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LAW/RWH

[First Reprint]

**ASSEMBLY, No. 4313**

**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

INTRODUCED DECEMBER 3, 2009

**Sponsored by:**

**Assemblyman FREDERICK SCALERA**

**District 36 (Bergen, Essex and Passaic)**

**Assemblywoman CHARLOTTE VANDERVALK**

**District 39 (Bergen)**

**Assemblywoman NELLIE POU**

**District 35 (Bergen and Passaic)**

**Co-Sponsored by:**

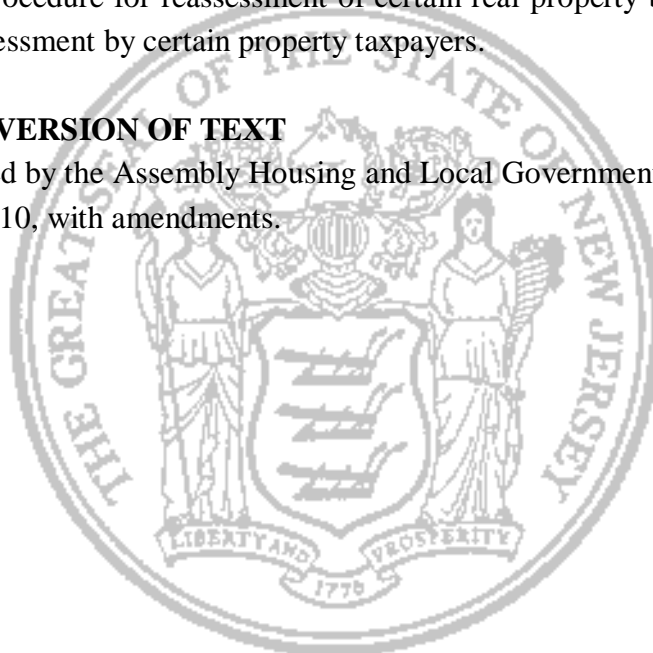
**Senators Singer, Sarlo and T.Kean**

**SYNOPSIS**

Revises procedure for reassessment of certain real property by assessor and appeal of assessment by certain property taxpayers.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Housing and Local Government Committee on January 4, 2010, with amendments.



**(Sponsorship Updated As Of: 1/12/2010)**

A4313 [1R] SCALERA, VANDERVALK

2

1 AN ACT concerning the assessment of real property and appeals of  
2 assessed valuations, amending R.S.54:3-21 and R.S.54:4-23.

3

4 BE IT ENACTED by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. R.S.54:3-21 is amended to read as follows:

8 54:3-21. a. Except as provided in subsection b. of this section a  
9 taxpayer feeling aggrieved by the assessed valuation of the  
10 taxpayer's property, or feeling discriminated against by the assessed  
11 valuation of other property in the county, or a taxing district which  
12 may feel discriminated against by the assessed valuation of property  
13 in the taxing district, or by the assessed valuation of property in  
14 another taxing district in the county, may on or before April 1, or 45  
15 days from the date the bulk mailing of notification of assessment is  
16 completed in the taxing district, whichever is later, appeal to the  
17 county board of taxation by filing with it a petition of appeal;  
18 provided, however, that any such taxpayer or taxing district may on  
19 or before April 1, or 45 days from the date the bulk mailing of  
20 notification of assessment is completed in the taxing district,  
21 whichever is later, file a complaint directly with the Tax Court, if  
22 the assessed valuation of the property subject to the appeal exceeds  
23 ~~[\$750,000.00]~~ \$1,000,000. In a taxing district where a municipal-  
24 wide revaluation or municipal-wide reassessment has been  
25 implemented, a taxpayer or a taxing district may appeal before or  
26 on May 1 to the county board of taxation by filing with it a petition  
27 of appeal or, if the assessed valuation of the property subject to the  
28 appeal exceeds ~~[\$750,000]~~ \$1,000,000, by filing a complaint  
29 directly with the State Tax Court. Within ten days of the  
30 completion of the bulk mailing of notification of assessment, the  
31 assessor of the taxing district shall file with the county board of  
32 taxation a certification setting forth the date on which the bulk  
33 mailing was completed. If a county board of taxation completes the  
34 bulk mailing of notification of assessment, the tax administrator of  
35 the county board of taxation shall within ten days of the completion  
36 of the bulk mailing prepare and keep on file a certification setting  
37 forth the date on which the bulk mailing was completed. A  
38 taxpayer shall have 45 days to file an appeal upon the issuance of a  
39 notification of a change in assessment. An appeal to the Tax Court  
40 by one party in a case in which the Tax Court has jurisdiction shall  
41 establish jurisdiction over the entire matter in the Tax Court. All  
42 appeals to the Tax Court hereunder shall be in accordance with the  
43 provisions of the State Uniform Tax Procedure Law, R.S.54:48-1 et  
44 seq.

