	June 3	June 3
Tax Bills	June 14	June 14

FISCAL IMPACT:

The Office of Legislative Services has determined that the enactment this legislation may result in both increased revenues and costs to the four demonstration counties qualified to establish a real property assessment demonstration program. This legislation may also have an indeterminate fiscal impact on certain municipalities in each

of those counties. Initially, these costs include the provision of property assessment software and training in its use to municipalities that do not currently utilize this software and any ongoing costs related to the program, such as those associated with continuing education. Municipalities that do not currently use MOD-IV or CAMA software will be charged annually for its use following the county's initial provision of software and training. The impact of this user fee on each municipality will depend on whether or not the fee charged by the county is greater than or less than the fee currently charged to the municipality by a private vendor for the use of property assessment software.

The bill requires the county to use revenues generated by assessment appeal filing fees to cover the technical costs of the demonstration program. According to tax appeal information published by the Division of Taxation, revenues generated by tax appeal filings in all counties have risen sharply from \$957,900 in 2007 to \$3,492,125 in 2011. The OLS notes that the recent decline in property values due to current economic conditions has led to a rapid increase in property tax appeals, as compared to a similar period of time, filed by taxpayers seeking to have their assessments adjusted to reflect the current value of their property.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1213
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: SEPTEMBER 21, 2012

SUMMARY

- Synopsis:** Establishes real property assessment demonstration program.
- Type of Impact:** Indeterminate increase in revenues and expenditures of demonstration counties and increased cost to certain municipalities.
- Agencies Affected:** Participating counties and municipalities in those counties, Division of Local Government Services (Community Affairs) and Division of Taxation (Treasury).

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate Fiscal Impact – See comments below		
Local Revenue	Indeterminate Increase in Revenues – See comments below		

- The Office of Legislative Services (OLS) has determined that the enactment of Senate Bill No. 1213 may result in increases in both revenues and costs to each demonstration county. This legislation may also have an indeterminate fiscal impact on certain municipalities in each county.
- The basis for the increase in costs include the provision of property assessment software, and training in its use, to municipalities in the county that currently utilize that software, and any ongoing costs related to the program, such as continuing education.
- Following the county’s initial provision of the software and training, municipalities in each demonstration county will be charged annually for its use. These charges may be offset, in part, by savings in the municipal assessor’s office from more efficient assessment practices.
- The bill requires the county to use revenues generated by assessment appeal filing fees to cover the technical costs of the demonstration program. According to the Division of Taxation a total of \$3,492,125 in assessment appeal filing fees was collected by all of the counties in 2011.

BILL DESCRIPTION

Senate Bill No. 1213 of 2012 would establish a real property assessment demonstration program, which would be open for participation by any county in the State, to demonstrate a more cost-effective process of real property assessment administration. The demonstration program is based on the utilization, by all of a demonstration county's municipalities, of the same property assessment software, MOD-IV and a Computer-Assisted Mass Appraisal (CAMA) system. Under the bill, all future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system. The county system will also be used for other assessment-based functions, such as the development of a compliance plan, maintenance of assessments, and the calculation of added and omitted assessments. The board of taxation in a demonstration county will use revenues generated by assessment appeal filing fees to pay for the costs of the assessment data conversion. The bill prohibits the appropriation of any State funds for the demonstration program.

The bill provides that not more than four counties may participate in the demonstration program; not more than two in the first two full tax years after the bill's enactment and not more than two in the third and fourth full tax years after the bill's enactment. Before instituting a demonstration program, a demonstration county must provide the following information to the Director of the Division of Local Government Services and the Director of the Division of Taxation: 1) a resolution of the county board of taxation certifying that the board has sufficient funds available to pay all of the costs associated with the demonstration program; 2) a copy of its MOD-IV certification or a copy of a valid contract for MOD-IV services; and 3) a resolution approving the implementation of the demonstration program agreed to by not less than two-thirds of the members of the county's assessors association.

This legislation also requires the board of taxation in each demonstration county to compel the implementation of a revaluation or reassessment of real property. In the case when a municipality fails to complete the revaluation or reassessment in a timely manner, the county tax board will contract for the revaluation or reassessment of the municipality at the municipality's cost. The bill revises the statutory date for the assessment of real property in demonstration counties to implement the demonstration program's provisions concerning the re-scheduling of the assessment appeal process. Finally, the bill permits the State Treasurer and Director of the Division of Local Government Services to adopt rules and regulations necessary to implement the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS has determined that the enactment of Senate Bill No. 1213 may result in both increased revenues and costs to the four demonstration counties qualified to establish a real property assessment demonstration program. This legislation may also have an indeterminate fiscal impact on certain municipalities in each of those counties. Initially, these costs include the provision of property assessment software and training in its use to municipalities that do not currently utilize this software and any ongoing costs related to the program, such as those

associated with continuing education. Municipalities that do not currently use MOD-IV or CAMA software will be charged annually for its use following the county's initial provision of software and training. The impact of this user fee on each municipality will depend on whether or not the fee charged by the county is greater than or less than the fee currently charged to the municipality by a private vendor for the use of property assessment software.

The bill requires the county to use revenues generated by assessment appeal filing fees to cover the technical costs of the demonstration program. According to tax appeal information published by the Division of Taxation, revenues generated by tax appeal filings in all counties have risen sharply from \$957,900 in 2007 to \$3,492,125 in 2011. The OLS notes that the recent decline in property values due to current economic conditions has led to a rapid increase in property tax appeals, as compared to a similar period of time, filed by taxpayers seeking to have their assessments adjusted to reflect the current value of their property.

Section: Local Government

*Analyst: Scott A Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1213

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2012

The Assembly Appropriations Committee reports favorably Senate Bill No. 1213.

This bill creates a real property assessment demonstration program to demonstrate a more cost-effective and accurate process of real property assessment administration. Under the provisions of the bill, not more than four counties may participate in the demonstration program as demonstration counties; not more than two in the first two full tax years after the bill's enactment, and not more than two more in the third and fourth full tax years after the bill's enactment. The bill also sets strict criteria that a county must meet, and information a county must provide to the Director of the Division of Local Government Services in the Department of Community Affairs and to the Director of the Division of Taxation in the Department of the Treasury, in order to implement the demonstration program as a demonstration county. The real property assessment demonstration program specifically addresses the systemic costs that result from the losses due to successful tax assessment appeals.

The real property assessment demonstration program proposes a real property assessment system that will remain decentralized for the purpose of creating a more responsive and accurate assessment function that can annually adjust to the flow of the county's varied markets and submarkets. The central premise of the demonstration program is a collaborative effort between the county tax board and municipal assessors. The demonstration program relies on this working relationship to address the issues of cost effectiveness and the accurate process of assessment.

The demonstration program is based on the utilization by all of a demonstration county's municipalities of the same property assessment software, the MOD-IV/CAMA system. The bill requires that under the demonstration program, all future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system, and the system will also be used for other assessment-based functions, such as the development of a compliance plan, maintenance of assessments, and the calculation of added assessments. It is important to note that no State funds will be necessary for the implementation of this demonstration program. The county board of taxation in a

demonstration county will absorb the cost of assessment data conversion through assessment appeal filing fees collected by the board.

The bill begins implementation of the demonstration project on the first day of October next following the effective date of the bill by requiring demonstration counties to begin the demonstration program under a plan developed by each county's county tax administrator, approved by each county's county board of taxation, and submitted to both the Director of the Division of Taxation and the Director of the Division of Local Government Services not less than 60 days prior to that October 1. Under the bill, the Director of the Division of Taxation and the Director of the Division of Local Government Services cannot propose or require any changes to the demonstration program plan submitted by the board of taxation of a demonstration county (except if a provision of the demonstration program is inconsistent with State law, or the decision of any court of this State, regarding the assessment of real property) unless the changes have been agreed to by a majority of the members of the county's demonstration program steering committee. The bill establishes an "Assessment Demonstration Program Steering Committee" in each demonstration county to monitor and report on the activities of the county demonstration program. Members of each such steering committee are the State Treasurer or the Treasurer's designee, the Director of the Division of Taxation or the director's designee, the Director of the Division of Local Government Services or the director's designee, a member of the Assessor's Association for each demonstration county, and the tax administrator of the county tax board for each demonstration county. Actions taken by a steering committee must be approved by a majority of the members of that steering committee.

The demonstration program must operate under all statutory requirements and pursuant to all statutory dates and time frames concerning the assessment of real property in the State, as those statutory dates and time frames have been amended pursuant to the provisions of the bill.

The bill requires the Director of the Division of Taxation and the Director of the Division of Local Government Services, with the advice and the recommendations of the tax administrator of that demonstration county, to provide to the Governor and to the Legislature, not later than July 1 next following the fourth full tax year after the implementation of the demonstration program, a report detailing the experience of each demonstration county under the demonstration program, the successes of the program, any problems experienced under the program, and any recommendations for statutory or administrative changes to the current system of real property assessment in the State.

The bill also requires the county board of taxation of each demonstration county to compel the implementation of a revaluation

or reassessment of real property. If a municipality fails to complete the revaluation or reassessment, as appropriate, ordered by the county board of taxation in a timely manner, the county tax board will contract for the revaluation or reassessment, as appropriate, for the municipality at the municipality's cost. Under the bill, a municipality feeling aggrieved by a decision of the county board of taxation to cause the revaluation or reassessment, as appropriate, to be performed at the municipality's cost may file an appeal of that decision by the county board of taxation to the Tax Court within 45 days of the approval by the Director of the Division of Taxation of the county tax board's order requiring the revaluation or reassessment, as appropriate.

