

54:1-86

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2009 **CHAPTER:** 118

NJSA: 54:1-86 (Establishes pilot program in Gloucester County, transferring municipal tax assessment function to county through appointment of a county assessor and deputy county assessors)

BILL NO: S2356 (Substituted for A3722)

SPONSOR(S) Sweeney and Others

DATE INTRODUCED: November 24, 2008

COMMITTEE: **ASSEMBLY:** ---

SENATE: Community and Urban Affairs
Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 25, 2009

SENATE: June 25, 2009

DATE OF APPROVAL: August 18, 2009

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second Reprint enacted)

S2356

SPONSOR'S STATEMENT: (Begins on page 9 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes Comm. 5-4-09
Budget 6-22-09

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

LEGISLATIVE FISCAL NOTE: Yes

A3722

SPONSOR'S STATEMENT: (Begins on page 9 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENT: No

(continued)

LEGISLATIVE FISCAL ESTIMATE: Yes

LEGISLATIVE FISCAL NOTE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Gloucester to initiate tax assessment effort," The Star-Ledger, 8-19-10, p. 20

"Glouco to have one tax assessor," Courier-Post, 8-19-10, p. 1B

LAW/RWH

[Second Reprint]
SENATE, No. 2356

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED NOVEMBER 24, 2008

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

Senator STEVEN V. OROHO

District 24 (Sussex, Hunterdon and Morris)

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman DOUGLAS H. FISHER

District 3 (Salem, Cumberland and Gloucester)

Assemblywoman CELESTE M. RILEY

District 3 (Salem, Cumberland and Gloucester)

Co-Sponsored by:

Senators Whelan and O'Toole

SYNOPSIS

Establishes pilot program in Gloucester County, transferring municipal tax assessment function to county through appointment of a county assessor and deputy county assessors.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 22, 2009, with amendments.

(Sponsorship Updated As Of: 6/26/2009)

1 AN ACT concerning a pilot program to transfer the property
2 assessment function from municipalities to the county,
3 supplementing Title 54 of the Revised Statutes, and amending
4 P.L.2007, c.54.

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 15 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) shall be known and may
11 be cited as the "**1**[County]**1** Property Tax Assessment Reform Act."

12

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

14 a. Under the current real property assessment system, each
15 municipality within a county assesses its property at a different
16 percentage of market value, requiring that property be equalized to
17 apportion county taxes among the constituent municipalities in
18 order to meet the requirements of the Uniformity Clause, Article
19 VIII, Section I, paragraph 1 of the New Jersey Constitution.

20 b. Under the current real property assessment system each
21 municipality has its own assessor. The decision to revalue is often
22 postponed beyond what is prudent, causing some property taxpayers
23 in a municipality to subsidize other property taxpayers for many
24 years.

25 c. A county tax assessment system will help address the
26 shortcomings of the municipal assessment system by removing
27 local responsibility for local revaluation costs.

28

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

30 "County governing body" means the county board of chosen
31 freeholders of the pilot county.

32 "County **1**[tax]**1** assessor" means the person appointed by
33 the county governing body pursuant to section 4 of P.L. ,
34 c. (C.) (pending before the Legislature as this bill) to assess
35 property within the county for the purposes of taxation and
36 exemption from taxation.

37 "Department" means the Department of the Treasury.

38 "Director" means the Director of the Division of Property
39 Assessment in the Department of the Treasury.

40 "Deputy county **1**[tax]**1** assessor" means the holder of a certified
41 property assessor certificate who is employed by the office of the
42 county **1**[tax]**1** assessor within the pilot county and assigned to
43 perform duties and responsibilities for the assessment of property

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:

¹Senate SCU committee amendments adopted May 4, 2009.

²Senate SBA committee amendments adopted June 22, 2009.

1 for purposes of taxation under the supervision of the county '【tax】'
2 assessor.

3 "Division" means the Division of Taxation in the Department of
4 the Treasury.

5 "Pilot county" means the County of Gloucester.
6

7 4. (New section) a. On the first day of January of the first full
8 calendar year next following the effective date of P.L. ,

9 c. (C.) (pending before the Legislature as this bill), or as soon
10 thereafter as may be practicable, the county governing body shall
11 appoint a county '【tax】' assessor.

12 b. (1) The county '【tax】' assessor shall be an employee of the
13 pilot county and shall serve on a full-time basis for an initial five-
14 year term.

15 (2) No person shall be appointed as county '【tax】' assessor
16 unless that person holds a certified property assessor's certificate
17 and has at least five years of experience as a municipal tax assessor
18 or deputy county '【tax】' assessor, or held the position of county tax
19 administrator prior to the appointment of the first county '【tax】'
20 assessor pursuant to this section.

21 (3) The county '【tax】' assessor shall acquire tenure in office
22 upon reappointment to a second five-year term and thereafter shall
23 hold office during good behavior'【,】 and' efficiency'【, and
24 residence in the pilot county】', and shall not be removed for
25 political reasons or for any cause other than incapacity,
26 misconduct,'【 nonresidence,】' disobedience of rules or regulations
27 established by the director or by the county governing body, failure
28 to meet the standards of performance established by the director, or
29 schedules or standards adopted pursuant to P.L. , c. (C.)
30 (pending before the Legislature as this bill).

31 c. The pilot county shall constitute a taxing district for the
32 purpose of the assessment of property in the State.
33

34 5. (New section) a. On or before December 31 of the third full
35 calendar year next following the effective date of P.L. ,

36 c. (C.) (pending before the Legislature as this bill) every
37 municipality within the pilot county shall implement a real property
38 revaluation.

39 b. (1) The county '【tax】' assessor appointed pursuant to
40 subsection a. of section 4 of P.L. , c. (C.) (pending before the
41 Legislature as this bill) shall assist the municipalities in meeting the
42 requirements of subsection a. of this section through the
43 promulgation of a phase-in plan for the orderly completion and
44 implementation of the municipal revaluations, or by any other
45 means he deems appropriate.

46 (2) The county '【tax】' assessor may waive the revaluation
47 requirement for a particular municipality under subsection a. of this

1 section upon his finding that the municipality implemented a
 2 revaluation within '[18] 24' months of the effective date of P.L. ,
 3 c. (C.) (pending before the Legislature as this bill).

4 c. The cost of the revaluations required under subsection a. of
 5 this section shall be 'paid' ²reimbursed'¹ paid by the pilot
 6 county. The costs of a previous revaluation for a municipality that
 7 has been granted a waiver under paragraph (2) of subsection b. of
 8 this section shall be reimbursed by the pilot county. Following the
 9 completion of the three year period established pursuant to
 10 subsection a. of this section, the State shall reimburse the pilot
 11 county for those amounts² using funds made available to the
 12 ²[municipalities within the]² pilot county from 'either' the SHARE
 13 program pursuant to section 30 of P.L.2007, c.63 (C.40A:65-30)¹or
 14 from the Consolidation Fund established by P.L.2008, c.35, or both
 15 ²; provided, however, that the costs of a previous revaluation for a
 16 municipality that has been granted a waiver under paragraph (2) of
 17 subsection b. of this section shall be reimbursed]² in equal
 18 installments, over three years ²[, from those same sources]².

19 ²d. The monies required to be paid for municipal revaluations by
 20 a pilot county pursuant to subsection c. of this section and the pilot
 21 county's administrative start-up costs shall not be included or
 22 considered a part of the county tax levy under section 4 of
 23 P.L.1976, c.68 (C.40A:4-45.4) or a part of the county's adjusted tax
 24 levy under sections 9 and 10 of P.L.2007, c.62 (C.40A:4-45.44 and
 25 40A:4-45.45).²

26
 27 6. (New section) a. During the revaluation period set forth
 28 pursuant to section 5 of P.L. , c. (C.) (pending before the
 29 Legislature as this bill), and subject to the requirements of section
 30 13 of P.L. , c. (C.) (pending before the Legislature as this
 31 bill), the governing body shall appoint deputy county '[tax]'
 32 assessors as needed.

33 b. The county '[tax]'¹ assessor shall direct the work of all
 34 deputy county '[tax]'¹ assessors.

35 c. (1) The county '[tax]'¹ assessor shall be responsible to the
 36 county governing body for the efficient operation of his office and
 37 of the deputy county '[tax]'¹ assessors within the pilot county.

38 (2) The county '[tax]'¹ assessor shall determine employment
 39 jurisdictions for deputy county '[tax]'¹ assessors under his
 40 supervision, however, the county governing body shall establish
 41 their hours of employment, the terms and conditions of their
 42 employment, and fix their compensation.

43 d. The county '[tax]'¹ assessor shall establish a permanent
 44 central office within the pilot county, and may authorize additional
 45 permanent or temporary district offices within the pilot county,

1 within the limits of funds made available for those purposes by the
2 county governing body.

3 e. (1) The county '[tax]' assessor may request that the county
4 governing body employ such additional professional and clerical
5 assistants as are necessary for the performance of his duties.

6 (2) Any professional or clerical assistants supervised by the
7 county '[tax]' assessor shall be employees of the pilot county.

8 f. After December 31 of the third full year next following
9 enactment of P.L. , c. (C.) (pending before the Legislature
10 as this bill), the position of county tax administrator is abolished in
11 the pilot county.

12

13 7. (New section) The county '[tax]' assessor shall:

14 a. supervise the deputy county '[tax]' assessors and, when
15 appropriate, recommend the removal of a deputy county '[tax]'
16 assessor for failure to adhere to standards of performance adopted
17 by the director or schedules or standards adopted pursuant to
18 P.L. , c. (C.) (pending before the Legislature as this bill);

19 b. assure compliance with standards adopted by the director for
20 staff of the deputy county '[tax]' assessors, office space,
21 equipment, and other resources;

22 c. notify the county tax board of any revaluation, or complete
23 or partial reassessment, which may be necessary and appropriate for
24 a taxing district, and monitor the progress and review, revise or
25 correct the results of any revaluation or reassessment which may be
26 ordered by the county tax board;

27 d. monitor the progress, and review, revise, or correct the
28 results of any other revaluation or reassessment conducted within
29 his jurisdiction;

30 e. review, revise, and correct all property assessment lists
31 prepared by the deputy county '[tax]' assessors within the pilot
32 county;

33 f. provide such technical and professional assistance as may be
34 requested by deputy county '[tax]' assessors, and as may be
35 practicable within the support provided for the county '[tax]'
36 assessor by the county governing body; and

37 g. perform any other tasks which the director deems necessary to
38 ensure the valuation of property within the pilot county pursuant to
39 law.