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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AHO committee amendments adopted January 4, 2010.

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

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

11 (cf: P.L.2007, c.256, s.1)

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

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

1 of the compliance plan, then the entity that did not respond shall be  
2 deemed to have approved the plan.】 Following a reassessment of a  
3 portion of the taxing district pursuant to an approved compliance  
4 plan, the assessor shall certify to the county board of taxation,  
5 through such sampling as the county board of taxation deems  
6 adequate, that the reassessment is in substantial compliance with the  
7 portions of the taxing district that were not reassessed. For the  
8 purposes of assessment, the assessor shall compute and determine  
9 the taxable value of such real property at the level established for  
10 the county pursuant to law.

11 (cf: P.L.2001, c.101, s.1)

12

13 3. This act shall take effect immediately.

# ASSEMBLY, No. 4313

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED DECEMBER 3, 2009

**Sponsored by:**

**Assemblyman FREDERICK SCALERA**

**District 36 (Bergen, Essex and Passaic)**

**Assemblywoman CHARLOTTE VANDERVALK**

**District 39 (Bergen)**

**SYNOPSIS**

Revises procedure for reassessment of certain real property by assessor and appeal of assessment by certain property taxpayers.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/5/2010)**

A4313 SCALERA, VANDERVALK

2

1 AN ACT concerning the assessment of real property and appeals of  
2 assessed valuations, amending R.S.54:3-21 and R.S.54:4-23.

3

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

6

7 1. R.S.54:3-21 is amended to read as follows:

8 54:3-21. a. Except as provided in subsection b. of this section a  
9 taxpayer feeling aggrieved by the assessed valuation of the  
10 taxpayer's property, or feeling discriminated against by the assessed  
11 valuation of other property in the county, or a taxing district which  
12 may feel discriminated against by the assessed valuation of property  
13 in the taxing district, or by the assessed valuation of property in  
14 another taxing district in the county, may on or before April 1, or 45  
15 days from the date the bulk mailing of notification of assessment is  
16 completed in the taxing district, whichever is later, appeal to the  
17 county board of taxation by filing with it a petition of appeal;  
18 provided, however, that any such taxpayer or taxing district may on  
19 or before April 1, or 45 days from the date the bulk mailing of  
20 notification of assessment is completed in the taxing district,  
21 whichever is later, file a complaint directly with the Tax Court, if  
22 the assessed valuation of the property subject to the appeal exceeds  
23 **[\$750,000.00] \$1,000,000**. In a taxing district where a municipal-  
24 wide revaluation or municipal-wide reassessment has been  
25 implemented, a taxpayer or a taxing district may appeal before or  
26 on May 1 to the county board of taxation by filing with it a petition  
27 of appeal or, if the assessed valuation of the property subject to the  
28 appeal exceeds **[\$750,000] \$1,000,000**, by filing a complaint  
29 directly with the State Tax Court. Within ten days of the  
30 completion of the bulk mailing of notification of assessment, the  
31 assessor of the taxing district shall file with the county board of  
32 taxation a certification setting forth the date on which the bulk  
33 mailing was completed. If a county board of taxation completes the  
34 bulk mailing of notification of assessment, the tax administrator of  
35 the county board of taxation shall within ten days of the completion  
36 of the bulk mailing prepare and keep on file a certification setting  
37 forth the date on which the bulk mailing was completed. A  
38 taxpayer shall have 45 days to file an appeal upon the issuance of a  
39 notification of a change in assessment. An appeal to the Tax Court  
40 by one party in a case in which the Tax Court has jurisdiction shall  
41 establish jurisdiction over the entire matter in the Tax Court. All  
42 appeals to the Tax Court hereunder shall be in accordance with the  
43 provisions of the State Uniform Tax Procedure Law, R.S.54:48-1 et  
44 seq.