The bill also provides the Director of the Division of Local Government Services and the Director of the Division of Taxation the authority to take any action that is deemed necessary and consistent with the intent of the bill to implement its provisions, including but not limited to the authority to waive any provisions of statutory law and regulations that may be inconsistent with the intent or application of the provisions of the bill.

Finally, the bill revises the statutory dates for the assessment of real property in demonstration counties to implement the demonstration program's provisions concerning the re-scheduling of the assessment appeal process.

Under current law, each municipal tax assessor files the municipality's tax list with the county board of taxation, which subsequently sets the local tax rates. Assessment appeals are filed by property owners on April 1 of each year, or on May 1 in the case of a municipality that has undergone a municipal-wide revaluation or reassessment of real property. Appeals are heard by the county tax board and generally decided in most, if not all, cases by the end of July. Successful appeals that late in the tax year result in reduced assessments, which results in a reduced municipal tax base, which then results in the under-collection of property taxes to fund current year operations.

The demonstration program proposes the re-scheduling of the property assessment appeal process to dates prior to the calculation of the local property tax rate, which will allow for a more accurate local property tax rate to reflect local budgetary needs and the true value of the tax base that provides the property tax revenue to fund the local budget.

It is the intent of the sponsors that the implementation of the demonstration program authorized under this bill will demonstrate both the value of a collaboration of a county tax board with the municipal-based assessors, supported by countywide technology in the real property assessment process, and the significant benefits of an assessment appeal structure that takes place prior to the county board of taxation's calculation of local tax rates.

The following chart sets forth the current statutory dates relative to the individual functions that comprise the real property assessment process, and the proposed dates for those functions under the demonstration program proposed by this bill:

<i>DATES RELATIVE TO CERTIFICATION OF THE TAX LIST, ASSESSMENT APPEALS, AND THE CALCULATION OF LOCAL TAX RATES IN DEMONSTRATION COUNTIES</i>		
<i>Description of Function</i>	<i>Current Date</i>	<i>Proposed Date for All Municipalities</i>
Assessing Date	October 1 of pre-tax year	October 1 of pre-tax year
Certification of Preliminary Assessment	N/A	November 1 of pre-tax year
Notification of Assessment Postcards	February 1	November 15 of pre-tax year
Assessment Appeal Filing Deadline	April 1; May 1 in municipalities wherein revaluation of real property has occurred	January 15
Assessment Appeals Heard	May, June and July	February, March and April
Tax List Filed	January 10	May 5
County Preliminary Equalization	March 10	May 15
County Final Equalization	March 10	May 25
Municipal Budget to Tax Board	March 31	May 15
County Budget to Tax Board	April 1	May 15
School Budget to Tax Board	May 19	May 15
Certified Tax Rates	May 20	May 31
Tax Duplicates	June 3	June 3
Tax Bills	June 14	June 14

FISCAL IMPACT:

The Office of Legislative Services has determined that this bill may result in both increased revenues and costs to the four demonstration counties qualified to establish a real property assessment demonstration program. This legislation may also have an indeterminate fiscal impact on certain municipalities in each of those counties. Initially, these costs include the provision of property assessment software and training in its use to municipalities that do not currently utilize this software and any ongoing costs related to the

program, such as those associated with continuing education. Municipalities that do not currently use MOD-IV or CAMA software will be charged annually for its use following the county's initial provision of software and training. The impact of this user fee on each municipality will depend on whether or not the fee charged by the county is greater than or less than the fee currently charged to the municipality by a private vendor for the use of property assessment software.

The bill requires the county to use revenues generated by assessment appeal filing fees to cover the technical costs of the demonstration program. According to tax appeal information published by the Division of Taxation, revenues generated by tax appeal filings in all counties have risen sharply from \$957,900 in 2007 to \$3,492,125 in 2011. The OLS notes that the recent decline in property values due to current economic conditions has led to a rapid increase in property tax appeals, as compared to a similar period of time, filed by taxpayers seeking to have their assessments adjusted to reflect the current value of their property.

ASSEMBLY, No. 1591

STATE OF NEW JERSEY

215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

Sponsored by:

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblywoman CELESTE M. RILEY

District 3 (Cumberland, Gloucester and Salem)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblywoman CAROLINE CASAGRANDE

District 11 (Monmouth)

Assemblyman DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman ALBERT COUTINHO

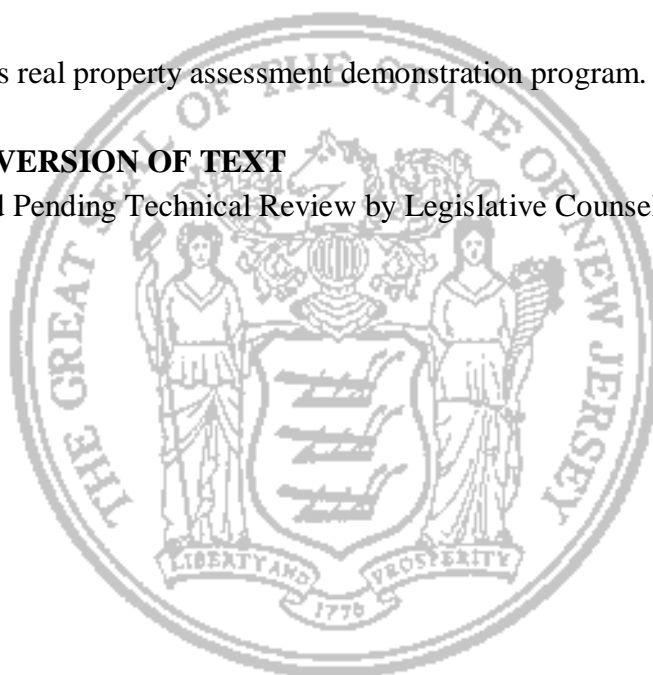
District 29 (Essex)

SYNOPSIS

Establishes real property assessment demonstration program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT establishing a program to demonstrate a more cost
2 effective and accurate process of property assessment
3 administration, supplementing Title 54 of the Revised Statutes
4 and amending various parts of the statutory law.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. (New section) Sections 1 through 4 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) shall be known and may
11 be cited as the “Real Property Assessment Demonstration
12 Program.”

13

14 2. (New section) The Legislature finds and declares:

15 a. The current real property assessment system fails to take full
16 advantage of a collaborative system of property assessment between
17 a county board of taxation, through its administrator, and the
18 municipal assessors employed by each municipality in a county,
19 that would result in a cost-effective and accurate process of real
20 property assessment to benefit real property owners and property
21 taxpayers. The benefits of a more collaborative system of real
22 property assessment would accrue to local property owners and
23 property taxpayers through a system of a more precise, technology-
24 driven real property assessment process that would ensure that each
25 municipal assessor is using the same technology as his or her
26 colleagues in assessing real property, and by modifications to the
27 annual real property assessment calendar to better manage the
28 assessment, and taxation, of real property in a manner that is more
29 sensitive and responsive to the demands of the municipal budget
30 calendar.

31 b. A collaborative system of real property assessment would
32 also benefit municipalities by reducing the number of successful
33 property assessment appeals filed annually with a county board of
34 taxation and the Tax Court, thereby protecting the funding of
35 municipal budgets through property tax dollars from the impact of
36 successful property assessment appeals, which usually require the
37 refund of excess property taxes paid by a taxpayer and impact the
38 local budget by reducing the amount of property tax dollars
39 available to fund municipal operations.

40 c. It is in the public interest of the State and its many real
41 property taxpayers to implement a demonstration program to
42 investigate whether systemic changes to the current system of real
43 property assessment, including revisions to the assessment calendar
44 and the assessment appeal process, will help address the
45 shortcomings of the municipal assessment system and the effect of

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 those shortcomings on local property taxpayers by enhancing the
2 performance of local tax assessors through the use of cutting-edge
3 technology under the direction of the county tax board.

4
5 3. (New section) As used in this act:

6 “County board of taxation” or “county tax board” means the
7 board of taxation of a demonstration county.

8 “County tax administrator” means the administrator of the board
9 of taxation of a demonstration county.

10 “Demonstration county” means a county participating in the real
11 property assessment demonstration program established in section 4
12 of P.L. , c. (C.) (pending before the Legislature as this bill).

13 “Demonstration program” means the real property demonstration
14 program for municipal real property assessment established in
15 section 4 of P.L. , c. (C.) (pending before the Legislature as
16 this bill).

17
18 4. (New section) a. There is established a real property
19 assessment demonstration program, which shall be open for
20 participation therein to any county in the State, to evaluate the
21 efficacy and functionality of a municipal system of real property
22 assessment directed by a county tax board through the county tax
23 administrator pursuant to a revised assessment, and assessment
24 appeal, calendar.

25 A goal of the demonstration program is to demonstrate an
26 enhanced system of municipal real property assessment as a
27 complement to the county-based real property assessment system
28 pilot program undertaken pursuant to the provisions of P.L.2009,
29 c.118 (C.54:1-86 et seq.), under which the entire real property
30 assessment function formerly performed by the municipal tax
31 assessor, has been transferred to the county through the
32 appointment of a county assessor and deputy county assessors. The
33 existence of two programs under which the real property assessment
34 function is performed using two different methods will allow the
35 Legislature to evaluate the effectiveness of each system of real
36 property assessment, and to determine whether the current statutory
37 system of real property assessment function should be revised
38 Statewide.