40

41 8. (New section) a. The county '[tax]' assessor, through a
42 staff of deputy county '[tax]' assessors, shall locate, identify, and
43 determine the taxable status of property within every municipality
44 within the pilot county, determine the taxable value of the property,
45 and prepare tax lists and tables of aggregates and equalization in the
46 same form and manner as is provided under chapter 4 of Title 54 of

1 the Revised Statutes, pursuant to a schedule established by the
2 county '[tax]' assessor.

3 b. The county '[tax]' assessor shall be responsible for
4 reviewing, revising, and correcting all work done by the staff of
5 deputy county '[tax]' assessors within the pilot county.

6

7 9. (New section) a. Whenever any law, rule or regulation
8 provides for the review, revision or correction of an assessor's list
9 or duplicate, or a list of added or omitted properties, that review,
10 revision or correction shall be performed by the county '[tax]'
11 assessor in the pilot county, except any correction performed as the
12 result of an assessment appeal, which correction shall be made by
13 the county board of taxation after notice to the county '[tax]'
14 assessor.

15 b. Any reference in any law, rule, or regulation to a revised and
16 corrected assessor's list or duplicate in the pilot county, except in
17 the case of a revision or correction made pursuant to an assessment
18 appeal, shall mean the list or duplicate reviewed, revised or
19 corrected by the county '[tax]' assessor.

20

21 10. (New section) Notwithstanding any law to the contrary, the
22 county '[tax]' assessor shall make the annual tax list and property
23 values for each municipality available for public inspection within
24 that municipality. Following the completion of the three-year
25 phase-in schedule pursuant to section 12 of P.L. , c. (C.)
26 (pending before the Legislature as this bill), sufficient staff shall be
27 present in each district office authorized within the pilot county
28 pursuant to subsection c. of section 6 of P.L. , c. (C.)
29 (pending before the Legislature as this bill) to assist the county
30 '[tax]' assessor and to answer questions and address concerns that
31 taxpayers have in reference to the assessment values and other
32 property assessment and tax-related matters.

33

34 11. (New section) A hiring preference shall be given to tenured,
35 certified tax assessors, deputy '[tax]' assessors, and to county tax
36 administrators for the filling of staff positions in the office of the
37 county '[tax]' assessor. Pension rights for those hired for staff
38 positions shall be transferred.

39

40 12. (New section) The county '[tax]' assessor, in consultation
41 with every municipal governing body and municipal tax assessor,
42 shall promulgate a three-year schedule for the abolishment of the
43 office of municipal tax assessor for every municipality within the
44 pilot county. Thereafter, with respect to those municipalities, any
45 reference in law to the duties and responsibilities of the office of
46 municipal tax assessor pertaining to the assessment and
47 reassessment of property shall be construed in the context of the

1 statutory scheme of sections 1 through 15 of P.L. , c. (C.)
2 (pending before the Legislature as this bill) to mean the deputy
3 county '[tax]' assessor under the supervision of the county '[tax]'
4 assessor. Any reference in law to the office of municipal tax
5 assessor which conflicts in whole or in part with sections 1 through
6 15 of P.L. , c. (C.) (pending before the Legislature as this
7 bill), particularly with regard to the appointment, employment, and
8 removal of municipal tax assessors, shall be construed to have been
9 repealed in whole or in conflicting part, with respect to
10 municipalities located within the pilot county, by the provisions of
11 sections 1 through 15 of P.L. , c. (C.) (pending before the
12 Legislature as this bill).

13

14 13. (New section) a. A serving municipal tax assessor or
15 deputy 'municipal' tax assessor who holds tenure in the position, or
16 who has obtained a certified tax assessor certificate immediately
17 prior to the appointment of the first county '[tax]' assessor
18 pursuant to section 4 of P.L. , c. (C.) (pending before the
19 Legislature as this bill), shall be entitled to preference with regard
20 to the appointment of deputy county '[tax]' assessors pursuant to
21 subsection a. of section 6 of P.L. , c. (C.) (pending before
22 the Legislature as this bill)'; provided, however, that the person is
23 not also employed in the tax assessor's office of a municipality that
24 is located outside of the pilot county'.

25 b. Each person appointed as a deputy county '[tax]' assessor
26 shall acquire tenure in office after serving three continuous years in
27 the office. Thereafter, a deputy county '[tax]' assessor shall hold
28 office during good behavior, efficiency, '[and residence in the pilot
29 county,]' and shall not be removed for political reasons or for any
30 cause other than incapacity, misconduct, '[nonresidence,]'
31 disobedience of rules or regulations established by the director or
32 by the county governing body, failure to meet the standards of
33 performance established by the director, or schedules or standards
34 adopted pursuant to P.L. , c. (C.) (pending before the
35 Legislature as this bill).

36

37 14. (New section) 'a.' In accordance with the phase-in
38 schedule promulgated by the county '[tax]' assessor pursuant to
39 section 12 of P.L. , c. (C.) (pending before the Legislature
40 as this bill), the county tax administrator for the pilot county, in
41 consultation with the county governing body and the county '[tax]'
42 assessor, shall effectuate the transfer of the property assessment
43 function in all of the municipalities within the pilot county to the
44 county '[tax]' assessor. 'All current or pending assessment and
45 abatement programs and agreements under the "Long Term Tax
46 Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.), and the

1 “Five-Year Exemption and Abatement Law,” P.L.1991, c.441
2 (C.40A:21-1 et seq.), shall continue to be approved by the
3 municipality.

4 b. If a county assessor seeks to settle a property tax appeal,
5 filed pursuant to R.S.54:3-21, the county assessor shall inform the
6 municipality in which the property that is the subject of the appeal
7 is located prior to entering into any final settlement agreement,
8 pursuant to procedures promulgated by the director.¹

9
10 15. (New section) The Director of the Division of Taxation in
11 the Department of the Treasury shall adopt rules and regulations
12 concerning the valuation of property in the pilot county to
13 effectuate the purposes of sections 1 through 14 of P.L. ,
14 c. (C.) (pending before the Legislature as this bill). The
15 rules and regulations shall include provisions permitting segmental
16 assessment.

17
18 16. Section 5 of P.L.2007, c.54 (C.52:27D-505) is amended to
19 read as follows:

20 5. a. (1) The commission shall study and report on the structure
21 and functions of county and municipal government, including local
22 taxing districts, their statutory bases, including the fiscal
23 relationship between local governments, and the appropriate
24 allocation of service delivery responsibilities from the standpoint of
25 efficiency. The study of the transfer of the municipal tax
26 assessment function to the county through the appointment of a
27 county ‘[tax]’ assessor and deputy county ‘[tax]’ assessors in a
28 pilot county pursuant to the "County Property Assessment Reform
29 Act," sections 1 through 15 of P.L. , c. (C.) (pending before
30 the Legislature as this bill), shall be conducted in consultation with
31 the Director of the Division of Taxation in the Department of the
32 Treasury.

33 (2) The commission shall recommend legislative changes which
34 would encourage the more efficient operation of local government.
35 These changes may include the structural and administrative
36 streamlining of county and municipal government functions,
37 including but not limited to, the transfer of functions from one level
38 of government to another, and the use or establishment of regional
39 service delivery entities.

40 (3) The commission shall also consider optimal service levels,
41 ratios of employees to population served, cost structures for service
42 delivery, and other best practices.

43 Within two years following the effective date of [this act]
44 P.L.2007, c.54 (C.52:27D-501 et al.), the commission shall report
45 its findings to the Governor, the President of the Senate, and the
46 Speaker of the General Assembly; provided, however, that findings
47 concerning the transfer of the municipal tax assessment function to
48 the county through the appointment of a county ‘[tax]’ assessor

1 and deputy county '[tax]' assessors shall be reported on or before
2 February 1 of the sixth year next following the effective date of
3 P.L. , c. (C.) (pending before the Legislature as this bill).

4 b. Based on its findings pursuant to paragraph **[3]** (3) of
5 subsection a. of this section, the commission shall develop criteria
6 to serve as the basis for recommending the consolidation of specific
7 municipalities, the merger of specific existing autonomous agencies
8 into the parent municipal or county government, or the sharing of
9 services between municipalities or between municipalities and other
10 public entities. Recommendations for sharing services may result
11 from a study focusing exclusively on the sharing of services or may
12 result from a study examining potential consolidation.
13 Municipalities to be considered for consolidation shall be within the
14 same county and shall also be situated within the same legislative
15 district.

16 The criteria to govern a study to examine consolidation or the
17 sharing of services shall include, but need not be limited to:

18 (1) a consideration of geographic factors, such as a shared
19 boundary, or in the case of the recommended consolidation of more
20 than two local units, that the consolidated local unit will have a
21 contiguous boundary;

22 (2) an analysis of the economic costs and benefits of
23 consolidation or the sharing of services, as the case may be,
24 including potential tax savings and reductions in government costs
25 through economies of scale;

26 (3) measures to ensure that costs and benefits of consolidation
27 or service sharing are distributed equitably across the entire
28 community; and

29 (4) measures to safeguard the interests of communities in the
30 municipalities for which consolidation is recommended.

31 The commission shall give priority to local units that volunteer
32 to be studied.

33 c. When a municipal consolidation is recommended by the
34 commission, the commission shall substitute for a joint municipal
35 consolidation study commission that would be formed pursuant to
36 section 7 of the "Municipal Consolidation Act," P.L.1977, c.435
37 (C.40:43-66.41) or any other statute governing municipal
38 consolidation, and no voter approval shall be required to create the
39 study commission.