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

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

11 (cf: P.L.2007, c.256, s.1)

12

13       2. R.S.54:4-23 is amended to read as follows:

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

1 plan.] Following a reassessment of a portion of the taxing district  
2 pursuant to an approved compliance plan, the assessor shall certify  
3 to the county board of taxation, through such sampling as the  
4 county board of taxation deems adequate, that the reassessment is in  
5 substantial compliance with the portions of the taxing district that  
6 were not reassessed. For the purposes of assessment, the assessor  
7 shall compute and determine the taxable value of such real property  
8 at the level established for the county pursuant to law.  
9 (cf: P.L.2001, c.101, s.1)

10

11 3. This act shall take effect immediately.

12

13

14

STATEMENT

15

16 This bill would eliminate parts of the notice and approval  
17 requirements that a tax assessor must satisfy before the assessor  
18 may perform reassessments for a portion or portions of a taxing  
19 district. The bill also increases the monetary threshold for the  
20 appeal of a property assessment directly to the Tax Court.

21 The bill would increase the current statutory threshold for  
22 bringing a property tax appeal directly to Tax Court from an  
23 assessed value of \$750,000 to an assessed value of at least  
24 \$1,000,000 dollars. Notwithstanding the current economic crisis,  
25 many homes in New Jersey have an assessed value well in excess of  
26 \$1,000,000. Increasing the assessed value requirement will  
27 decrease the overburdened Tax Court's caseload and allow these  
28 cases to be heard by county boards of taxation, which are better  
29 equipped to handle a large volume of tax appeals.

30 The bill also would eliminate the assessor's requirement to notify  
31 the mayor, the municipal governing body and the Division of  
32 Taxation, and retain the requirement that the assessor notify the  
33 county board of taxation and the county tax administrator of the  
34 assessor's reasons for wanting to conduct a partial reassessment of  
35 the taxing district. Additionally, the bill would remove the Division  
36 of Taxation's power of approval over the assessor's compliance  
37 plan, allowing the assessor to proceed to conduct a partial  
38 reassessment upon the county board of taxation's approval of the  
39 assessor's compliance plan. Finally, the bill would remove the  
40 current statutory provision that, if the assessor does not receive an  
41 approval decision or a decision disapproving the plan from either  
42 the county board of taxation or the Division of Taxation within 45  
43 days of their receipt of the compliance plan, then the entity that did  
44 not respond would be deemed to have approved the plan. Under  
45 current law, reassessments of property values in a portion of a  
46 taxing district are not permitted unless the tax assessor notifies the  
47 mayor, the municipal governing body, the Division of Taxation in  
48 the Department of the Treasury as well as the county board of

**A4313 SCALERA, VANDERVALK**

5

1 taxation and the county tax administrator of the assessor's reasons  
2 for wanting to reassess a portion of a taxing district. Current law  
3 also affords both the county board of taxation as well as the  
4 Division of Taxation the power to approve or deny an assessor's  
5 compliance plan for the proposed partial reassessment.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 4313**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JANUARY 4, 2010

The Assembly Housing and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 4313.

As amended, this bill would eliminate parts of the notice and approval requirements that a tax assessor must satisfy before the assessor may perform reassessments for a portion or portions of a taxing district. The bill also increases the monetary threshold for the appeal of a property assessment directly to the Tax Court.

The bill would increase the current statutory threshold for bringing a property tax appeal directly to Tax Court from an assessed value of \$750,000 to an assessed value of at least \$1,000,000. Notwithstanding the current economic crisis, many homes in New Jersey have an assessed value well in excess of \$1,000,000. Increasing the assessed value requirement will decrease the overburdened Tax Court's caseload and allow these cases to be heard by county boards of taxation, which are better equipped to handle a large volume of tax appeals.