39 For the first two full tax years immediately following the
40 enactment of P.L. , c. (C.) (pending before the Legislature
41 as this bill), no more than two counties shall participate in the
42 demonstration program established in this section, and for the third
43 and fourth full tax years immediately following the enactment of
44 P.L. , c. (C.) (pending before the Legislature as this
45 bill), no more than two additional counties shall participate in the
46 demonstration program established in this section. A county shall
47 not institute a demonstration program pursuant to the provisions of

1 P.L. , c. (C.) (pending before the Legislature as this
2 bill) unless it meets the following criteria, and provides the required
3 information to the Director of the Division of Taxation and to the
4 Director of the Division of Local Government Services:

5 (i) the county tax board by resolution, shall certify to the
6 Director of the Division of Taxation and to the Director of the
7 Division of Local Government Services that the county tax board
8 has sufficient funds available to pay all of the costs associated with
9 the demonstration program, including the conversion to the MOD-
10 IV system and the associated expansion of the technology
11 infrastructure to the municipalities in the county. The county tax
12 board shall forward the resolution to the Director of the Division of
13 Taxation and to the Director of the Division of Local Government
14 Services;

15 (ii) the county is a State-certified MOD-IV vendor, or the
16 county has contracted with a single State-certified MOD-IV vendor
17 to provide MOD-IV technology to all of the municipalities in the
18 county. The county shall provide a copy of its MOD-IV
19 certification, or a copy of a valid contract for MOD-IV services;

20 (iii) the members of the county's assessors' association, by not
21 less than 2/3rds of its voting membership, have approved the
22 implementation of the demonstration program. The county tax
23 board shall forward the resolution to the Director of the Division of
24 Taxation and to the Director of the Division of Local Government
25 Services.

26 b. There shall be no direct appropriation of State funds used to
27 effectuate the provisions of the demonstration program established
28 in subsection a. of this section. The technical costs of the
29 demonstration program shall be paid by the county board of
30 taxation using assessment appeal filing fees collected by the county
31 board of taxation pursuant to section 18 of P.L.1979, c.499 (C.54:3-
32 21.3a).

33 c. (1) Not later than September 1 immediately preceding
34 demonstration program implementation, and using its own funds
35 therefor, the county tax board of each demonstration county
36 participating in the demonstration program established in subsection
37 a. of this section shall provide MOD-IV and CAMA software to
38 each municipality that does not use the software, at no cost to those
39 municipalities, and shall provide, at no cost to those municipalities,
40 training in the use of the software to the assessors of those
41 municipalities, and to their respective staff members. Thereafter,
42 each municipality shall pay an annual fee per each taxable line item
43 in the municipality to the county tax board for the MOD-IV and
44 CAMA service.

45 (2) On October 1 next following the provision of software under
46 paragraph (1) of this subsection, each demonstration county shall
47 commence the demonstration program under a plan developed by

1 the county tax administrator of each demonstration county,
2 approved by the county board of taxation, and submitted to the
3 Director of the Division of Taxation and the Director of the
4 Division of Local Government Services not less than 60 days prior
5 to October 1. The Director of the Division of Taxation and the
6 Director of the Division of Local Government Services shall not
7 propose or require any changes to a demonstration program plan
8 submitted by a county board of taxation unless a provision of the
9 demonstration program shall be inconsistent with State law, or the
10 decision of any court of this State, regarding the assessment of real
11 property unless the changes have been agreed to by a majority of
12 the members of a demonstration county's Assessment
13 Demonstration Program Steering Committee created pursuant to
14 paragraph (3) of this subsection. The demonstration program of
15 each demonstration county shall operate under all statutory
16 requirements and pursuant to all statutory dates and time frames
17 concerning the assessment of real property in the State, as those
18 statutory dates and time frames have been amended pursuant to the
19 provisions of P.L. , c. (C.) (pending before the Legislature as
20 this bill).

21 (3) Each demonstration county shall establish an "Assessment
22 Demonstration Program Steering Committee" to monitor and report
23 on the activities within the demonstration county relative to the
24 demonstration program. Members of the steering committee shall
25 be the State Treasurer or his designee, the Director of the Division
26 of Taxation or his designee, the Director of the Division of Local
27 Government Services or his designee, a member of the County
28 Assessor's Association of the demonstration county, and the county
29 tax administrator of the demonstration county. Actions taken by the
30 steering committee shall be approved by a majority of the members
31 of the steering committee.

32 d. The Director of the Division of Taxation and the Director of
33 the Division of Local Government Services shall, with the advice
34 and the recommendations of the county tax administrator provide to
35 the Governor and to the Legislature, not later than July 1 next
36 following the fourth full tax year after the implementation of the
37 demonstration program, a report detailing the experience of each
38 demonstration county participating in the demonstration program,
39 the successes of the program, any problems experienced under the
40 program, and any recommendations for statutory or administrative
41 changes to the current system of real property assessment in the
42 State.

43 e. Under the demonstration program, each municipal assessor in
44 a demonstration county shall utilize the same property assessment
45 software as is used by the county tax board and provided to the
46 municipalities by the county tax board pursuant to subsection c. of
47 this section. All real property assessment functions required

1 pursuant to State law, including the revaluation or reassessment of
2 real property, as well as other assessment-based functions such as
3 the development of a compliance plan, maintenance of assessments
4 and the calculation of added assessments shall be performed using
5 the property assessment software.

6 f. In accordance with the provisions of statutory law and with
7 any rule or regulation promulgated pursuant thereto, the county
8 board of taxation of a demonstration county shall compel the
9 implementation of a revaluation or reassessment of real property in
10 any municipality in the demonstration county at such time that the
11 county board of taxation determines the need therefore. If a
12 municipality fails to comply with a revaluation or reassessment, as
13 appropriate, ordered by the county board of taxation in a timely
14 manner, the county board of taxation shall cause the revaluation or
15 reassessment, as appropriate, to be performed at the municipality's
16 cost. The cost of a revaluation or reassessment, as appropriate,
17 shall be directly billed to such a municipality, in addition to the
18 apportionment valuation, through the adjustment of the county levy
19 for that municipality pursuant to R.S.54:4-48 and R.S.54:4-49. A
20 municipality feeling aggrieved by a decision of the county board of
21 taxation to cause the revaluation or reassessment, as appropriate, to
22 be performed at the municipality's cost may file an appeal of that
23 decision of the county board of taxation to the Tax Court within 45
24 days of the approval by the Director of the Division of Taxation of
25 the county tax board's order requiring the revaluation or
26 reassessment, as appropriate.

27 g. The Director of the Division of Local Government Services in
28 the Department of Community Affairs, and the Director of the
29 Division of Taxation in the Department of the Treasury, shall have
30 the authority to take any action as is deemed necessary and
31 consistent with the intent of P.L. , c. (C.) (pending before
32 the Legislature as this bill) to implement its provisions, including
33 but not limited to the authority waive any provisions of statutory
34 law and regulations that may be inconsistent with the intent or
35 application of the provisions of P.L. , c. (C.) (pending
36 before the Legislature as this bill).

37

38 5. Section 1 of P.L.1999, c.278 (C.54:1-35.25b) is amended to
39 read as follows:

40 1. a. All tax assessor certificates issued prior to the effective
41 date of P.L.1999, c.278 (C.54:1-35.25b et al.) shall expire five years
42 following that effective date and shall be renewed in accordance
43 with the procedure established in this section. All tax assessor
44 certificates issued on or after the effective date of P.L.1999, c.278
45 (C.54:1-35.25b et al.) shall expire five years after the issuance of
46 the certificate and shall be renewed in accordance with the
47 procedure established in this section.

1 (1) All tax assessor certificates shall be renewed upon
2 application, payment of the required renewal fee, and verification
3 that the applicant has met continuing education requirements, as set
4 forth in paragraph (2) of this subsection. After the initial expiration
5 of any tax assessor certificates following the effective date of
6 P.L.1999, c.278 (C.54:1-35.25b et al.), each renewal period shall
7 thereafter be for a period of three years. The renewal date shall be
8 30 days prior to the expiration date of the tax assessor certificate.

9 (2) Prior to the first renewal date of a tax assessor certificate
10 pursuant to P.L.1999, c.278 (C.54:1-35.25b et al.) every applicant
11 for renewal shall, on a form prescribed by the Director of the
12 Division of Taxation, furnish proof of having earned a total of at
13 least 50 continuing education credit hours over the prior five-year
14 period. Thereafter, prior to each succeeding renewal date of a tax
15 assessor certificate, every applicant for renewal shall, on a form
16 prescribed by the Director of the Division of Taxation, furnish
17 proof of having earned a total of at least 30 continuing education
18 credit hours over the prior three-year period. For the purposes of
19 this section, one continuing education credit hour means 50 minutes
20 of classroom or lecture time. After verifying that the applicant has
21 fulfilled the continuing education requirement and after receiving a
22 fee of not less than \$50 paid by the applicant to the order of the
23 Treasurer of the State of New Jersey, the Director of the Division of
24 Taxation shall renew the tax assessor certificate. The Director of
25 the Division of Taxation shall determine, by regulation, the
26 circumstances under which an extension of time to complete the
27 requirements for continuing education may be granted by the
28 director.