40 d. When a consolidation or shared service is recommended by
41 the commission, the commission shall recommend **[for]** State
42 funding for any extraordinary expenses necessitated by the
43 consolidation plan or shared service agreement. The commission
44 shall recommend that this funding be provided either by funds made
45 available to the commission for that purpose or by the Legislature
46 or State Treasurer as part of the annual State budget process.

47 (cf: P.L.2007, c.54, s.5)

S2356 [2R] SWEENEY, OROHO
10

1 17. This act shall take effect immediately.

SENATE, No. 2356

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED NOVEMBER 24, 2008

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

Co-Sponsored by:

Senator Whelan

SYNOPSIS

Establishes pilot program in Gloucester county, transferring municipal tax assessment function to county through appointment of a county tax assessor and deputy county tax assessors.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 12/9/2008)

S2356 SWEENEY

2

1 AN ACT concerning a pilot program to transfer the property
2 assessment function from municipalities to the county,
3 supplementing Title 54 of the Revised Statutes, and amending
4 P.L.2007, c.54.

5

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

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9 1. (New section) Sections 1 through 15 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) shall be known and may
11 be cited as the "County Property Tax Assessment Reform Act."

12

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

14 a. Under the current real property assessment system, each
15 municipality within a county assesses its property at a different
16 percentage of market value, requiring that property be equalized to
17 apportion county taxes among the constituent municipalities in
18 order to meet the requirements of the Uniformity Clause, Article
19 VIII, Section I, paragraph 1 of the New Jersey Constitution.

20 b. Under the current real property assessment system each
21 municipality has its own assessor. The decision to revalue is often
22 postponed beyond what is prudent, causing some property taxpayers
23 in a municipality to subsidize other property taxpayers for many
24 years.

25 c. A county tax assessment system will help address the
26 shortcomings of the municipal assessment system by removing
27 local responsibility for local revaluation costs.

28

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

30 "County governing body" means the county board of chosen
31 freeholders of the pilot county.

32 "County tax assessor" means the person appointed by the county
33 governing body pursuant to section 4 of P.L. , c. (C.)
34 (pending before the Legislature as this bill) to assess property
35 within the county for the purposes of taxation and exemption from
36 taxation.

37 "Department" means the Department of the Treasury.

38 "Director" means the Director of the Division of Property
39 Assessment in the Department of the Treasury.

40 "Deputy county tax assessor" means the holder of a certified
41 property assessor certificate who is employed by the office of the
42 county tax assessor within the pilot county and assigned to perform
43 duties and responsibilities for the assessment of property for

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.

S2356 SWEENEY

1 purposes of taxation under the supervision of the county tax
2 assessor.

3 "Division" means the Division of Taxation in the Department of
4 the Treasury.

5 "Pilot county" means the County of Gloucester.
6

7 4. (New section) a. On the first day of January of the first full
8 calendar year next following the effective date of P.L. , c. (C.)
9 (pending before the Legislature as this bill), or as soon thereafter as
10 may be practicable, the county governing body shall appoint a
11 county tax assessor.

12 b. (1) The county tax assessor shall be an employee of the pilot
13 county and shall serve on a full-time basis for an initial five-year
14 term.

15 (2) No person shall be appointed as county tax assessor unless
16 that person holds a certified property assessor's certificate and has
17 at least five years of experience as a municipal tax assessor or
18 deputy county tax assessor, or held the position of county tax
19 administrator prior to the appointment of the first county tax
20 assessor pursuant to this section.

21 (3) The county tax assessor shall acquire tenure in office upon
22 reappointment to a second five-year term and thereafter shall hold
23 office during good behavior, efficiency, and residence in the pilot
24 county, and shall not be removed for political reasons or for any
25 cause other than incapacity, misconduct, nonresidence,
26 disobedience of rules or regulations established by the director or
27 by the county governing body, failure to meet the standards of
28 performance established by the director, or schedules or standards
29 adopted pursuant to P.L. , c. (C.) (pending before the
30 Legislature as this bill).

31 c. The pilot county shall constitute a taxing district for the
32 purpose of the assessment of property in the State.
33

34 5. (New section) a. On or before December 31 of the third full
35 calendar year next following the effective date of P.L. , c.
36 (C.) (pending before the Legislature as this bill) every
37 municipality within the pilot county shall implement a real property
38 revaluation.

39 b. (1) The county tax assessor appointed pursuant to subsection
40 a. of section 4 of P.L. , c. (C.) (pending before the
41 Legislature as this bill) shall assist the municipalities in meeting the
42 requirements of subsection a. of this section through the
43 promulgation of a phase-in plan for the orderly completion and
44 implementation of the municipal revaluations, or by any other
45 means he deems appropriate.

46 (2) The county tax assessor may waive the revaluation
47 requirement for a particular municipality under subsection a. of this
48 section upon his finding that the municipality implemented a

S2356 SWEENEY

4

1 revaluation within 18 months of the effective date of P.L. , c.
2 (C.) (pending before the Legislature as this bill).

3 c. The cost of the revaluations required under subsection a. of
4 this section shall be paid using funds made available to the
5 municipalities within the pilot county from the SHARE program
6 pursuant to section 30 of P.L.2007, c.63 (C.40A:65-30).

7
8 6. (New section) a. During the revaluation period set forth
9 pursuant to section 5 of P.L. , c. (C.) (pending before the
10 Legislature as this bill), and subject to the requirements of section
11 13 of P.L. , c. (C.) (pending before the Legislature as this
12 bill), the governing body shall appoint deputy county tax assessors
13 as needed.

14 b. The county tax assessor shall direct the work of all deputy
15 county tax assessors.

16 c. (1) The county tax assessor shall be responsible to the county
17 governing body for the efficient operation of his office and of the
18 deputy county tax assessors within the pilot county.

19 (2) The county tax assessor shall determine employment
20 jurisdictions for deputy county tax assessors under his supervision,
21 however, the county governing body shall establish their hours of
22 employment, the terms and conditions of their employment, and fix
23 their compensation.

24 d. The county tax assessor shall establish a permanent central
25 office within the pilot county, and may authorize additional
26 permanent or temporary district offices within the pilot county,
27 within the limits of funds made available for those purposes by the
28 county governing body.

29 e. (1) The county tax assessor may request that the county
30 governing body employ such additional professional and clerical
31 assistants as are necessary for the performance of his duties.

32 (2) Any professional or clerical assistants supervised by the
33 county tax assessor shall be employees of the pilot county.

34 f. After December 31 of the third full year next following
35 enactment of P.L. , c. (C.) (pending before the Legislature
36 as this bill), the position of county tax administrator is abolished in
37 the pilot county.

38
39 7. (New section) The county tax assessor shall:

40 a. supervise the deputy county tax assessors and, when
41 appropriate, recommend the removal of a deputy county tax
42 assessor for failure to adhere to standards of performance adopted
43 by the director or schedules or standards adopted pursuant to
44 P.L. , c. (C.) (pending before the Legislature as this bill);

45 b. assure compliance with standards adopted by the director for
46 staff of the deputy county tax assessors, office space, equipment,
47 and other resources;

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1 c. notify the county tax board of any revaluation, or complete or
2 partial reassessment, which may be necessary and appropriate for a
3 taxing district, and monitor the progress and review, revise or
4 correct the results of any revaluation or reassessment which may be
5 ordered by the county tax board;

6 d. monitor the progress, and review, revise, or correct the results
7 of any other revaluation or reassessment conducted within his
8 jurisdiction;

9 e. review, revise, and correct all property assessment lists
10 prepared by the deputy county tax assessors within the pilot county;

11 f. provide such technical and professional assistance as may be
12 requested by deputy county tax assessors, and as may be practicable
13 within the support provided for the county tax assessor by the
14 county governing body; and

15 g. perform any other tasks which the director deems necessary to
16 ensure the valuation of property within the pilot county pursuant to
17 law.

18

19 8. (New section) a. The county tax assessor, through a staff of
20 deputy county tax assessors, shall locate, identify, and determine
21 the taxable status of property within every municipality within the
22 pilot county, determine the taxable value of the property, and
23 prepare tax lists and tables of aggregates and equalization in the
24 same form and manner as is provided under chapter 4 of Title 54 of
25 the Revised Statutes, pursuant to a schedule established by the
26 county tax assessor.

27 b. The county tax assessor shall be responsible for reviewing,
28 revising, and correcting all work done by the staff of deputy county
29 tax assessors within the pilot county.

30

31 9. (New section) a. Whenever any law, rule or regulation
32 provides for the review, revision or correction of an assessor's list
33 or duplicate, or a list of added or omitted properties, that review,
34 revision or correction shall be performed by the county tax assessor
35 in the pilot county, except any correction performed as the result of
36 an assessment appeal, which correction shall be made by the county
37 board of taxation after notice to the county tax assessor.

38 b. Any reference in any law, rule, or regulation to a revised and
39 corrected assessor's list or duplicate in the pilot county, except in
40 the case of a revision or correction made pursuant to an assessment
41 appeal, shall mean the list or duplicate reviewed, revised or
42 corrected by the county tax assessor.

43

44 10. (New section) Notwithstanding any law to the contrary, the
45 county tax assessor shall make the annual tax list and property
46 values for each municipality available for public inspection within
47 that municipality. Following the completion of the three-year
48 phase-in schedule pursuant to section 12 of P.L. , c. (C.)

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6

1 (pending before the Legislature as this bill), sufficient staff shall be
2 present in each district office authorized within the pilot county
3 pursuant to subsection c. of section 6 of P.L. , c. (C.)
4 (pending before the Legislature as this bill) to assist the county tax
5 assessor and to answer questions and address concerns that
6 taxpayers have in reference to the assessment values and other
7 property assessment and tax-related matters.

8
9 11. (New section) A hiring preference shall be given to tenured,
10 certified tax assessors, deputy tax assessors, and to county tax
11 administrators for the filling of staff positions in the office of the
12 county tax assessor. Pension rights for those hired for staff
13 positions shall be transferred.