The bill, as amended, also would eliminate the assessor's requirement to notify the Division of Taxation, but retain the requirement that the assessor notify, in writing, the mayor, the municipal governing body, the county board of taxation, and the county tax administrator of the basis for conducting a partial reassessment in the taxing district. Additionally, the bill would remove the Division of Taxation's power of approval over the assessor's compliance plan, allowing the assessor to proceed to conduct a partial reassessment upon the county board of taxation's approval of the assessor's compliance plan. Finally, the bill would remove the current statutory provision that, if the assessor does not receive an approval decision or a decision disapproving the plan from either the county board of taxation or the Division of Taxation within 45 days of their receipt of the compliance plan, then the entity that did not respond would be deemed to have approved the plan. Under current law, reassessments of property values in a portion of a taxing district are not permitted unless the tax assessor notifies the mayor, the

municipal governing body, the Division of Taxation in the Department of the Treasury, as well as the county board of taxation and the county tax administrator of the assessor's reasons for wanting to reassess a portion of a taxing district. Current law also affords both the county board of taxation as well as the Division of Taxation the power to approve or deny an assessor's compliance plan for the proposed partial reassessment.

#### COMMITTEE AMENDMENTS

- The committee amended section 2 of the bill to require the assessor to notify the mayor and municipal governing body of the assessor's reasons for considering a reassessment of the property in the taxing district that the assessor considers not to be in substantial compliance with the requirement of uniform taxable valuation.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 4313

### STATE OF NEW JERSEY 213th LEGISLATURE

DATED: JANUARY 15, 2010

#### SUMMARY

- Synopsis:** Revises procedure for reassessment of certain real property by assessor and appeal of assessment by certain property taxpayers.
- Type of Impact:** Indeterminate impact on State and local finances.
- Agencies Affected:** Tax Court of New Jersey, counties, and municipalities

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Revenue</b>		Potential Revenue Loss	
<b>County Revenue</b>		Potential Revenue Increase	

- The Office of Legislative Services (OLS) notes that the enactment of Assembly Bill No. 4313 (1R) will have an indeterminate impact on State finances. The provisions of this bill would result in an indeterminate loss of State revenues, a transfer of revenues from the State to county governments, a minimal decrease in municipal costs, and a decrease in State costs.
- The State would incur a revenue loss because it would no longer collect fees paid by property owners who file a complaint with the Tax Court contesting the assessment of a parcel of property valued in the range of \$750,000 to \$999,999. The OLS has determined those property owners paid a total of \$227,470 in State filing fees in tax year 2009.
- The enactment of this bill may result in a minimal decrease in municipal administrative costs because tax assessors would no longer be required to notify the Division of Taxation of their reason for wanting to conduct a partial reassessment of a taxing district.

#### BILL DESCRIPTION

Assembly Bill No. 4313 (1R) would eliminate the assessor's requirement to notify the Division of Taxation, but retain the requirement that the assessor notify, in writing, the mayor,

the municipal governing body, the county board of taxation, and the county tax administrator of the basis for conducting a partial reassessment in a taxing district. Additionally, the bill would remove the Division of Taxation's power of approval over the assessor's compliance plan. This legislation would remove the current statutory provision, that, if the assessor does not receive an approval decision or a decision disapproving the plan from either the county board of taxation or the Division of Taxation within 45 days of the receipt of the compliance plan, then the entity that did not respond would be deemed to have approved the plan.

The bill also increases the monetary threshold for the appeal of a property assessment directly to the Tax Court from an assessed value of \$750,000 to an assessed value of at least \$1,000,000.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS notes that the enactment of Assembly Bill No. 4313 (1R) would have an indeterminate impact on State and local finances. This legislation would result in a indeterminate loss of State revenues, a transfer of revenues from the State to county governments, a minimal decrease in municipal government administrative costs, and a decrease in State costs. The State would incur a revenue loss because it would no longer collect fees paid by property owners who file a complaint contesting a local property assessment. While this shifts the responsibility for processing and hearing these cases from the Tax Court to the county tax boards, there would be no offsetting budget savings because the budget appropriation for the Tax Court is not linked to complaint filings. The Administrative Office of the Courts (AOC) has indicated that \$175 of each filing fee is paid into the General Fund while \$25 is deposited into the Court Technology Improvement Fund pursuant to P.L.2002, c.34.