29 b. There is established within the Division of Taxation in the
30 Department of the Treasury the Tax Assessor Continuing Education
31 Eligibility Board. The board shall consist of six members and be
32 comprised as follows: the Director of the Division of Taxation or
33 his designee, the President of the Association of Municipal
34 Assessors, and the President of the New Jersey Association of
35 County Tax Board Commissioners and County Tax Administrators
36 shall be permanent members. The Director of the Division of
37 Taxation and the President of the Association of Municipal
38 Assessors shall each appoint an additional member who shall serve
39 for a term of two years. The Director of Government Services at
40 Rutgers University shall serve ex officio. Any vacancy in the
41 membership of the board shall be filled for the unexpired term in
42 the manner provided by the original appointment. The first meeting
43 of the board shall be held at the call of the Director of the Division
44 of Taxation, and thereafter the board shall meet annually and shall
45 hold at least one additional meeting within each 12-month period.
46 The board shall establish the curriculum areas and the number of

1 hours in each curriculum area that an assessor shall complete in
2 order to renew certification.

3 c. When the holder of a tax assessor certificate has allowed the
4 certificate to lapse by failing to renew the certificate, a new
5 application and certificate shall be required. If application is made
6 within six months of the expiration of the certificate, then
7 application may be made in the same manner as a renewal, but with
8 an additional late renewal fee of \$50.

9 d. 【The Director of the Division of Taxation, in accordance
10 with the "Administrative Procedure Act," P.L.1968, c.410
11 (C.52:14B-1 et seq.), shall adopt such regulations as are necessary
12 to effectuate the provisions of this section.】 (Deleted by
13 amendment, P.L. , c.) (pending before the Legislature as this
14 bill).

15 e. In addition to the requirements of this section, to address the
16 introduction to, and competency of, municipal assessors and county
17 tax board personnel with the technology, administrative procedures,
18 and real property appraisal requirements within a demonstration
19 county under a demonstration program established in section 4 of
20 P.L. , c. (C.) (pending before the Legislature as this bill), the
21 county tax administrator of a demonstration county, in consultation
22 with the members of the county tax board of that demonstration
23 county, shall develop a training program to provide annually, free
24 of charge, an additional 10 credit hours of continuing education
25 training concerning the requirements of the real property
26 assessment function in the demonstration county for all assessors,
27 deputy assessors, tax board commissioners, the county tax
28 administrator, and the deputy county tax administrator, practicing
29 within that demonstration county. Attendance at the training
30 program shall be required for each of these professionals, and the
31 county tax administrator of the demonstration county shall annually
32 certify to the Director of the Division of Taxation in the Department
33 of the Treasury that each of these professionals has completed this
34 training. The continuing education credit hours required by this
35 subsection shall be in addition to the requirements of subsection a.
36 of this section, and shall not be used to satisfy any requirements of
37 that subsection. Any person who does not meet the additional
38 continuing education training requirement required by this
39 subsection shall be ineligible to function as an assessor or deputy
40 assessor in any municipality located in a demonstration county until
41 such time as the additional continuing education training
42 requirement has been satisfied.

43 The Director of the Division of Taxation, in accordance with the
44 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
45 seq.), shall adopt such regulations as are necessary to effectuate the
46 provisions of this section.

47 (cf: P.L.1999, c.278, s.1)

1 6. Section 19 of P.L.1979, c. 499 (C.54:3-5.1) is amended to
2 read as follows:

3 19. a. The president of each county board of taxation shall
4 annually on or before August 15 report to the Director of the
5 Division of Taxation in the Department of the Treasury, except that
6 the president of a county board of taxation participating in the
7 demonstration program established in section 4 of P.L. _____,
8 c. (C. _____) (pending before the Legislature as this bill) shall make
9 this required report to the director annually on or before June 1.
10 Such report shall be in such form as shall be prescribed by the
11 director and shall contain such information and statistics as may be
12 appropriate to demonstrate for the immediately preceding 3-month
13 period during which tax appeals were heard by the county board:
14 the total number of appeals filed with the county board; the
15 disposition of the various appeals disposed of during that period;
16 the character of appeals filed with regard to the classification of
17 properties appealed; the total amount of assessments involved in
18 those appeals; the number of appeals filed in each filing fee
19 category during that period; and, the total amount of reductions and
20 increases of assessed valuation granted by the board during that
21 period.

22 b. The Director of the Division of Taxation shall annually
23 review the reports required under subsection a. of this section, and
24 shall include a summary of the information contained therein in the
25 division's annual report.
26 (cf: P.L.1979, c.499, s.19)

27

28 7. R.S.54:3-17 is amended to read as follows:

29 54:3-17. Each county tax administrator shall annually ascertain
30 and determine, according to his best knowledge and information,
31 the general ratio or percentage of true value at which the real
32 property of each taxing district is in fact assessed according to the
33 tax lists laid before the board. On or before March 1 of each year,
34 [he] or on or before May 15 in the case of a county board of
35 taxation participating in the demonstration program established in
36 section 4 of P.L. _____, c. (C. _____) (pending before the Legislature as
37 this bill), the county tax administrator shall prepare and submit to
38 the county board an equalization table showing, for each district,
39 the following items:

40 (a) The percentage level established pursuant to law for
41 expressing the taxable value of real property in the county;

42 (b) The aggregate assessed value of the real property, exclusive
43 of class II railroad property;

44 (c) The ratio of aggregate assessed to aggregate true value of the
45 real property, exclusive of class II railroad property;

46 (d) The aggregate true value of the real property, exclusive of
47 class II railroad property;

1 (e) The amount by which the valuation in item (b) should be
2 increased or decreased in order to correspond to item (d);

3 (f) The aggregate assessed value of machinery implements and
4 equipment and all other personal property used in business;

5 (g) The aggregate true value of machinery, implements and
6 equipment and all other personal property used in business;

7 (h) The aggregate equalized valuation of machinery, implements
8 and equipment and all other personal property used in business,
9 computed by multiplying the aggregate true value thereof by the
10 lower of (1) that percentage level established pursuant to law for
11 expressing the taxable value of real property in the county, or (2)
12 the average ratio of assessed to true value of real property as
13 promulgated by the director on October 1 of the pretax year,
14 pursuant to chapter 86, laws of 1954, for State school aid purposes,
15 as the same may have been modified by the Tax Court;

16 (i) The amount by which the valuation in item (f) should be
17 increased or decreased in order to correspond to item (h).

18 A copy of the table shall be mailed to the assessor of each
19 district, and to the Division of Taxation, and be posted at the
20 courthouse, not later than March 1, or not later than May 15 in the
21 case of a county board of taxation participating in the demonstration
22 program established in section 4 of P.L. , c. (C.) (pending
23 before the Legislature as this bill).

24 (cf: P.L.1979, c.499, s.11)

25

26 8. R.S.54:3-18 is amended to read as follows:

27 54:3-18. The county board of taxation in each county shall meet
28 annually for the purpose of reviewing the equalization table
29 prepared pursuant to R.S.54:3-17 with respect to the several taxing
30 districts of the county. At the meeting a hearing shall be given to
31 the assessors and representatives of the governing bodies of the
32 various taxing districts for the purpose of determining the accuracy
33 of the ratios and valuations of property as shown in the equalization
34 table, and the board shall confirm or revise the table in accordance
35 with the facts. The hearings may be adjourned from time to time
36 but the equalization shall be completed before March 10, or not
37 later than May 25 in the case of a county board of taxation
38 participating in the demonstration program established in section 4
39 of P.L. , c. (C.) (pending before the Legislature as this bill).

40 At the first hearing any taxing district may object to the ratio or
41 valuation fixed for any other district, but no increase in any
42 valuation as shown in the table shall be made by the board without
43 giving a hearing, after 3 days' notice, to the governing body and
44 assessor of the taxing district affected.

45 (cf: P.L.1979, c.499, s.12)

46

47 9. R.S.54:3-21 is amended to read as follows:

1 54:3-21. a. (1) Except as provided in subsection b. of this
2 section a taxpayer feeling aggrieved by the assessed valuation of the
3 taxpayer's property, or feeling discriminated against by the assessed
4 valuation of other property in the county, or a taxing district which
5 may feel discriminated against by the assessed valuation of property
6 in the taxing district, or by the assessed valuation of property in
7 another taxing district in the county, may on or before April 1, or 45
8 days from the date the bulk mailing of notification of assessment is
9 completed in the taxing district, whichever is later, appeal to the
10 county board of taxation by filing with it a petition of appeal;
11 provided, however, that any such taxpayer or taxing district may on
12 or before April 1, or 45 days from the date the bulk mailing of
13 notification of assessment is completed in the taxing district,
14 whichever is later, file a complaint directly with the Tax Court, if
15 the assessed valuation of the property subject to the appeal exceeds
16 \$1,000,000. In a taxing district where a municipal-wide revaluation
17 or municipal-wide reassessment has been implemented, a taxpayer
18 or a taxing district may appeal before or on May 1 to the county
19 board of taxation by filing with it a petition of appeal or, if the
20 assessed valuation of the property subject to the appeal exceeds
21 \$1,000,000, by filing a complaint directly with the State Tax Court.
22 Within ten days of the completion of the bulk mailing of
23 notification of assessment, the assessor of the taxing district shall
24 file with the county board of taxation a certification setting forth the
25 date on which the bulk mailing was completed. If a county board of
26 taxation completes the bulk mailing of notification of assessment,
27 the tax administrator of the county board of taxation shall within ten
28 days of the completion of the bulk mailing prepare and keep on file
29 a certification setting forth the date on which the bulk mailing was
30 completed. A taxpayer shall have 45 days to file an appeal upon the
31 issuance of a notification of a change in assessment. An appeal to
32 the Tax Court by one party in a case in which the Tax Court has
33 jurisdiction shall establish jurisdiction over the entire matter in the
34 Tax Court. All appeals to the Tax Court hereunder shall be in
35 accordance with the provisions of the State Uniform Tax Procedure
36 Law, R.S.54:48-1 et seq.