14
15 12. (New section) The county tax assessor, in consultation with
16 every municipal governing body and municipal tax assessor, shall
17 promulgate a three-year schedule for the abolishment of the office
18 of municipal tax assessor for every municipality within the pilot
19 county. Thereafter, with respect to those municipalities, any
20 reference in law to the duties and responsibilities of the office of
21 municipal tax assessor pertaining to the assessment and
22 reassessment of property shall be construed in the context of the
23 statutory scheme of sections 1 through 15 of P.L. , c. (C.)
24 (pending before the Legislature as this bill) to mean the deputy
25 county tax assessor under the supervision of the county tax
26 assessor. Any reference in law to the office of municipal tax
27 assessor which conflicts in whole or in part with sections 1 through
28 15 of P.L. , c. (C.) (pending before the Legislature as this
29 bill), particularly with regard to the appointment, employment, and
30 removal of municipal tax assessors, shall be construed to have been
31 repealed in whole or in conflicting part, with respect to
32 municipalities located within the pilot county, by the provisions of
33 sections 1 through 15 of P.L. , c. (C.) (pending before the
34 Legislature as this bill).

35
36 13. (New section) a. A serving municipal tax assessor or
37 deputy tax assessor who holds tenure in the position, or who has
38 obtained a certified tax assessor certificate immediately prior to the
39 appointment of the first county tax assessor pursuant to section 4 of
40 P.L. , c. (C.) (pending before the Legislature as this bill),
41 shall be entitled to preference with regard to the appointment of
42 deputy county tax assessors pursuant to subsection a. of section 6 of
43 P.L. , c. (C.) (pending before the Legislature as this bill);
44 provided, however, that the person is not also employed in the tax
45 assessor's office of a municipality that is located outside of the pilot
46 county.

47 b. Each person appointed as a deputy county tax assessor shall
48 acquire tenure in office after serving three continuous years in the

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1 office. Thereafter, a deputy county tax assessor shall hold office
2 during good behavior, efficiency, and residence in the pilot county,
3 and shall not be removed for political reasons or for any cause other
4 than incapacity, misconduct, nonresidence, disobedience of rules or
5 regulations established by the director or by the county governing
6 body, failure to meet the standards of performance established by
7 the director, or schedules or standards adopted pursuant to P.L. ,
8 c. (C.) (pending before the Legislature as this bill).

9
10 14. (New section) In accordance with the phase-in schedule
11 promulgated by the county tax assessor pursuant to section 12 of
12 P.L. , c. (C.) (pending before the Legislature as this bill),
13 the county tax administrator for the pilot county, in consultation
14 with the county governing body and the county tax assessor, shall
15 effectuate the transfer of the property assessment function in all of
16 the municipalities within the pilot county to the county tax assessor.

17
18 15. (New section) The Director of the Division of Taxation in
19 the Department of the Treasury shall adopt rules and regulations
20 concerning the valuation of property in the pilot county to
21 effectuate the purposes of sections 1 through 14 of P.L. , c.
22 (C.) (pending before the Legislature as this bill). The rules
23 and regulations shall include provisions permitting segmental
24 assessment.

25
26 16. Section 5 of P.L.2007, c.54 (C.52:27D-505) is amended to
27 read as follows:

28 5. a. (1) The commission shall study and report on the structure
29 and functions of county and municipal government, including local
30 taxing districts, their statutory bases, including the fiscal
31 relationship between local governments, and the appropriate
32 allocation of service delivery responsibilities from the standpoint of
33 efficiency. The study of the transfer of the municipal tax
34 assessment function to the county through the appointment of a
35 county tax assessor and deputy county tax assessors in a pilot
36 county pursuant to the "County Property Assessment Reform Act,"
37 sections 1 through 15 of P.L. , c. (C.) (pending before the
38 Legislature as this bill), shall be conducted in consultation with the
39 Director of the Division of Taxation in the Department of the
40 Treasury.

41 (2) The commission shall recommend legislative changes which
42 would encourage the more efficient operation of local government.
43 These changes may include the structural and administrative
44 streamlining of county and municipal government functions,
45 including but not limited to, the transfer of functions from one level
46 of government to another, and the use or establishment of regional
47 service delivery entities.

1 (3) The commission shall also consider optimal service levels,
2 ratios of employees to population served, cost structures for service
3 delivery, and other best practices.

4 Within two years following the effective date of **[this act]**
5 P.L.2007, c.54 (C.52:27D-501 et al.), the commission shall report
6 its findings to the Governor, the President of the Senate, and the
7 Speaker of the General Assembly; provided, however, that findings
8 concerning the transfer of the municipal tax assessment function to
9 the county through the appointment of a county tax assessor and
10 deputy county tax assessors shall be reported on or before February
11 1 of the sixth year next following the effective date of P.L. , c.
12 (C.) (pending before the Legislature as this bill).

13 b. Based on its findings pursuant to paragraph **[3] (3)** of
14 subsection a. of this section, the commission shall develop criteria
15 to serve as the basis for recommending the consolidation of specific
16 municipalities, the merger of specific existing autonomous agencies
17 into the parent municipal or county government, or the sharing of
18 services between municipalities or between municipalities and other
19 public entities. Recommendations for sharing services may result
20 from a study focusing exclusively on the sharing of services or may
21 result from a study examining potential consolidation.
22 Municipalities to be considered for consolidation shall be within the
23 same county and shall also be situated within the same legislative
24 district.

25 The criteria to govern a study to examine consolidation or the
26 sharing of services shall include, but need not be limited to:

27 (1) a consideration of geographic factors, such as a shared
28 boundary, or in the case of the recommended consolidation of more
29 than two local units, that the consolidated local unit will have a
30 contiguous boundary;

31 (2) an analysis of the economic costs and benefits of
32 consolidation or the sharing of services, as the case may be,
33 including potential tax savings and reductions in government costs
34 through economies of scale;

35 (3) measures to ensure that costs and benefits of consolidation or
36 service sharing are distributed equitably across the entire
37 community; and

38 (4) measures to safeguard the interests of communities in the
39 municipalities for which consolidation is recommended.

40 The commission shall give priority to local units that volunteer
41 to be studied.

42 c. When a municipal consolidation is recommended by the
43 commission, the commission shall substitute for a joint municipal
44 consolidation study commission that would be formed pursuant to
45 section 7 of the "Municipal Consolidation Act," P.L.1977, c.435
46 (C.40:43-66.41) or any other statute governing municipal
47 consolidation, and no voter approval shall be required to create the
48 study commission.

1 d. When a consolidation or shared service is recommended by
2 the commission, the commission shall recommend **[for]** State
3 funding for any extraordinary expenses necessitated by the
4 consolidation plan or shared service agreement. The commission
5 shall recommend that this funding be provided either by funds made
6 available to the commission for that purpose or by the Legislature
7 or State Treasurer as part of the annual State budget process.

8 (cf: P.L.2007, c.54, s.5)

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10 17. This act shall take effect immediately.

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SPONSOR'S STATEMENT

This bill establishes a pilot program in Gloucester County for the transfer of the municipal property tax assessment function to a county tax assessor. Gloucester County is an appropriate county for this pilot program because its area and population density generally fall within the middle of the 21 counties and so the results of this pilot program should be more easily generalized to both the larger and smaller counties. The pilot program would require the appointment of a county tax assessor and the transfer of the assessment function to the county tax assessor over a three-year period, in accordance with a schedule developed by the county tax assessor. The transfer of the assessment function will require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district. The county tax assessor would have the authority to assist in the orderly revaluation of all of the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 18 months. The county tax assessor would be aided by deputy county tax assessors, appointed by the county board of chosen freeholders. It is anticipated that monies from the SHARE program will be made available to the municipalities in Gloucester County to pay for the revaluations in order to implement this pilot program. The bill would require the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program and, in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2356

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 4, 2009

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 2356.

As amended by the committee, the bill establishes a pilot program in Gloucester County for the transfer of the municipal property tax assessment function to a county assessor. The pilot program would require the appointment of a county assessor and the transfer of the assessment function to the county assessor over a three-year period, in accordance with a schedule developed by the county assessor. The transfer of the assessment function will require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district. As amended by the committee, the bill requires the State to reimburse each municipality for the costs associated with the revaluation from either the Sharing Available Recourses Efficiently fund or the Consolidation Fund.

As amended, the county assessor would have the authority to assist in the orderly revaluation of all of the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 24 months. The county assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. As amended, the bill provides that all payment in lieu of taxes and tax abatement programs shall be unaffected by the program. In the event a county assessor wishes to settle a property tax appeal, the assessor must inform the municipality in which the property is located of his intention to settle the appeal.

Finally, the bill would require the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program and, in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

The committee amended the bill to replace the terms "county tax assessor" and "deputy county tax assessor" with the terms "county assessor" and "deputy county assessor." The bill was amended to require the State to reimburse municipalities for any costs associated with the revaluation required by the bill and permitted these funds to

be drawn from the Consolidation Fund, in addition to the Sharing Available Resources Efficiently fund. The committee amended the bill to make certain that any current or pending payment in lieu of taxes or tax abatement programs continue to be approved by the municipality. The committee also amended the bill to require the county assessor to notify the municipality of his intention to settle a property tax appeal.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2356

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2009

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2356 (1R), with committee amendments.

Senate Bill No. 2356 (1R), with committee amendments, establishes a pilot program in Gloucester County for the transfer of the municipal property tax assessment function to a county assessor.

The pilot program would require the appointment of a county assessor and the transfer of the assessment function to the county assessor over a three-year period, in accordance with a schedule developed by the county assessor. The transfer of the assessment function would require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district.

As amended, the bill requires the pilot county to pay the costs associated with the municipal revaluations. The amendments also require the State to reimburse the pilot county for the costs associated with the revaluation from either the Sharing Available Resources Efficiently fund or the Consolidation Fund at the end of the three year period during which the revaluations occur. Monies paid by the pilot county to the municipality for the purpose of conducting the revaluations and the pilot county's administrative start-up costs would not be included or considered as part of the county tax levy or adjusted county tax levy.

As amended, the county assessor would have the authority to assist in the orderly revaluation of all of the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 24 months. The county assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. As amended, the bill provides that all payment in lieu of taxes and tax abatement programs shall be unaffected by the program. In the event a county assessor wishes to settle a property tax appeal, the assessor must inform the municipality in which the property is located of his intention to settle the appeal.