The fees for filing a complaint contesting a local property assessment are \$200 for the first parcel and \$50 for each additional parcel (for regular claims) and \$35 for the first parcel and \$10 for each additional parcel (for small claims). According to the AOC, 1,667 appeals filed directly with the Tax Court in tax year 2009 concerned properties with assessed values in the range of \$750,000 to \$999,999. Also, 642 of those cases qualified as small claims and were subject to the reduced filing fee. The OLS has determined that the 1,667 appealing property owners paid a total of \$227,470 in State filing fees. The fee for filing a petition of appeal for a property with an assessed value of \$500,000 to \$1,000,000 with the county tax board is set by law at \$100 for all claims. If the same number of appeals is filed in tax year 2010, \$166,700 in revenues would shift from the State to the counties, while \$60,700 would not be collected by the Tax Court or the county boards of taxation. The AOC has also indicated that a large percentage of the appeals that fall within the assessed value range described in the bill will ultimately be appealed from the county boards of taxation to the Tax Court, so the State revenue loss may be mitigated.

Finally, the enactment of this bill may result in a minimal decrease in municipal administrative costs because tax assessors would no longer be required to notify the Division of Taxation of their reasons for wanting to conduct a partial reassessment of a taxing district.

*Section: Local Government*

*Analyst: Scott A. Brodsky  
Associate 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.).



# SENATE, No. 2711

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MARCH 10, 2009

**Sponsored by:**

**Senator ROBERT W. SINGER**

**District 30 (Burlington, Mercer, Monmouth and Ocean)**

**Senator PAUL A. SARLO**

**District 36 (Bergen, Essex and Passaic)**

**Co-Sponsored by:**

**Senator T.Kean**

**SYNOPSIS**

Revises procedure for reassessment of certain real property by assessor.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the assessment of real property and amending  
2 R.S.54:4-23.

3

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

6

7 1. R.S.54:4-23 is amended to read as follows:

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

6 (cf: P.L.2001, c.101, s.1)

7

8 2. This act shall take effect immediately.

9

10

11

#### STATEMENT

12

13 This bill is designed to provide municipal tax assessors, county  
14 tax administrators and county boards of taxation with enhanced  
15 flexibility to address declining property assessments  
16 administratively. The bill would enable assessors to more easily  
17 and efficiently perform reassessments for part of a taxing district.

18 Under current law, reassessments of property values in a section  
19 of a taxing district are not permitted unless the assessor notifies  
20 several local and state offices, and receives approvals from the  
21 county tax board and Division of Taxation. This often cumbersome  
22 process is designed to encourage assessors to limit reassessments to  
23 an entire taxing district. This policy furthers a laudable goal of  
24 reassessing all properties at the same time to avoid concerns that  
25 portions of a taxing district are being singled out. Unfortunately the  
26 district wide process does not allow assessors to deal swiftly with  
27 declining property values. Property reassessments or revaluations  
28 for an entire taxing district can take multiple years to accomplish  
29 and can be a very expensive for the district.

30 Absent a district wide reassessment or revaluation, the only  
31 recourse for a homeowner or business who believe their property  
32 has been incorrectly assessed, is an appeal to the county tax board  
33 or tax court. The process can be intimidating and expensive for the  
34 average homeowner or small business owner.

35 This bill would simplify the process under which an assessor  
36 performs a reassessment of a portion of a taxing district by  
37 requiring that the assessor notify, in writing, only the county board  
38 of taxation and the county tax administrator of the assessor's  
39 determination that a reassessment of certain real property in the  
40 taxing district is warranted. Under current law, that notification  
41 also must be made to the mayor, the governing body, and the  
42 Division of Taxation in the Department of the Treasury. The bill  
43 also provides that the assessor must submit a copy of a compliance  
44 plan only to the county board of taxation for approval. Current law  
45 also requires approval by the Division of Taxation. Finally, the bill  
46 would remove the current provision that, if the assessor does not  
47 receive an approval decision or a decision disapproving the plan  
48 from either the county board of taxation or the Division of Taxation

**S2711 SINGER, SARLO**

4

1 within 45 days of their receipt of the compliance plan, then the  
2 entity that did not respond shall be deemed to have approved the  
3 plan. Under the bill, the Division of Taxation will not be part of the  
4 decision process and the county board of taxation will be required  
5 to act affirmatively to approve or disapprove the compliance plan.