37 If a petition of appeal or a complaint is filed on April 1 or during
38 the 19 days next preceding April 1, a taxpayer or a taxing district
39 shall have 20 days from the date of service of the petition or
40 complaint to file a cross-petition of appeal with a county board of
41 taxation or a counterclaim with the Tax Court, as appropriate.

42 (2) With respect to property located in a county participating in
43 the demonstration program established in section 4 of
44 P.L. , c (C.) (pending before the Legislature as this bill),
45 and except as provided in subsection b. of this section, a taxpayer
46 feeling aggrieved by the assessed valuation of the taxpayer's
47 property, or feeling discriminated against by the assessed valuation

1 of other property in the county, or a taxing district which may feel
2 discriminated against by the assessed valuation of property in the
3 taxing district, or by the assessed valuation of property in another
4 taxing district in the county, may on or before January 15, or 45
5 days from the date the bulk mailing of notification of assessment is
6 completed in the taxing district, whichever date is later, appeal to
7 the county board of taxation by filing with it a petition of appeal;
8 provided, however, that any such taxpayer, or taxing district, may
9 on or before April 1, or 45 days from the date the bulk mailing of
10 notification of assessment is completed in the taxing district,
11 whichever date is later, file a complaint directly with the Tax Court,
12 if the assessed valuation of the property subject to the appeal
13 exceeds \$1,000,000.

14 If a petition of appeal is filed on January 15 or during the 19
15 days next preceding January 15, or a complaint is filed with the Tax
16 Court on April 1 or during the 19 days next preceding April 1, a
17 taxpayer or a taxing district shall have 20 days from the date of
18 service of the petition or complaint to file a cross-petition of appeal
19 with a county board of taxation or a counterclaim with the Tax
20 Court, as appropriate.

21 Within 10 days of the completion of the bulk mailing of
22 notification of assessment, the assessor of the taxing district shall
23 file with the county board of taxation a certification setting forth the
24 date on which the bulk mailing was completed. If a county board of
25 taxation completes the bulk mailing of notification of assessment,
26 the tax administrator of the county board of taxation shall within 10
27 days of the completion of the bulk mailing prepare and keep on file
28 a certification setting forth the date on which the bulk mailing was
29 completed. A taxpayer shall have 45 days to file an appeal upon the
30 issuance of a notification of a change in assessment. An appeal to
31 the Tax Court by one party in a case in which the Tax Court has
32 jurisdiction shall establish jurisdiction over the entire matter in the
33 Tax Court. All appeals to the Tax Court hereunder shall be in
34 accordance with the provisions of the State Uniform Tax Procedure
35 Law, R.S.54:48-1 et seq.

36 b. No taxpayer or taxing district shall be entitled to appeal
37 either an assessment or an exemption or both that is based on a
38 financial agreement subject to the provisions of the "Long Term
39 Tax Exemption Law" under the appeals process set forth in
40 subsection a. of this section.

41 (cf: P.L.2009, c.251, s.1)

42

43 10. Section 18 of P.L.1979, c.499 (C.54:3-21.3a) is amended to
44 read as follows:

45 18. All revenues received by the county from fees, either
46 established or increased pursuant to this amendatory and
47 supplementary act, shall be used exclusively for the purposes of

1 modernizing the record-retention capabilities of the county board of
2 taxation, for defraying the costs incurred by the county board of
3 taxation in recording and transcribing appeal proceedings, setting
4 forth memorandums of judgment and in providing copies thereof,
5 **[and]** for paying any salary required to be paid by the county
6 which is increased pursuant to this amendatory and supplementary
7 act, and to effectuate the provisions of the real property assessment
8 demonstration program established by section 4 of P.L. _____,
9 c. (C. _____) (pending before the Legislature as this bill).
10 (cf: P.L.1979, c.499, s.18)

11

12 11. R.S.54:4-23 is amended to read as follows:

13 54:4-23. All real property shall be assessed to the person owning
14 the same on October 1 in each year. The assessor shall ascertain the
15 names of the owners of all real property situate in his taxing district,
16 and after examination and inquiry, determine the full and fair value
17 of each parcel of real property situate in the taxing district at such
18 price as, in his judgment, it would sell for at a fair and bona fide
19 sale by private contract on October 1 next preceding the date on
20 which the assessor shall complete his assessments, as hereinafter
21 required; provided, however, that in determining the full and fair
22 value of land which is being assessed and taxed under the Farmland
23 Assessment Act of 1964, chapter 48, laws of 1964, the assessor
24 shall consider only those indicia of value which such land has for
25 agricultural or horticultural use as provided by said act; and
26 provided further however, that when the assessor has reason to
27 believe that property comprising all or part of a taxing district has
28 been assessed at a value lower or higher than is consistent with the
29 purpose of securing uniform taxable valuation of property according
30 to law for the purpose of taxation, or that the assessment of property
31 comprising all or part of a taxing district is not in substantial
32 compliance with the law and that the interests of the public will be
33 promoted by a reassessment of such property, the assessor shall,
34 after due investigation, make a reassessment of the property in the
35 taxing district that is not in substantial compliance, provided that
36 (1) the assessor has first notified, in writing, the mayor, the
37 municipal governing body, the county board of taxation, and the
38 county tax administrator of the basis of the assessor's determination
39 that a reassessment of that property in the taxing district is
40 warranted and (2) the assessor has submitted a copy of a
41 compliance plan to the county board of taxation for approval. In
42 the case of real property located in a county participating in the
43 demonstration program established in section 4 of P.L. _____,
44 c. (C. _____) (pending before the Legislature as this bill), the
45 assessor of the municipality in which the real property is situate,
46 after due investigation, shall make a reassessment of the property in
47 the taxing district that is not in substantial compliance. Following a

1 reassessment of a portion of the taxing district pursuant **【to an**
2 **approved compliance plan】** to the provisions of this section, the
3 assessor shall certify to the county board of taxation, through such
4 sampling as the county board of taxation deems adequate, that the
5 reassessment is in substantial compliance with the portions of the
6 taxing district that were not reassessed. For the purposes of
7 assessment, the assessor shall compute and determine the taxable
8 value of such real property at the level established for the county
9 pursuant to law.
10 (cf: P.L.2009, c.251, s.2)

11

12 12. R.S.54:4-31 is amended to read as follows:

13 54:4-31. **【Within】** Unless provided electronically by the
14 custodian of record, within one week thereafter the officer with
15 whom the deed or other instrument shall have been recorded shall
16 mail an abstract thereof, together with the address of the grantee, to
17 such assessor, collector or other custodian who shall properly note
18 the facts therein contained. The abstract shall contain the names of
19 the grantor and grantee and an exact description of the property
20 conveyed as set forth in the deed or instrument of conveyance,
21 together with the date of presentation thereof for record.
22 (cf: R.S.54:4-31)

23

24 13. R.S.54:4-35 is amended to read as follows:

25 54:4-35. **【The】** a. Except as provided in subsection b. of this
26 section, the assessor shall determine his taxable valuations of real
27 property as of October 1 in each year and shall complete the
28 preparation of his assessment list by January 10 following, on
29 which date he shall attend before the county board of taxation and
30 file with the board his complete assessment list, and a true copy
31 thereof, to be called the assessor's duplicate. Such list and duplicate
32 shall include the assessments of personal property reported or
33 determined pursuant to this chapter. They shall be properly made
34 up in such manner and form required by the Director of the Division
35 of Taxation pursuant to **【section】** R.S.54:4-26 **【of this chapter】**, to
36 be examined, revised and corrected by the board as provided by
37 law.

38 b. In the case of a municipality located in a county where the
39 county board of taxation is participating in the demonstration
40 program established in section 4 of P.L. , c. (C.) (pending
41 before the Legislature as this bill), the assessor shall determine the
42 taxable valuations of real property as of October 1 in each year and
43 shall complete the preparation of the preliminary assessment list by
44 November 1, and the assessor shall appear on that date before the
45 county board of taxation and shall certify to the board, on forms
46 promulgated by the Director of the Division of Taxation in the
47 Department of the Treasury, that the electronic file within the

1 county's MOD-IV tax system is his complete preliminary
2 assessment list.

3 After all of the assessment appeals filed with the county tax
4 board have been decided, the assessor shall complete the
5 preparation of the final assessment list by May 5, on which date the
6 assessor shall appear before the county board of taxation and shall
7 file with the board his completed final assessment list, and a true
8 copy of the final assessment list, which true copy shall be the
9 assessor's duplicate. The final assessment and the assessor's
10 duplicate shall include the assessments of personal property
11 reported or determined pursuant to the requirements of chapter 4 of
12 Title 54 of the Revised Statutes, in such manner and form as shall
13 be required by the director pursuant to R.S.54:4-26, and shall be
14 examined, revised and corrected by the board as provided by law.
15 (cf: P.L.1966, c.138, s.9)

16

17 14. R.S.54:4-38 is amended to read as follows:

18 54:4-38. **【Every】** a. Except as provided in subsection b. of this
19 section, every assessor, at least ten days before filing the complete
20 assessment list and duplicate with the county board of taxation, and
21 before annexing thereto his affidavit as required in section 54:4-36
22 of this title, shall notify each taxpayer of the current assessment and
23 preceding year's taxes and give public notice by advertisement in at
24 least one newspaper circulating within his taxing district of a time
25 and place when and where the assessment list may be inspected by
26 any taxpayer for the purpose of enabling the taxpayer to ascertain
27 what assessments have been made against him or his property and
28 to confer informally with the assessor as to the correctness of the
29 assessments, so that any errors may be corrected before the filing of
30 the assessment list and duplicate. Thereafter, the assessor shall
31 notify each taxpayer by mail within 30 days of any change to the
32 assessment. This notification of change of assessment shall contain
33 the prior assessment and the current assessment.