Finally, the bill would require the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program and, in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

COMMITTEE AMENDMENTS:

The committee amendments require the pilot county to pay the costs associated with the municipal revaluations. The committee amendments require the State to reimburse the pilot county for the cost of the revaluations at the end of the three year period during which the municipalities must conduct the revaluations. Finally, the committee amended the bill to exempt monies paid for municipal revaluations and the pilot county's administrative start up costs from inclusion in the county tax levy or the county's adjusted tax levy.

FISCAL IMPACT:

As amended, the bill requires the pilot county (Gloucester County), to bear the cost of conducting a real property revaluation in any municipality that did not do so within 24 months prior to the effective date of the bill. The State would reimburse the county for these costs following the completion of the three-year real property revaluation period. The reimbursements will be paid in equal installments over another three-years. Thus, if this bill were to become law, the State would not incur those costs until FY 2013, FY 2014, and FY 2015. The Division of Taxation has estimated the average cost of a revaluation to be \$79.45 per line item and there are 110,694 line-items in the pilot county ($\$79.45 \times 110,694 = \$8,794,638$).

FISCAL NOTE
 [First Reprint]
SENATE, No. 2356
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: MAY 12, 2009

SUMMARY

- Synopsis:** Establishes pilot program in Gloucester county, transferring municipal tax assessment function to county through appointment of a county tax assessor and deputy county tax assessors.
- Type of Impact:** Increased expenditure from the Property Tax Relief Fund and potential cost to the State General Fund. Indeterminate costs to county governments. Indeterminate costs and savings to municipal governments.
- Agencies Affected:** Division of Taxation; local governments

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Costs			
State	None	\$4.4 million	\$4.4 million
County	Indeterminate - See comments below		

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4 and Beyond</u>
Costs				
State	\$2.93 million	\$2.93 million	\$2.93 million	None
County	Indeterminate - See comments below - Indeterminate			
Municipal	Indeterminate - See comments below			None
Municipal Savings		None		Indeterminate - See comments below

- The Office of Legislative Services (OLS) generally **concurs** with the Executive estimate for Senate Bill No. 2356. The enactment of this bill would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The Department of Community Affairs has noted that the remaining balance in the Sharing Available Resources Efficiently (SHARE) program

account is \$4 million, after fund balances were reduced by the State Treasurer in response to the current budget shortfall. The OLS notes that the Consolidation Fund has an outstanding balance of \$5 million. The implementation of this measure would require an additional appropriation by the Legislature.

- The OLS cannot provide a local cost estimate for this bill because the budget for the office of county property tax assessor will be set by the governing body of the pilot county.
- While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor.

BILL DESCRIPTION

Senate Bill No. 2356 (1R) of 2009 establishes a pilot program in Gloucester County for the transfer of the municipal property tax assessment function to a county tax assessor. The pilot program would require the appointment of a county tax assessor and the transfer of the assessment function to the county tax assessor over a three-year period, in accordance with a schedule developed by the county tax assessor. The transfer of the assessment function will require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district. The county tax assessor would have the authority to assist in the orderly revaluation of all the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 18 months. The county tax assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. It is anticipated that monies from the Consolidation Fund and the SHARE program will be made available to the municipalities in Gloucester County to pay for the revaluations in order to implement this pilot program. The bill requires the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

According to the Division of Taxation in the Department of the Treasury, the enactment of Senate Bill No. 2356 (1R) would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The administrative costs of this measure would be borne entirely by the pilot county (Gloucester County). The division has indicated that there is no way to reliably estimate these costs. Funds for any and all required revaluations within the pilot county would be made available through the Consolidation Fund and the SHARE program. If all communities within the pilot county were required to conduct a revaluation, the total costs would be \$8.8 million. The division has estimated the average cost of a revaluation to be \$79.45 per line item and there are 110,694 line-items in the pilot county. The bill requires all revaluations in the pilot county to be completed at the end of the third year following enactment, therefore the division assumes that the expenditure of these funds would occur in the first two years following enactment.

Assuming that half of the required revaluations are initiated in each of the first two years, this would result in an impact to the Property Tax Relief Fund of \$4.4 million in FY 2010 and \$4.4 million in FY 2011.

The Department of Community Affairs has noted that the remaining balance in the SHARE program account is \$4 million, after fund balances were reduced by the State Treasurer in response to the current budget shortfall. The implementation of this measure would require an additional appropriation by the Legislature.

OFFICE OF LEGISLATIVE SERVICES

The OLS generally concurs with the Executive estimate for Senate Bill No. 2356 (1R). The OLS cannot provide a local cost estimate for this bill because the budget for the office of county tax assessor will be set by the governing body of the pilot county. Any municipal government that has not conducted a revaluation within 18 months of the effective date of the bill may incur costs in Years 1 to 3 when it conducts the real property revaluation required by the bill to the extent that those revaluation costs are not paid through monies made available through the SHARE program. While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor. In closing, the OLS cannot estimate whether or not this bill would result in lowering overall costs of property tax assessment administration, no matter what level of government is charged with execution of that function.

Section: Local Government
Analyst: Scott A. Brodsky
Assistant Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67 (C.52:13B-1 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 2356

STATE OF NEW JERSEY 213th LEGISLATURE

DATED: JUNE 30, 2009

SUMMARY

- Synopsis:** Establishes pilot program in Gloucester County, transferring municipal tax assessment function to county through appointment of a county assessor and deputy county assessors.
- Type of Impact:** Increased expenditure from Property Tax Relief Fund and potential cost to State General Fund. Indeterminate costs to government of pilot county. Indeterminate savings to municipal governments.
- Agencies Affected:** Division of Taxation; local governments

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1 to 3</u>	<u>Year 4 and Beyond</u>
State Cost	None	\$8.8 million
County Cost	Indeterminate – See comments below	
Municipal Savings	None	Indeterminate – See comments below

- The Office of Legislative Services (OLS) has determined that the enactment of this bill would result in additional costs of \$8.8 million to the Property Tax Relief Fund. As amended, the bill would result in increased county costs in FY 2010, FY 2011, and FY 2012. State costs would be deferred until FY 2013, FY 2014, and FY 2015.
- According to the New Jersey Comprehensive Financial System, the remaining balance in the Sharing Available Resources Efficiently (SHARE) program account is \$4.4 million. The Consolidation Fund has an outstanding balance of \$17.5 million.
- While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor.

BILL DESCRIPTION

Senate Bill No. 2356 (2R) of 2009 establishes a pilot program in Gloucester County for the transfer of the municipal property assessment function to a county assessor. The pilot program would require the appointment of a county assessor and the transfer of the assessment function to the county assessor over a three-year period in accordance with a schedule developed by the county assessor. The transfer of the assessment function would require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district. The bill requires the pilot county to pay the costs associated with the municipal revaluations. The bill also requires the State to reimburse the pilot county for the costs associated with the revaluation from either the SHARE program or the Consolidation Fund at the end of the three-year period during which the revaluations occur. Monies paid by the pilot county to the municipality for the purpose of conducting the revaluations and the pilot county's administrative start-up costs would not be included or considered as part of the county tax levy or adjusted county tax levy.

The bill grants the county assessor the authority to assist in the orderly revaluation of all the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 24 months. The county assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. The bill provides that all payments in lieu of taxes and tax abatements shall be unaffected by the program. In the event a county assessor wishes to settle a property tax appeal, the assessor must inform the municipality in which the property is located of his intention to settle the appeal. Finally, the bill would require the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program and, in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

In a fiscal note issued for a prior version of this bill, the Division of Taxation in the Department of the Treasury estimated that the enactment of this legislation would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The administrative costs of this measure would be borne entirely by the pilot county (Gloucester County). The division has indicated that there is no way to reliably estimate these costs. Funds for any and all required revaluations within the pilot county would be made available through the Consolidation Fund and the SHARE program. If all communities within the pilot county were required to conduct a revaluation, the total costs would be \$8.8 million. The division has estimated the average cost of a revaluation to be \$79.45 per line item, and there are 110,694 line-items in the pilot county ($\$79.45 \times 110,694 = \$8,794,638$).

OFFICE OF LEGISLATIVE SERVICES

In a prior fiscal estimate, the OLS **generally concurred** with an Executive Branch estimate that the enactment of this legislation would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The Division of Taxation estimated that the bill would cost \$4.4 in both the second and third years following its enactment, while the OLS estimated that the bill would cost the State \$2.93 million in each of the first three years following its enactment.

Previous versions of this legislation required affected municipalities to bear the costs of conducting a real property revaluation in the first three years following the enactment of the bill. Those previous versions also allowed for either the repayment or reimbursement of those costs during that same three-year time frame with funds from either the Consolidation Fund or the SHARE program.

Amendments to the bill now require the pilot county (Gloucester County), to bear the cost of conducting a real property revaluation in any municipality that did not do so within 24 months prior to the effective date of the bill. The State would reimburse the county for these costs following the completion of the three-year real property revaluation period. The reimbursements will be paid in equal installments over another three-years. Accordingly, if this bill were to become law, the pilot county would incur those costs in FY 2010, FY 2011, FY 2012, while State costs would be deferred until FY 2013, FY 2014, and FY 2015.

The OLS notes that the budget for the office of county tax assessor will be set by the governing body of the pilot county. While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor. In closing, the OLS cannot estimate whether or not this bill would result in lowering overall costs of property assessment administration, no matter what level of government is charged with execution of that function.