6 The unprecedented reduction in property values and the lack of  
7 predictability in the real market demands a more flexible approach.  
8 This bill will facilitate partial, or neighborhood, reassessments be  
9 performed by municipal assessors, with oversight by county tax  
10 boards. Assessors will be encouraged to use this process by  
11 removing the multilayered notification and approval procedures  
12 which the law now requires.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2711**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: NOVEMBER 23, 2009

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 2711.

This bill, as amended by the committee, would eliminate parts of the notice and approval requirements that a tax assessor must satisfy before the assessor may perform reassessments for a portion or portions of a taxing district. The bill, as amended, also increases the monetary threshold for the appeal of a property assessment directly to the Tax Court.

Under current law, reassessments of property values in a portion of a taxing district are not permitted unless the tax assessor notifies the mayor, the municipal governing body, the Division of Taxation in the Department of the Treasury as well as the county board of taxation and the county tax administrator of the assessor's reasons for wanting to reassess a portion of a taxing district. Current law also affords both the county board of taxation as well as the Division of Taxation the power to approve or deny an assessor's compliance plan for the proposed partial reassessment.

The amended bill would increase the threshold for bringing a property tax appeal directly to Tax Court from an assessed value of \$750,000 to an assessed value of at least \$1,000,000 dollars. Notwithstanding the current economic crisis, many homes in New Jersey have an assessed value well in excess of \$1,000,000. Increasing the assessed value requirement will decrease the overburdened tax court's caseload and allow these cases to be heard by county boards of taxation, which are better equipped to handle a large volume of tax appeals.

The bill, as amended, also would eliminate the assessor's requirement to notify the mayor, the municipal governing body and the Division of Taxation, and retain the requirement that the assessor notify the county board of taxation and the county tax administrator of the assessor's reasons for wanting to conduct a partial reassessment of the taxing district. Additionally, the bill, as amended, would remove the Division of Taxation's power of approval over the assessor's compliance plan, allowing the assessor to proceed to conduct a partial reassessment upon the county board of taxation's approval of the

assessor's compliance plan. Finally, as amended by the committee, the bill would remove the current provision that, if the assessor does not receive an approval decision or a decision disapproving the plan from either the county board of taxation or the Division of Taxation within 45 days of their receipt of the compliance plan, then the entity that did not respond would be deemed to have approved the plan.

The committee amended the bill to require that a property have an assessed value of at least \$1,000,000 dollars in order for an appeal of the property tax assessment to be heard directly by the Tax Court. This represents an increase from the prior threshold of \$750,000.

STATEMENT TO  
[First Reprint]  
**SENATE, No. 2711**

with Senate Floor Amendments  
(Proposed by Senator SARLO)

ADOPTED: JANUARY 7, 2010

These floor amendments amend section 2 of the bill to require the assessor to notify the mayor and municipal governing body of the assessor's reasons for considering a reassessment of the property in the taxing district that the assessor considers not to be in substantial compliance with the requirement of uniform taxable valuation. As amended, this bill is identical to Assembly, No. 4313 (1R) of 2009.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2711 STATE OF NEW JERSEY 213th LEGISLATURE

DATED: DECEMBER 21, 2009

### SUMMARY

- Synopsis:** Revises procedure for reassessment of certain real property by assessor and appeal of assessment by certain property taxpayers.
- Type of Impact:** Impact on State and local finances.
- Agencies Affected:** Tax Court of New Jersey, Counties, and Municipalities

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Revenue</b>		Potential Revenue Loss	
<b>County Revenue</b>		Potential Revenue Increase	