34 b. In the case of a municipality located in a county where the
35 county board of taxation is participating in the demonstration
36 program established in section 4 of P.L. , c. (C.) (pending
37 before the Legislature as this bill), every assessor, before filing the
38 preliminary assessment list with the county board of taxation
39 pursuant to subsection b. of R.S.54:4-35, shall notify each taxpayer
40 of the preliminary assessment and preceding year's taxes and give
41 public notice by advertisement in at least one newspaper circulating
42 within his taxing district of a time and place when and where the
43 assessment list may be inspected by any taxpayer for the purpose of
44 enabling the taxpayer to ascertain what assessments have been
45 made against the taxpayer or the taxpayer's property. Thereafter,
46 the assessor shall notify each taxpayer by mail within 30 days of
47 any change to the assessment. This notification of change of

1 assessment shall contain the prior assessment and the current
2 assessment.

3 (cf: P.L.1991, c.75, s.31)

4
5 15. Section 32 of P.L.1991, c.75 (C.54:4-38.1) is amended to
6 read as follows:

7 32. **【Every】** a. Except as provided in subsection b. of this
8 section, every assessor, prior to February 1, shall notify by mail
9 each taxpayer of the current assessment and preceding year's taxes.
10 Thereafter, the assessor or county board of taxation shall notify
11 each taxpayer by mail within 30 days of any change to the
12 assessment. This notification of change of assessment shall contain
13 the prior assessment and the current assessment. The director shall
14 establish the form of notice of assessment and change of
15 assessment. Any notice issued by the assessor or county board of
16 taxation shall contain information instructing taxpayers on how to
17 appeal their assessment.

18 b. In the case of a municipality located in a county where the
19 county board of taxation is participating in the demonstration
20 program established in section 4 of P.L. , c. (C.) (pending
21 before the Legislature as this bill), every assessor, on or before
22 November 15 of the pretax year, shall notify by mail each taxpayer
23 of the preliminary assessment and preceding year's taxes.
24 Thereafter, the assessor or county board of taxation shall notify
25 each taxpayer by mail within 30 days of any change to the
26 assessment. This notification of change of assessment shall contain
27 the prior assessment and the current assessment. The director shall
28 establish the form of notice of assessment and change of
29 assessment. Any notice issued by the assessor or county board of
30 taxation shall contain information instructing taxpayers on how to
31 appeal their assessment.

32 c. The county board of taxation of the demonstration county
33 shall make the preliminary data electronically accessible to the
34 public by posting the data in searchable form on the county's
35 website not later than 15 business days after the submission of the
36 preliminary data.

37 (cf: P.L.1991, c.75, s.32)

38
39 16. R.S.54:4-52 is amended to read as follows:

40 54:4-52. The county board of taxation shall, on or before May
41 20, or on or before May 31 in the case of a county board of taxation
42 participating in the demonstration program established in section 4
43 of P.L. , c. (C.) (pending before the Legislature as this bill),
44 fill out a table of aggregates copied from the duplicates of the
45 several assessors and the certifications of the Director of the
46 Division of Taxation relating to second-class railroad property, and
47 enumerating the following items:

- 1 (1) The total number of acres and lots assessed;
- 2 (2) The value of the land assessed;
- 3 (3) The value of the improvements thereon assessed;
- 4 (4) The total value of the land and improvements assessed,
- 5 including:
- 6 a. Second-class railroad property;
- 7 b. All other real property.
- 8 (5) The value of the personal property assessed, stating in
- 9 separate columns:
- 10 a. Value of household goods and chattels assessed;
- 11 b. Value of farm stock and machinery assessed;
- 12 c. Value of stocks in trade, materials used in manufacture and
- 13 other personal property assessed under section 54:4-11;
- 14 d. Value of all other tangible personal property used in
- 15 business assessed.
- 16 (6) Deductions allowed, stated in separate columns:
- 17 a. Household goods and other exemptions under the provisions
- 18 of section 54:4-3.16 of this Title;
- 19 b. Property exempted under section 54:4-3.12 of this Title.
- 20 (7) The net valuation taxable;
- 21 (8) Amounts deducted under the provisions of sections 54:4-49
- 22 and 54:4-53 of this Title or any other similar law (adjustments
- 23 resulting from prior appeals);
- 24 (9) Amounts added under any of the laws mentioned in
- 25 subdivision 8 of this section (like adjustments);
- 26 (10) Amounts added for equalization under the provisions of
- 27 sections 54:3-17 to 54:3-19 of this Title;
- 28 (11) Amounts deducted for equalization under the provisions of
- 29 sections 54:3-17 to 54:3-19 of this Title;
- 30 (12) Net valuation on which county, State and State school taxes
- 31 are apportioned;
- 32 (13) The number of polls assessed;
- 33 (14) The amount of dog taxes assessed;
- 34 (15) The property exempt from taxation under the following
- 35 special classifications:
- 36 a. Public school property;
- 37 b. Other school property;
- 38 c. Public property;
- 39 d. Church and charitable property;
- 40 e. Cemeteries and graveyards;
- 41 f. Other exemptions not included in foregoing classifications
- 42 subdivided showing exemptions of real property and exemptions of
- 43 personal property;
- 44 g. The total amount of exempt property.
- 45 (16) State road tax;
- 46 (17) State school tax;
- 47 (18) County taxes apportioned, exclusive of bank stock taxes;

1 (19) Local taxes to be raised, exclusive of bank stock taxes,
2 subdivided as follows:

- 3 a. District school tax;
- 4 b. Other local taxes.

5 (20) Total amount of miscellaneous revenues, including surplus
6 revenue appropriated, for the support of the taxing district budget,
7 which, for a municipality operating under the State fiscal year, shall
8 be the amounts for the fiscal year ending June 30 of the year in
9 which the table is prepared;

10 (21) District court taxes;

11 (22) Library tax;

12 (23) Bank stock taxes due taxing district;

13 (24) Tax rate for local taxing purposes to be known as general
14 tax rate to apply per \$100.00 of valuation, which general tax rate
15 shall be rounded up to the nearest one-half penny after receipt in
16 any year of a municipal resolution submitted to the county tax board
17 on or before April 1 of that tax year requesting that the general tax
18 rate be rounded up to the nearest one-half penny.

19 For municipalities operating under the State fiscal year, the
20 amount for local municipal purposes shall be the amount as
21 certified pursuant to section 16 of P.L.1994, c.72 (C.40A:4-12.1).
22 The table shall also include a footnote showing the amount raised
23 by taxation for municipal purposes as shown in the State fiscal year
24 budget ending June 30 of the year the table is prepared.

25 In addition to the above such other matters may be added, or
26 such changes in the foregoing items may be made, as may from
27 time to time be directed by the Director of the Division of Taxation.
28 The forms for filling out tables of aggregates shall be prescribed by
29 the director and sent by him to the county treasurers of the several
30 counties to be by them transmitted to the county board of taxation.
31 Such table of aggregates shall be correctly added by columns and
32 shall be signed by the members of the county board of taxation and
33 shall within three days thereafter be transmitted to the county
34 treasurer who shall file the same and forthwith cause it to be printed
35 in its entirety and shall transmit certified copy of same to the
36 Director of the Division of Taxation, the State Auditor, the Director
37 of the Division of Local Government Services in the Department of
38 Community Affairs, the clerk of the board of freeholders, and the
39 clerk of each municipality in the county.

40 (cf: P.L.1995, c.345, s.1)

41

42 17. (New section) The State Treasurer, in consultation with the
43 Director of the Division of Taxation in the Department of the
44 Treasury, pursuant to the "Administrative Procedure Act,"
45 P.L.1968, c.410 (C.52:14B-1 et seq.), may adopt rules and
46 regulations to effectuate the purposes of the real property
47 assessment demonstration program established in this act, except

1 that notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1
2 et seq.) to the contrary, the Director of the Division of Local
3 Government Services in the Department of Community Affairs and
4 the State Treasurer may adopt, immediately upon filing with the
5 Office of Administrative Law, such rules and regulations as deemed
6 necessary to implement the provisions of this act which shall be
7 effective for a period not to exceed 12 months and shall thereafter
8 be amended, adopted or re-adopted in accordance with the
9 provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

10
11 18. This act shall take effect immediately.
12
13

14 STATEMENT
15

16 This bill would create a real property assessment demonstration
17 program to demonstrate a more cost-effective and accurate process
18 of real property assessment administration. Under the provisions of
19 the bill, not more than four counties may participate in the
20 demonstration program as demonstration counties; not more than
21 two in the first two full tax years after the bill's enactment, and not
22 more than two more in the third and fourth full tax years after the
23 bill's enactment. The bill also sets strict criteria that a county must
24 meet, and information a county must provide to the Director of the
25 Division of Local Government Services in the Department of
26 Community Affairs and to the Director of the Division of Taxation
27 in the Department of the Treasury, in order to implement the
28 demonstration program as a demonstration county. The real
29 property assessment demonstration program will specifically
30 address the systemic costs which result from the losses due to
31 successful assessment appeals.