Section: Local Government

*Analyst: Scott A. Brodsky
Associate Fiscal Analyst*

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

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

ASSEMBLY, No. 3722

STATE OF NEW JERSEY

213th LEGISLATURE

INTRODUCED FEBRUARY 9, 2009

Sponsored by:

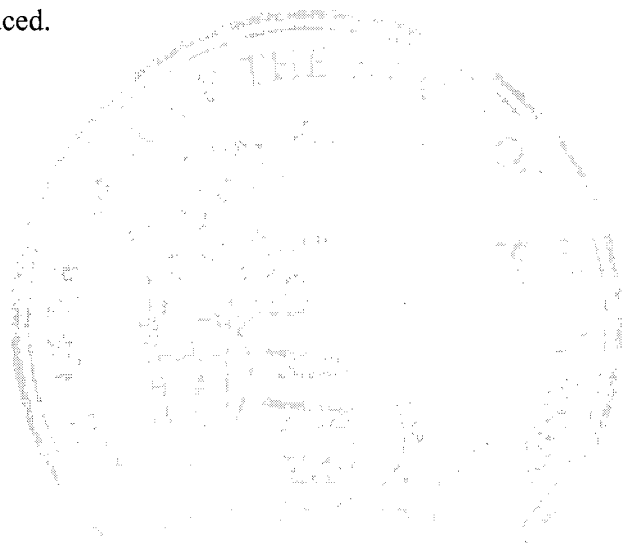
Assemblyman JOHN J. BURZICHELLI
District 3 (Salem, Cumberland and Gloucester)
Assemblyman DOUGLAS H. FISHER
District 3 (Salem, Cumberland and Gloucester)
Assemblywoman CELESTE M. RILEY
District 3 (Salem, Cumberland and Gloucester)

SYNOPSIS

Establishes pilot program in Gloucester county, transferring municipal tax assessment function to county through appointment of a county tax assessor and deputy county tax assessors.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/8/2009)

1 AN ACT concerning a pilot program to transfer the property
2 assessment function from municipalities to the county,
3 supplementing Title 54 of the Revised Statutes, and amending
4 P.L.2007, c.54.

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 15 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) shall be known and may
11 be cited as the "County Property Tax Assessment Reform Act."

12
13 2. (New section) The Legislature finds and declares:

14 a. Under the current real property assessment system, each
15 municipality within a county assesses its property at a different
16 percentage of market value, requiring that property be equalized to
17 apportion county taxes among the constituent municipalities in
18 order to meet the requirements of the Uniformity Clause, Article
19 VIII, Section I, paragraph 1 of the New Jersey Constitution.

20 b. Under the current real property assessment system each
21 municipality has its own assessor. The decision to revalue is often
22 postponed beyond what is prudent, causing some property taxpayers
23 in a municipality to subsidize other property taxpayers for many
24 years.

25 c. A county tax assessment system will help address the
26 shortcomings of the municipal assessment system by removing
27 local responsibility for local revaluation costs.

28
29 3. (New section) As used in this act:

30 "County governing body" means the county board of chosen
31 freeholders of the pilot county.

32 "County tax assessor" means the person appointed by the county
33 governing body pursuant to section 4 of P.L. , c. (C.)
34 (pending before the Legislature as this bill) to assess property
35 within the county for the purposes of taxation and exemption from
36 taxation.

37 "Department" means the Department of the Treasury.

38 "Director" means the Director of the Division of Property
39 Assessment in the Department of the Treasury.

40 "Deputy county tax assessor" means the holder of a certified
41 property assessor certificate who is employed by the office of the
42 county tax assessor within the pilot county and assigned to perform
43 duties and responsibilities for the assessment of property for
44 purposes of taxation under the supervision of the county tax
45 assessor.

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 "Division" means the Division of Taxation in the Department of
2 the Treasury.

3 "Pilot county" means the County of Gloucester.
4

5 4. (New section) a. On the first day of January of the first full
6 calendar year next following the effective date of P.L. , c. (C.)
7 (pending before the Legislature as this bill), or as soon thereafter as
8 may be practicable, the county governing body shall appoint a
9 county tax assessor.

10 b. (1) The county tax assessor shall be an employee of the pilot
11 county and shall serve on a full-time basis for an initial five-year
12 term.

13 (2) No person shall be appointed as county tax assessor unless
14 that person holds a certified property assessor's certificate and has
15 at least five years of experience as a municipal tax assessor or
16 deputy county tax assessor, or held the position of county tax
17 administrator prior to the appointment of the first county tax
18 assessor pursuant to this section.

19 (3) The county tax assessor shall acquire tenure in office upon
20 reappointment to a second five-year term and thereafter shall hold
21 office during good behavior, efficiency, and residence in the pilot
22 county, and shall not be removed for political reasons or for any
23 cause other than incapacity, misconduct, nonresidence,
24 disobedience of rules or regulations established by the director or
25 by the county governing body, failure to meet the standards of
26 performance established by the director, or schedules or standards
27 adopted pursuant to P.L. , c. (C.) (pending before the
28 Legislature as this bill).

29 c. The pilot county shall constitute a taxing district for the
30 purpose of the assessment of property in the State.
31

32 5. (New section) a. On or before December 31 of the third full
33 calendar year next following the effective date of P.L. , c.
34 (C.) (pending before the Legislature as this bill) every
35 municipality within the pilot county shall implement a real property
36 revaluation.

37 b. (1) The county tax assessor appointed pursuant to subsection
38 a. of section 4 of P.L. , c. (C.) (pending before the
39 Legislature as this bill) shall assist the municipalities in meeting the
40 requirements of subsection a. of this section through the
41 promulgation of a phase-in plan for the orderly completion and
42 implementation of the municipal revaluations, or by any other
43 means he deems appropriate.

44 (2) The county tax assessor may waive the revaluation
45 requirement for a particular municipality under subsection a. of this
46 section upon his finding that the municipality implemented a
47 revaluation within 18 months of the effective date of P.L. , c.
48 (C.) (pending before the Legislature as this bill).

- 1 c. The cost of the revaluations required under subsection a. of
2 this section shall be paid using funds made available to the
3 municipalities within the pilot county from the SHARE program
4 pursuant to section 30 of P.L.2007, c.63 (C.40A:65-30).
5
- 6 6. (New section) a. During the revaluation period set forth
7 pursuant to section 5 of P.L. , c. (C.) (pending before the
8 Legislature as this bill), and subject to the requirements of section
9 13 of P.L. , c. (C.) (pending before the Legislature as this
10 bill), the governing body shall appoint deputy county tax assessors
11 as needed.
- 12 b. The county tax assessor shall direct the work of all deputy
13 county tax assessors.
- 14 c. (1) The county tax assessor shall be responsible to the county
15 governing body for the efficient operation of his office and of the
16 deputy county tax assessors within the pilot county.
- 17 (2) The county tax assessor shall determine employment
18 jurisdictions for deputy county tax assessors under his supervision,
19 however, the county governing body shall establish their hours of
20 employment, the terms and conditions of their employment, and fix
21 their compensation.
- 22 d. The county tax assessor shall establish a permanent central
23 office within the pilot county, and may authorize additional
24 permanent or temporary district offices within the pilot county,
25 within the limits of funds made available for those purposes by the
26 county governing body.
- 27 e. (1) The county tax assessor may request that the county
28 governing body employ such additional professional and clerical
29 assistants as are necessary for the performance of his duties.
- 30 (2) Any professional or clerical assistants supervised by the
31 county tax assessor shall be employees of the pilot county.
- 32 f. After December 31 of the third full year next following
33 enactment of P.L. , c. (C.) (pending before the Legislature
34 as this bill), the position of county tax administrator is abolished in
35 the pilot county.
36
- 37 7. (New section) The county tax assessor shall:
- 38 a. supervise the deputy county tax assessors and, when
39 appropriate, recommend the removal of a deputy county tax
40 assessor for failure to adhere to standards of performance adopted
41 by the director or schedules or standards adopted pursuant to
42 P.L. , c. (C.) (pending before the Legislature as this bill);
- 43 b. assure compliance with standards adopted by the director for
44 staff of the deputy county tax assessors, office space, equipment,
45 and other resources;
- 46 c. notify the county tax board of any revaluation, or complete or
47 partial reassessment, which may be necessary and appropriate for a
48 taxing district, and monitor the progress and review, revise or

1 correct the results of any revaluation or reassessment which may be
2 ordered by the county tax board;

3 d. monitor the progress, and review, revise, or correct the results
4 of any other revaluation or reassessment conducted within his
5 jurisdiction;

6 e. review, revise, and correct all property assessment lists
7 prepared by the deputy county tax assessors within the pilot county;

8 f. provide such technical and professional assistance as may be
9 requested by deputy county tax assessors, and as may be practicable
10 within the support provided for the county tax assessor by the
11 county governing body; and

12 g. perform any other tasks which the director deems necessary to
13 ensure the valuation of property within the pilot county pursuant to
14 law.

15

16 8. (New section) a. The county tax assessor, through a staff of
17 deputy county tax assessors, shall locate, identify, and determine
18 the taxable status of property within every municipality within the
19 pilot county, determine the taxable value of the property, and
20 prepare tax lists and tables of aggregates and equalization in the
21 same form and manner as is provided under chapter 4 of Title 54 of
22 the Revised Statutes, pursuant to a schedule established by the
23 county tax assessor.

24 b. The county tax assessor shall be responsible for reviewing,
25 revising, and correcting all work done by the staff of deputy county
26 tax assessors within the pilot county.

27

28 9. (New section) a. Whenever any law, rule or regulation
29 provides for the review, revision or correction of an assessor's list
30 or duplicate, or a list of added or omitted properties, that review,
31 revision or correction shall be performed by the county tax assessor
32 in the pilot county, except any correction performed as the result of
33 an assessment appeal, which correction shall be made by the county
34 board of taxation after notice to the county tax assessor.

35 b. Any reference in any law, rule, or regulation to a revised and
36 corrected assessor's list or duplicate in the pilot county, except in
37 the case of a revision or correction made pursuant to an assessment
38 appeal, shall mean the list or duplicate reviewed, revised or
39 corrected by the county tax assessor.

40

41 10. (New section) Notwithstanding any law to the contrary, the
42 county tax assessor shall make the annual tax list and property
43 values for each municipality available for public inspection within
44 that municipality. Following the completion of the three-year
45 phase-in schedule pursuant to section 12 of P.L. , c. (C.)
46 (pending before the Legislature as this bill), sufficient staff shall be
47 present in each district office authorized within the pilot county
48 pursuant to subsection c. of section 6 of P.L. , c. (C.)