- The Office of Legislative Services (OLS) notes that the enactment of Senate Bill No. 2711 (1R) will have an indeterminate impact on State finances. This legislation could result in an indeterminate loss in State revenues, a transfer of revenues from the State to county governments, a minimal decrease in municipal costs, and a decrease in State costs.
- The State would incur a revenue loss because it would no longer collect fees paid by property owners who file a complaint with the Tax Court contesting the assessment of a parcel of property valued in the range of \$750,000 to \$999,999. The OLS has determined those property owners paid a total of \$227,470 in State filing fees in tax year 2009.
- The enactment of this legislation may result in a minimal decrease in municipal costs because tax assessors would no longer be required to notify the mayor, the municipal governing body, and the Division of Taxation, of their reasons for wanting to conduct a partial reassessment of a taxing district.



## **BILL DESCRIPTION**

Senate Bill No. 2711 (1R) would eliminate parts of the notice and approval requirements that a tax assessor must satisfy before the assessor may perform reassessments for a portion or portions of a taxing district. The bill also increases the monetary threshold for the appeal of a property assessment directly to the Tax Court.

The bill would eliminate the assessor's requirement to notify the mayor, the municipal governing body, and Division of Taxation, but retain the requirement that the assessor notify the county board of taxation and the county tax administrator of the assessor's reasons for wanting to conduct a partial reassessment of the taxing district. Additionally, the bill would remove the Division of Taxation's power of approval over the assessor's compliance plan, allowing the assessor to proceed to conduct a partial reassessment upon the county board of taxation's approval of the assessor's compliance plan. Finally, the bill would remove the current provision that, if the assessor does not receive an approval decision or a decision disapproving the plan from either the county board of taxation or the Division of Taxation within 45 days of their receipt of the compliance plan, then the entity that did not respond would be deemed to have approve the plan.

The bill would increase the threshold for bringing a property tax appeal directly to Tax Court from an assessed value of \$750,000 to an assessed value of \$1,000,000.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS notes that the enactment of Senate Bill No. 2711 (1R) will have an indeterminate impact on State finances. This legislation would result in an indeterminate loss in State revenues, a transfer of revenues from the State to county governments, a minimal decrease in municipal costs, and a decrease in State costs. The State would incur a revenue loss because it would no longer collect fees paid by property owners who file a complaint contesting a local property assessment. While this shifts the responsibility for processing and hearing these cases from the Tax Court to the county tax boards, there would be no offsetting budget savings because the budget appropriation for the Tax Court is not linked to complaint filings. The Administrative Office of the Courts (AOC) has indicated that \$175 of each filing fee is paid into the General Fund while \$25 is deposited into the Court Technology Improvement Fund, pursuant to P.L.2002, c.34.

The fees for filing a complaint contesting a local property assessment are \$200 for the first parcel and \$50 for an additional parcel (for regular claims) and \$35 for the first parcel and \$10 for an additional parcel (for small claims). According to the AOC 1,667 appeals filed directly with the Tax Court in tax year 2009 concerned properties with assessed values in the range of \$750,000 to \$999,999. 642 of those cases qualified as small claims and were subject to the reduced filing fee. The OLS has determined that the 1,667 appealing property owners paid a total of \$227,470 in State filing fees. The fee for filing a petition of appeal for a property with an assessed value of \$500,000 to \$1,000,000 with the county tax board is set by law at \$100 for all claims. If the same number of appeals is filed in tax year 2010, \$166,700 in revenues would shift from the State to the county, while \$60,700 would not be collected by either the Tax Court

or the county boards of taxation. The AOC has also indicated that a large percentage of the appeals that fall within the assessed value range described in the bill will ultimately be appealed from the county boards to the Tax Court, so the State revenue loss may be mitigated.

Finally, the enactment of this legislation may result in a minimal decrease in municipal costs because tax assessors would no longer be required to notify the mayor, the municipal governing body, and Division of Taxation of their reasons for wanting to conduct a partial reassessment of a taxing district.

*Section: Local Government*

*Analyst: Scott A. Brodsky  
Associate 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.).