32 The real property assessment demonstration program proposes a
33 real property assessment system that will remain decentralized for
34 the purpose of creating a more responsive and accurate assessment
35 function that can annually adjust to the flow of the county's varied
36 markets and submarkets. The central premise of the demonstration
37 program is a collaborative effort between the county tax board and
38 municipal assessors. The demonstration program relies on this
39 working relationship to address the issues of cost effectiveness and
40 the accurate process of assessment.

41 The demonstration program is based on the utilization by all of a
42 demonstration county's municipalities of the same property
43 assessment software, the MOD-IV/CAMA system. The bill
44 requires that under the demonstration program, all future
45 revaluations and reassessments of real property by municipalities in
46 a demonstration county will be performed on the county system,
47 and the system will also be used for other assessment-based

1 functions, such as the development of a compliance plan,
2 maintenance of assessments, and the calculation of added
3 assessments. It is important to note that no State funds will be
4 necessary for the implementation of this demonstration program.
5 The county board of taxation in a demonstration county will absorb
6 the cost of assessment data conversion through assessment appeal
7 filing fees collected by the board.

8 Specifically, the bill provides that on the first day of October
9 next following the effective date of the bill, demonstration counties
10 shall commence the demonstration program under a plan developed
11 by each county's county tax administrator, approved by each
12 county's county board of taxation, and submitted to both the
13 Director of the Division of Taxation and the Director of the
14 Division of Local Government Services not less than 60 days prior
15 to that October 1. Under the bill, the Director of the Division of
16 Taxation and the Director of the Division of Local Government
17 Services cannot propose or require any changes to the
18 demonstration program plan submitted by the board of taxation of a
19 demonstration county unless a provision of the demonstration
20 program is inconsistent with State law, or the decision of any court
21 of this State, regarding the assessment of real property, unless the
22 changes have been agreed to by a majority of the members of the
23 county's demonstration program steering committee. The bill also
24 establishes an "Assessment Demonstration Program Steering
25 Committee" in each demonstration county to monitor and report on
26 the activities within the demonstration county relative to the
27 demonstration program. Members of each such steering committee
28 are the State Treasurer or his designee, the Director of the Division
29 of Taxation or his designee, the Director of the Division of Local
30 Government Services or his designee, a member of the Assessor's
31 Association of each demonstration county, and the tax administrator
32 of the county tax board of each demonstration county. Actions
33 taken by a steering committee must be approved by a majority of
34 the members of the steering committee.

35 The demonstration program must operate under all statutory
36 requirements and pursuant to all statutory dates and time frames
37 concerning the assessment of real property in the State, as those
38 statutory dates and time frames have been amended pursuant to the
39 provisions of the bill.

40 The bill requires the Director of the Division of Taxation and the
41 Director of the Division of Local Government Services, with the
42 advice and the recommendations of the tax administrator of each
43 demonstration county, to provide to the Governor and to the
44 Legislature, not later than July 1 next following the fourth full tax
45 year after the implementation of the demonstration program, a
46 report detailing the experience of each demonstration county under
47 the demonstration program, the successes of the program, any

1 problems experienced under the program, and any recommendations
2 for statutory or administrative changes to the current system of real
3 property assessment in the State.

4 The bill also requires the county board of taxation of each
5 demonstration county to compel the implementation of a
6 revaluation or reassessment of real property. If a municipality fails
7 to complete the revaluation or reassessment, as appropriate, ordered
8 by the county board of taxation in a timely manner, the county tax
9 board will contract for the revaluation or reassessment, as
10 appropriate, for the municipality at the municipality's cost. Under
11 the bill, a municipality feeling aggrieved by a decision of the county
12 board of taxation to cause the revaluation or reassessment, as
13 appropriate, to be performed at the municipality's cost may file an
14 appeal of that decision by the county board of taxation to the Tax
15 Court within 45 days of the approval by the Director of the Division
16 of Taxation of the county tax board's order requiring the
17 revaluation or reassessment, as appropriate.

18 The bill also provides the Director of the Division of Local
19 Government Services and the Director of the Division of Taxation
20 the authority to take any action that is deemed necessary and
21 consistent with the intent of the bill to implement its provisions,
22 including but not limited to the authority to waive any provisions of
23 statutory law and regulations that may be inconsistent with the
24 intent or application of the provisions of the bill.

25 Finally, the bill revises the statutory dates for the assessment of
26 real property in demonstration counties to implement the
27 demonstration program's provisions concerning the re-scheduling
28 of the assessment appeal process.

29 Under current law, every municipal tax assessor files the
30 municipality's tax list with the county board of taxation, which
31 subsequently sets the local tax rates. Assessment appeals are filed
32 by property owners on April 1 of each year, or on May 1 in the case
33 of a municipality that has undergone a municipal-wide revaluation
34 or reassessment of real property. Appeals are heard by the county
35 tax board and generally decided in most, if not all, cases by the end
36 of July. Successful appeals that late in the tax year result in
37 reduced assessments, which results in a reduced municipal tax base,
38 which then results in the under-collection of property taxes to fund
39 current year operations. The demonstration program proposes the
40 re-scheduling of the property assessment appeal process to dates
41 prior to the calculation of the local property tax rate, which would
42 allow for a more accurate local property tax rate to reflect local
43 budgetary needs and the true value of the tax base that provides the
44 property tax revenue to fund the local budget.

45 It is the intent of the sponsor that the implementation of the
46 demonstration program authorized under this bill will demonstrate
47 both the value of a collaboration of a county tax board with the

1 municipal-based assessors, supported by countywide technology in
 2 the real property assessment process, and the significant benefits of
 3 an assessment appeal structure that takes place prior to the county
 4 board of taxation’s calculation of local tax rates.

5 The following chart sets forth the current statutory dates relative
 6 to the individual functions that comprise the real property
 7 assessment process, and the proposed dates for those functions
 8 under the demonstration program proposed by this bill:
 9

<i>DATES RELATIVE TO CERTIFICATION OF THE TAX LIST, ASSESSMENT APPEALS, AND THE CALCULATION OF LOCAL TAX RATES IN DEMONSTRATION COUNTIES</i>		
<i>Description of Function</i>	<i>Current Date</i>	<i>Proposed Date for All Municipalities</i>
Assessing Date	October 1 of pre-tax year	October 1 of pre-tax year
Certification of Preliminary Assessment	N/A	November 1 of pre-tax year
Notification of Assessment Postcards	February 1	November 15 of pre-tax year
Assessment Appeal Filing Deadline	April 1; May 1 in municipalities wherein revaluation of real property has occurred	January 15
Assessment Appeals Heard	May, June and July	February, March and April
Tax List Filed	January 10	May 5
County Preliminary Equalization	March 10	May 15
County Final Equalization	March 10	May 25
Municipal Budget to Tax Board	March 31	May 15
County Budget to Tax Board	April 1	May 15
School Budget to Tax Board	May 19	May 15
Certified Tax Rates	May 20	May 31
Tax Duplicates	June 3	June 3
Tax Bills	June 14	June 14

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1591

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2012

The Assembly Appropriations Committee reports favorably on Assembly Bill No. 1591.

This bill creates a real property assessment demonstration program to demonstrate a more cost-effective and accurate process of real property assessment administration. Under the provisions of the bill, not more than four counties may participate in the demonstration program as demonstration counties; not more than two in the first two full tax years after the bill's enactment, and not more than two more in the third and fourth full tax years after the bill's enactment. The bill also sets strict criteria that a county must meet, and information a county must provide to the Director of the Division of Local Government Services in the Department of Community Affairs and to the Director of the Division of Taxation in the Department of the Treasury, in order to implement the demonstration program as a demonstration county. The real property assessment demonstration program specifically addresses the systemic costs that result from the losses due to successful tax assessment appeals.

The real property assessment demonstration program proposes a real property assessment system that will remain decentralized for the purpose of creating a more responsive and accurate assessment function that can annually adjust to the flow of the county's varied markets and submarkets. The central premise of the demonstration program is a collaborative effort between the county tax board and municipal assessors. The demonstration program relies on this working relationship to address the issues of cost effectiveness and the accurate process of assessment.

The demonstration program is based on the utilization by all of a demonstration county's municipalities of the same property assessment software, the MOD-IV/CAMA system. The bill requires that under the demonstration program, all future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system, and the system will also be used for other assessment-based functions, such as the development of a compliance plan, maintenance of assessments, and the calculation of added assessments. It is important to note that no State funds will be necessary for the implementation of this demonstration program. The county board of taxation in a

demonstration county will absorb the cost of assessment data conversion through assessment appeal filing fees collected by the board.

The bill begins implementation of the demonstration project on the first day of October next following the effective date of the bill by requiring demonstration counties to begin the demonstration program under a plan developed by each county's county tax administrator, approved by each county's county board of taxation, and submitted to both the Director of the Division of Taxation and the Director of the Division of Local Government Services not less than 60 days prior to that October 1. Under the bill, the Director of the Division of Taxation and the Director of the Division of Local Government Services cannot propose or require any changes to the demonstration program plan submitted by the board of taxation of a demonstration county (except if a provision of the demonstration program is inconsistent with State law, or the decision of any court of this State, regarding the assessment of real property) unless the changes have been agreed to by a majority of the members of the county's demonstration program steering committee. The bill establishes an "Assessment Demonstration Program Steering Committee" in each demonstration county to monitor and report on the activities of the county demonstration program. Members of each such steering committee are the State Treasurer or the Treasurer's designee, the Director of the Division of Taxation or the director's designee, the Director of the Division of Local Government Services or the director's designee, a member of the Assessor's Association for each demonstration county, and the tax administrator of the county tax board for each demonstration county. Actions taken by a steering committee must be approved by a majority of the members of that steering committee.