1 (pending before the Legislature as this bill) to assist the county tax
2 assessor and to answer questions and address concerns that
3 taxpayers have in reference to the assessment values and other
4 property assessment and tax-related matters.

5
6 11. (New section) A hiring preference shall be given to tenured,
7 certified tax assessors, deputy tax assessors, and to county tax
8 administrators for the filling of staff positions in the office of the
9 county tax assessor. Pension rights for those hired for staff
10 positions shall be transferred.

11
12 12. (New section) The county tax assessor, in consultation with
13 every municipal governing body and municipal tax assessor, shall
14 promulgate a three-year schedule for the abolishment of the office
15 of municipal tax assessor for every municipality within the pilot
16 county. Thereafter, with respect to those municipalities, any
17 reference in law to the duties and responsibilities of the office of
18 municipal tax assessor pertaining to the assessment and
19 reassessment of property shall be construed in the context of the
20 statutory scheme of sections 1 through 15 of P.L. , c. (C.)
21 (pending before the Legislature as this bill) to mean the deputy
22 county tax assessor under the supervision of the county tax
23 assessor. Any reference in law to the office of municipal tax
24 assessor which conflicts in whole or in part with sections 1 through
25 15 of P.L. , c. (C.) (pending before the Legislature as this
26 bill), particularly with regard to the appointment, employment, and
27 removal of municipal tax assessors, shall be construed to have been
28 repealed in whole or in conflicting part, with respect to
29 municipalities located within the pilot county, by the provisions of
30 sections 1 through 15 of P.L. , c. (C.) (pending before the
31 Legislature as this bill).

32
33 13. (New section) a. A serving municipal tax assessor or
34 deputy tax assessor who holds tenure in the position, or who has
35 obtained a certified tax assessor certificate immediately prior to the
36 appointment of the first county tax assessor pursuant to section 4 of
37 P.L. , c. (C.) (pending before the Legislature as this bill),
38 shall be entitled to preference with regard to the appointment of
39 deputy county tax assessors pursuant to subsection a. of section 6 of
40 P.L. , c. (C.) (pending before the Legislature as this bill);
41 provided, however, that the person is not also employed in the tax
42 assessor's office of a municipality that is located outside of the pilot
43 county.

44 b. Each person appointed as a deputy county tax assessor shall
45 acquire tenure in office after serving three continuous years in the
46 office. Thereafter, a deputy county tax assessor shall hold office
47 during good behavior, efficiency, and residence in the pilot county,
48 and shall not be removed for political reasons or for any cause other

1 than incapacity, misconduct, nonresidence, disobedience of rules or
2 regulations established by the director or by the county governing
3 body, failure to meet the standards of performance established by
4 the director, or schedules or standards adopted pursuant to P.L. ,
5 c. (C.) (pending before the Legislature as this bill).

6
7 14. (New section) In accordance with the phase-in schedule
8 promulgated by the county tax assessor pursuant to section 12 of
9 P.L. , c. (C.) (pending before the Legislature as this bill),
10 the county tax administrator for the pilot county, in consultation
11 with the county governing body and the county tax assessor, shall
12 effectuate the transfer of the property assessment function in all of
13 the municipalities within the pilot county to the county tax assessor.

14
15 15. (New section) The Director of the Division of Taxation in
16 the Department of the Treasury shall adopt rules and regulations
17 concerning the valuation of property in the pilot county to
18 effectuate the purposes of sections 1 through 14 of P.L. , c.
19 (C.) (pending before the Legislature as this bill). The rules
20 and regulations shall include provisions permitting segmental
21 assessment.

22
23 16. Section 5 of P.L.2007, c.54 (C.52:27D-505) is amended to
24 read as follows:

25 5. a. (1) The commission shall study and report on the structure
26 and functions of county and municipal government, including local
27 taxing districts, their statutory bases, including the fiscal
28 relationship between local governments, and the appropriate
29 allocation of service delivery responsibilities from the standpoint of
30 efficiency. The study of the transfer of the municipal tax
31 assessment function to the county through the appointment of a
32 county tax assessor and deputy county tax assessors in a pilot
33 county pursuant to the "County Property Assessment Reform Act,"
34 sections 1 through 15 of P.L. , c. (C.) (pending before the
35 Legislature as this bill), shall be conducted in consultation with the
36 Director of the Division of Taxation in the Department of the
37 Treasury.

38 (2) The commission shall recommend legislative changes which
39 would encourage the more efficient operation of local government.
40 These changes may include the structural and administrative
41 streamlining of county and municipal government functions,
42 including but not limited to, the transfer of functions from one level
43 of government to another, and the use or establishment of regional
44 service delivery entities.

45 (3) The commission shall also consider optimal service levels,
46 ratios of employees to population served, cost structures for service
47 delivery, and other best practices.

1 Within two years following the effective date of **[this act]**
2 P.L.2007, c.54 (C.52:27D-501 et al.), the commission shall report
3 its findings to the Governor, the President of the Senate, and the
4 Speaker of the General Assembly; provided, however, that findings
5 concerning the transfer of the municipal tax assessment function to
6 the county through the appointment of a county tax assessor and
7 deputy county tax assessors shall be reported on or before February
8 1 of the sixth year next following the effective date of P.L. , c.
9 (C.) (pending before the Legislature as this bill).

10 b. Based on its findings pursuant to paragraph **[3]** **(3)** of
11 subsection a. of this section, the commission shall develop criteria
12 to serve as the basis for recommending the consolidation of specific
13 municipalities, the merger of specific existing autonomous agencies
14 into the parent municipal or county government, or the sharing of
15 services between municipalities or between municipalities and other
16 public entities. Recommendations for sharing services may result
17 from a study focusing exclusively on the sharing of services or may
18 result from a study examining potential consolidation.
19 Municipalities to be considered for consolidation shall be within the
20 same county and shall also be situated within the same legislative
21 district.

22 The criteria to govern a study to examine consolidation or the
23 sharing of services shall include, but need not be limited to:

24 (1) a consideration of geographic factors, such as a shared
25 boundary, or in the case of the recommended consolidation of more
26 than two local units, that the consolidated local unit will have a
27 contiguous boundary;

28 (2) an analysis of the economic costs and benefits of
29 consolidation or the sharing of services, as the case may be,
30 including potential tax savings and reductions in government costs
31 through economies of scale;

32 (3) measures to ensure that costs and benefits of consolidation or
33 service sharing are distributed equitably across the entire
34 community; and

35 (4) measures to safeguard the interests of communities in the
36 municipalities for which consolidation is recommended.

37 The commission shall give priority to local units that volunteer
38 to be studied.

39 c. When a municipal consolidation is recommended by the
40 commission, the commission shall substitute for a joint municipal
41 consolidation study commission that would be formed pursuant to
42 section 7 of the "Municipal Consolidation Act," P.L.1977, c.435
43 (C.40:43-66.41) or any other statute governing municipal
44 consolidation, and no voter approval shall be required to create the
45 study commission.

46 d. When a consolidation or shared service is recommended by
47 the commission, the commission shall recommend **[for]** State
48 funding for any extraordinary expenses necessitated by the

1 consolidation plan or shared service agreement. The commission
2 shall recommend that this funding be provided either by funds made
3 available to the commission for that purpose or by the Legislature
4 or State Treasurer as part of the annual State budget process.
5 (cf: P.L.2007, c.54, s.5)

6

7 17. This act shall take effect immediately.

8

9

10 *SPONSOR'S* STATEMENT

11

12 This bill establishes a pilot program in Gloucester County for the
13 transfer of the municipal property tax assessment function to a
14 county tax assessor. Gloucester County is an appropriate county for
15 this pilot program because its area and population density generally
16 fall within the middle of the 21 counties and so the results of this
17 pilot program should be more easily generalized to both the larger
18 and smaller counties. The pilot program would require the
19 appointment of a county tax assessor and the transfer of the
20 assessment function to the county tax assessor over a three-year
21 period, in accordance with a schedule developed by the county tax
22 assessor. The transfer of the assessment function will require the
23 revaluation of all municipalities within the county to create
24 uniformity of assessment throughout the county-wide assessment
25 district. The county tax assessor would have the authority to assist
26 in the orderly revaluation of all of the municipalities within the pilot
27 county, including the authority to grant a municipality a waiver
28 from the revaluation requirement if the municipality has
29 implemented a revaluation within the preceding 18 months. The
30 county tax assessor would be aided by deputy county tax assessors,
31 appointed by the county board of chosen freeholders. It is
32 anticipated that monies from the SHARE program will be made
33 available to the municipalities in Gloucester County to pay for the
34 revaluations in order to implement this pilot program. The bill
35 would require the "Local Unit Alignment, Reorganization, and
36 Consolidation Commission" to study this pilot program and, in
37 consultation with the Director of the Division of Taxation in the
38 Department of the Treasury, and issue a report no later than
39 February 1 of the sixth year of the pilot program.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3722

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2009

The Assembly Budget Committee reports favorably Assembly Bill No. 3722, with committee amendments.

The bill, as amended, establishes a pilot program in Gloucester County for the transfer of the municipal property tax assessment function to a county assessor.

The pilot program would require the appointment of a county assessor and the transfer of the assessment function to the county assessor over a three-year period, in accordance with a schedule developed by the county assessor. The transfer of the assessment function would require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district.

As amended, the bill requires the pilot county to pay the costs associated with the municipal revaluations. The amendments also require the State to reimburse the pilot county for the costs associated with the revaluation from either the "Sharing Available Resources Efficiently" account or the Consolidation Fund established by the State fiscal year 2009 Appropriations Act at the end of the three year period during which the revaluations occur. Monies paid by the pilot county to the municipality for the purpose of conducting the revaluations and the pilot county's administrative start-up costs would not be included or considered as part of the county tax levy or adjusted county tax levy.

As amended, the legislator authorizes the county assessor to assist in the orderly revaluation of all of the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 24 months. The county assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. As amended, the bill provides that all payment in lieu of taxes and tax abatement programs shall be unaffected by the pilot program. In the event a county assessor wishes to settle a property tax appeal, the assessor must inform the municipality in which the property is located of his intention to settle the appeal.