**CORRECTED COPY**  
**LEGISLATIVE FISCAL ESTIMATE**

[Second Reprint]

**SENATE, No. 2711**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: JANUARY 15, 2010

**SUMMARY**

- Synopsis:** Revises procedure for reassessment of certain real property by assessor and appeal of assessment by certain property taxpayers.
- Type of Impact:** Indeterminate impact on State and local finances.
- Agencies Affected:** Tax Court of New Jersey, counties, and municipalities

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Revenue</b>		Potential Revenue Loss	
<b>County Revenue</b>		Potential Revenue Increase	

- The Office of Legislative Services (OLS) notes that the enactment of Senate Bill No. 2711 (2R) will have an indeterminate impact on State finances. The provisions of this bill would result in an indeterminate loss in State revenues, a transfer of revenues from the State to county governments, a minimal decrease in municipal administrative costs and a decrease in State costs.
- The State would incur a revenue loss because it would no longer collect fees paid by property owners who file a complaint with the Tax Court contesting the assessment of a parcel of property valued in the range of \$750,000 to \$999,999. The OLS has determined those property owners paid a total of \$227,470 in State filing fees in tax year 2009.
- The enactment of this bill may result in a minimal decrease in municipal administrative costs because tax assessors would no longer be required to notify the Division of Taxation of their reason for wanting to conduct a partial reassessment of a taxing district.

## **BILL DESCRIPTION**

Senate Bill No. 2711 (2R) would eliminate the assessor's requirement to notify the Division of Taxation, but retain the requirement that the assessor notify, in writing, the mayor, the municipal governing body, the county board of taxation, and the county tax administrator of the basis for conducting a partial reassessment in a taxing district. Additionally, the bill would remove the Division of Taxation's power of approval over the assessor's compliance plan. This legislation would remove the current statutory provision, that, if the assessor does not receive an approval decision or a decision disapproving the plan from either the county board of taxation or the Division of Taxation within 45 days of the receipt of the compliance plan, then the entity that did not respond would be deemed to have approved the plan.

The bill also increases the monetary threshold for the appeal of a property assessment directly to the Tax Court from an assessed value of \$750,000 to an assessed value of at least \$1,000,000.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS notes that the enactment of Senate Bill No. 2711 (2R) would have an indeterminate impact on State and local finances. This legislation would result in a indeterminate loss of State revenues, a transfer of revenues from the State to county governments, a minimal decrease in municipal government administrative costs, and a decrease in State costs. The State would incur a revenue loss because it would no longer collect fees paid by property owners who file a complaint contesting a local property assessment. While this shifts the responsibility for processing and hearing these cases from the Tax Court to the county tax boards, there would be no offsetting budget savings because the budget appropriation for the Tax Court is not linked to complaint filings. The Administrative Office of the Courts (AOC) has indicated that \$175 of each filing fee is paid into the General Fund while \$25 is deposited into the Court Technology Improvement Fund pursuant to P.L.2002, c.34.

The fees for filing a complaint contesting a local property assessment are \$200 for the first parcel and \$50 for each additional parcel (for regular claims) and \$35 for the first parcel and \$10 for each additional parcel (for small claims). According to the AOC, 1,667 appeals filed directly with the Tax Court in tax year 2009 concerned properties with assessed values in the range of \$750,000 to \$999,999. Also, 642 of those cases qualified as small claims and were subject to the reduced filing fee. The OLS has determined that the 1,667 appealing property owners paid a total of \$227,470 in State filing fees. The fee for filing a petition of appeal for a property with an assessed value of \$500,000 to \$1,000,000 with the county tax board is set by law at \$100 for all claims. If the same number of appeals is filed in tax year 2010, \$166,700 in revenues would shift from the State to the counties, while \$60,700 would not be collected by the Tax Court or the county boards of taxation. The AOC has also indicated that a large percentage of the appeals that fall within the assessed value range described in the bill will ultimately be appealed from the county boards of taxation to the Tax Court, so the State revenue loss may be mitigated.

Finally, the enactment of this bill may result in a minimal decrease in municipal costs because tax assessors would no longer be required to notify the Division of Taxation of their reasons for wanting to conduct a partial assessment of a taxing district.

*Section: Local Government*

*Analyst: Scott A. Brodsky  
Associate Fiscal Analyst*

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

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