The demonstration program must operate under all statutory requirements and pursuant to all statutory dates and time frames concerning the assessment of real property in the State, as those statutory dates and time frames have been amended pursuant to the provisions of the bill.

The bill requires the Director of the Division of Taxation and the Director of the Division of Local Government Services, with the advice and the recommendations of the tax administrator of that demonstration county, to provide to the Governor and to the Legislature, not later than July 1 next following the fourth full tax year after the implementation of the demonstration program, a report detailing the experience of each demonstration county under the demonstration program, the successes of the program, any problems experienced under the program, and any recommendations for statutory or administrative changes to the current system of real property assessment in the State.

The bill also requires the county board of taxation of each demonstration county to compel the implementation of a revaluation

or reassessment of real property. If a municipality fails to complete the revaluation or reassessment, as appropriate, ordered by the county board of taxation in a timely manner, the county tax board will contract for the revaluation or reassessment, as appropriate, for the municipality at the municipality's cost. Under the bill, a municipality feeling aggrieved by a decision of the county board of taxation to cause the revaluation or reassessment, as appropriate, to be performed at the municipality's cost may file an appeal of that decision by the county board of taxation to the Tax Court within 45 days of the approval by the Director of the Division of Taxation of the county tax board's order requiring the revaluation or reassessment, as appropriate.

The bill also provides the Director of the Division of Local Government Services and the Director of the Division of Taxation the authority to take any action that is deemed necessary and consistent with the intent of the bill to implement its provisions, including but not limited to the authority to waive any provisions of statutory law and regulations that may be inconsistent with the intent or application of the provisions of the bill.

Finally, the bill revises the statutory dates for the assessment of real property in demonstration counties to implement the demonstration program's provisions concerning the re-scheduling of the assessment appeal process.

Under current law, each municipal tax assessor files the municipality's tax list with the county board of taxation, which subsequently sets the local tax rates. Assessment appeals are filed by property owners on April 1 of each year, or on May 1 in the case of a municipality that has undergone a municipal-wide revaluation or reassessment of real property. Appeals are heard by the county tax board and generally decided in most, if not all, cases by the end of July. Successful appeals that late in the tax year result in reduced assessments, which results in a reduced municipal tax base, which then results in the under-collection of property taxes to fund current year operations.

The demonstration program proposes the re-scheduling of the property assessment appeal process to dates prior to the calculation of the local property tax rate, which will allow for a more accurate local property tax rate to reflect local budgetary needs and the true value of the tax base that provides the property tax revenue to fund the local budget.

It is the intent of the sponsors that the implementation of the demonstration program authorized under this bill will demonstrate both the value of a collaboration of a county tax board with the municipal-based assessors, supported by countywide technology in the real property assessment process, and the significant benefits of an assessment appeal structure that takes place prior to the county board of taxation's calculation of local tax rates.

The following chart sets forth the current statutory dates relative to the individual functions that comprise the real property assessment process, and the proposed dates for those functions under the demonstration program proposed by this bill:

<i>DATES RELATIVE TO CERTIFICATION OF THE TAX LIST, ASSESSMENT APPEALS, AND THE CALCULATION OF LOCAL TAX RATES IN DEMONSTRATION COUNTIES</i>		
<i>Description of Function</i>	<i>Current Date</i>	<i>Proposed Date for All Municipalities</i>
Assessing Date	October 1 of pre-tax year	October 1 of pre-tax year
Certification of Preliminary Assessment	N/A	November 1 of pre-tax year
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School Budget to Tax Board	May 19	May 15
Certified Tax Rates	May 20	May 31
Tax Duplicates	June 3	June 3
Tax Bills	June 14	June 14

This bill was pre-filed for introduction in the 2012-2013 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

FISCAL IMPACT:

The Office of Legislative Services has determined that this bill may result in both increased revenues and costs to the four demonstration counties qualified to establish a real property assessment demonstration program. This legislation may also have an

indeterminate fiscal impact on certain municipalities in each of those counties. Initially, these costs include the provision of property assessment software and training in its use to municipalities that do not currently utilize this software and any ongoing costs related to the program, such as those associated with continuing education. Municipalities that do not currently use MOD-IV or CAMA software will be charged annually for its use following the county's initial provision of software and training. The impact of this user fee on each municipality will depend on whether or not the fee charged by the county is greater than or less than the fee currently charged to the municipality by a private vendor for the use of property assessment software.

The bill requires the county to use revenues generated by assessment appeal filing fees to cover the technical costs of the demonstration program. According to tax appeal information published by the Division of Taxation, revenues generated by tax appeal filings in all counties have risen sharply from \$957,900 in 2007 to \$3,492,125 in 2011. The OLS notes that the recent decline in property values due to current economic conditions has led to a rapid increase in property tax appeals, as compared to a similar period of time, filed by taxpayers seeking to have their assessments adjusted to reflect the current value of their property.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 1591
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: DECEMBER 28, 2012

SUMMARY

- Synopsis:** Establishes real property assessment demonstration program.
- Type of Impact:** Indeterminate increase in revenues and expenditures of demonstration counties and increased cost to certain municipalities.
- Agencies Affected:** Participating counties and municipalities in those counties, Division of Local Government Services (Community Affairs) and Division of Taxation (Treasury)

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost	Indeterminate Fiscal Impact – See comments below		
Local Revenue	Indeterminate Increase in Revenues – See comments below		

- The Office of Legislative Services (OLS) has determined that the enactment of Assembly Bill No. 1591 may result in increases in both revenues and costs to each demonstration county. This legislation may also have an indeterminate fiscal impact on certain municipalities in each county.
- The basis for the increase in costs include the provision of property assessment software, and training in its use, to municipalities in the county that currently utilizes the software, and any ongoing costs related to the program, such as continuing education.
- Following the county’s initial provision of the software and training, municipalities in each demonstration county will be charged annually for its use. These charges may be offset, in part, by savings in the municipal assessor’s office from more efficient assessment practices.
- The bill requires the county to use revenues generated by assessment appeal filing fees to cover the technical costs of the demonstration program. According to the Division of Taxation, a total of \$3,492,125 in assessment appeal filing fees was collected by all of the counties in 2011.

BILL DESCRIPTION

Assembly Bill No. 1591 of 2012 would establish a real property assessment demonstration program, which would be open for participation by any county in the State, to demonstrate a more cost-effective process of real property assessment administration. The demonstration program is based on the utilization, by all of a demonstration county's municipalities, of the same property assessment software, MOD-IV and a Computer-Assisted Mass Appraisal (CAMA) system. Under the bill, all future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system. The county system will also be used for other assessment-based functions, such as the development of a compliance plan, maintenance of assessments, and the calculation of added and omitted assessments. The board of taxation in a demonstration county will use revenues generated by assessment appeal filing fees to pay for the costs of the assessment data conversion. The bill prohibits the appropriation of any State funds for the demonstration program.

The bill provides that not more than four counties may participate in the demonstration program; not more than two in the first two full tax years after the bill's enactment and not more than two in the third and fourth full tax years after the bill's enactment. Before instituting a demonstration program, a demonstration county must provide the following information to the Director of the Division of Local Government Services and the Director of the Division of Taxation: 1) a resolution of the county board of taxation certifying that the board has sufficient funds available to pay all of the costs associated with the demonstration program; 2) a copy of its MOD-IV certification or a copy of a valid contract for MOD-IV services; and 3) a resolution approving the implementation of the demonstration program agreed to by not less than two-thirds of the members of the county's assessors association.

This legislation also requires the board of taxation in each demonstration county to compel the implementation of a revaluation or reassessment of real property. In the case when a municipality fails to complete the revaluation or reassessment in a timely manner, the county tax board will contract for the revaluation or reassessment of the municipality at the municipality's cost. The bill revises the statutory date for the assessment of real property in demonstration counties to implement the demonstration program's provisions concerning the re-scheduling of the assessment appeal process. Finally, the bill permits the State Treasurer and Director of the Division of Local Government Services to adopt rules and regulations necessary to implement the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS has determined that the enactment of Assembly Bill No. 1591 may result in both increased revenues and costs to the four demonstration counties qualified to establish a real property assessment demonstration program. This legislation may also have an indeterminate fiscal impact on certain municipalities in each of those counties. Initially, these costs include the provision of property assessment software and training in its use to municipalities that do not currently utilize this software and any ongoing costs related to the program, such as those

associated with continuing education. Municipalities that do not currently use MOD-IV or CAMA software will be charged annually for its use following the county's initial provision of software and training. The impact of this user fee on each municipality will depend on whether or not the fee charged by the county is greater than or less than the fee currently charged to the municipality by a private vendor for the use of property assessment software.

The bill requires the county to use revenues generated by assessment appeal filing fees to cover the technical costs of the demonstration program. According to tax appeal information published by the Division of Taxation, revenues generated by tax appeal filings in all counties have risen sharply, from \$957,900 in 2007 to \$3,492,125 in 2011. The OLS notes that the recent decline in property values due to current economic conditions has led to a rapid increase in property tax appeals, as compared to a similar period of time, filed by taxpayers seeking to have their assessments adjusted to reflect the current value of their property.

Section: Local Government

*Analyst: Scott A. Brodsky
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).