Finally, the bill would require the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program and, in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

COMMITTEE AMENDMENTS:

The committee amended the bill to replace the terms "county tax assessor" and "deputy county tax assessor" with "county assessor" and "deputy county assessor" throughout the bill.

The committee amended section 5 of the bill to clarify that the cost of revaluations shall be paid by the State to the pilot county at the end of the three year period during which the municipalities shall conduct the revaluation. The State shall reimburse the county from either the SHARE program or the Consolidation Fund. The amendment exempted monies paid to the municipalities for this purpose, as well as funds expended by the pilot county for the start-up costs of this program, from the county's tax levy or adjusted tax levy. The committee also amended the bill to exempt from the revaluation requirement a municipality that has conducted a revaluation within the past 24 months.

The committee amended section 14 of the bill to clarify that all current and pending assessment and abatement programs under the "Long Term Tax Exemption Law" and the "Five Year Exemption and Abatement Law" shall remain in effect. The amended bill requires the county assessor to inform the municipality prior to settlement of any property tax appeal concerning a property located within the municipality.

FISCAL IMPACT:

As amended, the bill requires the pilot county (Gloucester County), to bear the cost of conducting a real property revaluation in any municipality that did not do so within 24 months prior to the effective date of the bill. The State would reimburse the county for these costs following the completion of the three-year real property revaluation period. The reimbursements will be paid in equal installments over another three-years. Thus, if this bill were to become law, the State would not incur those costs until FY 2013, FY 2014, and FY 2015. The Division of Taxation has estimated the average cost of a revaluation to be \$79.45 per line item and there are 110,694 line-items in the pilot county ($\$79.45 \times 110,694 = \$8,794,638$).

FISCAL NOTE
ASSEMBLY, No. 3722
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: MAY 12, 2009

SUMMARY

Synopsis: Establishes pilot program in Gloucester county, transferring municipal tax assessment function to county through appointment of a county tax assessor and deputy county tax assessors.

Type of Impact: Increased expenditure from the Property Tax Relief Fund and potential cost to the State General Fund. Indeterminate costs to county governments. Indeterminate costs and savings to municipal governments.

Agencies Affected: Division of Taxation; local governments

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Costs			
State	None	\$4.4 million	\$4.4 million
Local	Indeterminate - See comments below		

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4 and Beyond</u>
Costs				
State	\$2.93 million	\$2.93 million	\$2.93 million	None
County	Indeterminate - See comments below - Indeterminate			
Municipal	Indeterminate - See comments below			None
Municipal Savings		None		Indeterminate – See comments below

- The Office of Legislative Services (OLS) generally **concurs** with the Executive estimate for Assembly Bill No. 3722. The enactment of this bill would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The Department of Community Affairs has noted that the remaining balance in the Sharing Available Resources Efficiently (SHARE) program account is \$4 million, after fund balances were reduced by the State Treasurer in response to

the current budget shortfall. The implementation of this measure would require an additional appropriation by the Legislature.

- The OLS cannot provide a local cost estimate for this bill because the budget for the office of county property tax assessor will be set by the governing body of the pilot county.
- While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor.

BILL DESCRIPTION

Assembly Bill No. 3722 of 2009 establishes a pilot program in Gloucester County for the transfer of the municipal property tax assessment function to a county tax assessor. The pilot program would require the appointment of a county tax assessor and the transfer of the assessment function to the county tax assessor over a three-year period, in accordance with a schedule developed by the county tax assessor. The transfer of the assessment function will require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district. The county tax assessor would have the authority to assist in the orderly revaluation of all the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 18 months. The county tax assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. It is anticipated that monies from the SHARE program will be made available to the municipalities in Gloucester County to pay for the revaluations in order to implement this pilot program. The bill requires the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

According to the Division of Taxation in the Department of the Treasury, the enactment of Assembly Bill No. 3722 would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The administrative costs of this measure would be borne entirely by the pilot county (Gloucester County). The division has indicated that there is no way to reliably estimate these costs. Funds for any and all required revaluations within the pilot county would be made available through the SHARE program. If all communities within the pilot county were required to conduct a revaluation, the total costs would be \$8.8 million. The division has estimated the average cost of a revaluation to be \$79.45 per line item and there are 110,694 line-items in the pilot county. The bill requires all revaluations in the pilot county to be completed at the end of the third year following enactment, therefore the division assumes that the expenditure of these funds would occur in the first two years following enactment. Assuming that half of the required revaluations are initiated in each of the first two years, this would result in an impact to the Property Tax Relief Fund of \$4.4 million in FY 2010 and \$4.4 million in FY 2011.

The Department of Community Affairs has noted that the remaining balance in the SHARE program account is \$4 million, after fund balances were reduced by the State Treasurer in response to the current budget shortfall. The implementation of this measure would require an additional appropriation by the Legislature.

OFFICE OF LEGISLATIVE SERVICES

The OLS generally concurs with the Executive estimate for Assembly Bill No. 3722. The OLS cannot provide a local cost estimate for this bill because the budget for the office of county tax assessor will be set by the governing body of the pilot county. Any municipal government that has not conducted a revaluation within 18 months of the effective date of the bill may incur costs in Years 1 to 3 when it conducts the real property revaluation required by the bill to the extent that those revaluation costs are not paid through monies made available through the SHARE program. While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor. In closing, the OLS cannot estimate whether or not this bill would result in lowering overall costs of property tax assessment administration, no matter what level of government is charged with execution of that function.

Section: Local Government
Analyst: Scott A. Brodsky
Assistant Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3722

STATE OF NEW JERSEY 213th LEGISLATURE

DATED: JUNE 30, 2009

SUMMARY

- Synopsis:** Establishes pilot program in Gloucester County, transferring municipal tax assessment function to county through appointment of a county assessor and deputy county assessors.
- Type of Impact:** Increased expenditure from Property Tax Relief Fund and potential cost to State General Fund. Indeterminate costs to government of pilot county. Indeterminate savings to municipal governments.
- Agencies Affected:** Division of Taxation; local governments

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1 to 3</u>	<u>Year 4 and Beyond</u>
State Cost	None	\$8.8 million
County Cost	Indeterminate – See comments below	
Municipal Savings	None	Indeterminate – See comments below

- The Office of Legislative Services (OLS) has determined that the enactment of this bill would result in additional costs of \$8.8 million to the Property Tax Relief Fund. As amended, the bill would result in increased county costs in FY 2010, FY 2011, and FY 2012. State costs would be deferred until FY 2013, FY 2014, and FY 2015.
- According the New Jersey Comprehensive Financial System, the remaining balance in the Sharing Available Resources Efficiently (SHARE) program account is \$4.4 million. The Consolidation Fund has an outstanding balance of \$17.5 million.
- While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor.

BILL DESCRIPTION

Assembly Bill No. 3722 (1R) of 2009 establishes a pilot program in Gloucester County for the transfer of the municipal property assessment function to a county assessor. The pilot program would require the appointment of a county assessor and the transfer of the assessment function to the county assessor over a three-year period in accordance with a schedule developed by the county assessor. The transfer of the assessment function would require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district. The bill requires the pilot county to pay the costs associated with the municipal revaluations. The bill also requires the State to reimburse the pilot county for the costs associated with the revaluation from either the SHARE program or the Consolidation Fund at the end of the three-year period during which the revaluations occur. Monies paid by the pilot county to the municipality for the purpose of conducting the revaluations and the pilot county's administrative start-up costs would not be included or considered as part of the county tax levy or adjusted county tax levy.

The bill grants the county assessor the authority to assist in the orderly revaluation of all the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 24 months. The county assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. The bill provides that all payments in lieu of taxes and tax abatements shall be unaffected by the program. In the event a county assessor wishes to settle a property tax appeal, the assessor must inform the municipality in which the property is located of his intention to settle the appeal. Finally, the bill would require the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program and, in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

In a fiscal note issued for a prior version of this bill, the Division of Taxation in the Department of the Treasury estimated that the enactment of this legislation would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The administrative costs of this measure would be borne entirely by the pilot county (Gloucester County). The division has indicated that there is no way to reliably estimate these costs. Funds for any and all required revaluations within the pilot county would be made available through the Consolidation Fund and the SHARE program. If all communities within the pilot county were required to conduct a revaluation, the total costs would be \$8.8 million. The division has estimated the average cost of a revaluation to be \$79.45 per line item, and there are 110,694 line-items in the pilot county ($\$79.45 \times 110,694 = \$8,794,638$).

OFFICE OF LEGISLATIVE SERVICES

In a prior fiscal estimate, the OLS **generally concurred** with an Executive Branch estimate that the enactment of this legislation would result in additional costs of \$8.8 million to the Property Tax Relief Fund. The Division of Taxation estimated that the bill would cost \$4.4 in both the second and third years following its enactment, while the OLS estimated that the bill

would cost the State \$2.93 million in each of the first three years following its enactment. Previous versions of this legislation required affected municipalities to bear the costs of conducting a real property revaluation in the first three years following the enactment of the bill. Those previous versions also allowed for either the repayment or reimbursement of those costs during that same three-year time frame with funds from either the Consolidation Fund or the SHARE program.

Amendments to the bill now require the pilot county (Gloucester County), to bear the cost of conducting a real property revaluation in any municipality that did not do so within the 24 months prior to the effective date of the bill. The State would reimburse the pilot county for these costs following the completion of the three-year real property revaluation period. The reimbursements will be paid in equal installments over another three-years. Accordingly, if this bill were to become law, the pilot county would incur those costs in FY 2010, FY 2011, FY 2012, while State costs would be deferred until FY 2013, FY 2014, and FY 2015.

The OLS notes that the budget for the office of county tax assessor will be set by the governing body of the pilot county. While municipal governments would not see cost savings in the near term, they will achieve cost savings in Year 4 and beyond because the county government will assume the costs of office space, staff, and supplies for the office of county tax assessor. In closing, the OLS cannot estimate whether or not this bill would result in lowering overall costs of property assessment administration, no matter what level of government is charged with execution of that function.

Section: Local Government
Analyst: Scott Brodsky
Associate Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C. 52:13B-1 et seq.).