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FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT NEW JERSEY PROPERTY TAXES

PROPERTY TAX OVERVIEW

1. What are Property Taxes?

“New Jersey's real property tax is an ‘ad valorem tax,’ or a tax according to value. All real property is assessed according to the same standard of value except for qualified agricultural or horticultural land. The standard measure of property value is "true value" or market value, that is, what a willing, knowledgeable buyer would pay a willing, knowledgeable seller on the open market at a *bona fide* sale as of the statutory October 1 pretax year assessment date.”

Source: <http://www.state.nj.us/treasury/taxation/index.html?lpt/genlpt.htm~mainFrame>

2. How is Real Property Taxed in New Jersey?

“All real property taxes in New Jersey are assessed at the municipal level. There are 567 municipalities in New Jersey and each of them has an assessor who is responsible for maintaining the assessment rolls and keeping them current. . . . Assessments are made as of October 1 of the pretax year, the tax year being that 12-month period which commences on the following January 1. . . . [T]he municipal tax assessor is required to determine the full and fair value of each parcel in his or her taxing district on the basis of what, in the assessor’s judgment, the property would sell for at a *bona fide* sale by a private contract on October 1 of the pretax year . . .”

Source: David E. Crabtree, NEW JERSEY PRACTICE, STATE AND LOCAL TAXATION. 6.1, 7.1 (1999).

3. How are Property Taxes Calculated?

“The local property tax rate is determined each year by the County Board of Taxation for each municipality by relating the total amount of tax levy to the total of all assessed valuations taxable. Expressed in \$1 per \$100 of taxable assessed value, the tax rate is a multiplier for use in determining the amount of tax levied upon each property.”

Source: <http://nj.gov/treasury/taxation/text/lpt/fieldinf.txt.htm>

4. What Determines the Total Amount of Taxes that a Taxing District Needs to Collect?

“County, municipal and school budget costs determine the amount of property tax to be paid. A town's general tax rate is calculated by dividing the total dollar amount it needs to raise to meet local budget expenses by the total assessed value of all its taxable property. An individual's property taxes are then calculated by multiplying that general tax rate by the assessed value of his particular property. Because of New Jersey's strong "home rule" concept of government, the State does not participate in the making of local budgets, nor does it receive any of the property taxes collected.”

Source: <http://www.state.nj.us/treasury/taxation/index.html?lpt/genlpt.htm~mainFrame>

5. Mathematically, How are My Property Taxes Calculated?

$(\text{Assessed value} \div 100) \times \text{Tax Rate} = \text{Amount of Taxes}$

Source: <http://www.state.nj.us/treasury/taxation/index.html?lpt/genlpt.htm~mainFrame>

6. When are Property Taxes Due?

Taxes are due on February 1, May 1, August 1 and November 1.

Source: <http://www.state.nj.us/treasury/taxation/index.html?lpt/genlpt.htm~mainFrame>

EQUALIZATION OVERVIEW

7. What is an Equalization Ratio?

“New Jersey's equalization program is designed to ensure that each taxing district, as a whole, is treated equitably. Equalized valuations are used to apportion among taxing districts within a county the costs of county government; as a component of the formula used for the distribution of school aid; and for the distribution of costs of school districts covering more than one municipality. The principal part of the work of equalization lies in determining the aggregate true value of all real estate in each of the state's 566 taxing districts. This figure is established by a program of assessment- sales ratio analysis. Procedures of sales data collection and analysis have been developed by the Property Administration Branch of the Division of Taxation but the success of the process requires the cooperation of every county board of taxation and every local tax assessor.”

Source: <http://www.state.nj.us/treasury/taxation/index.html?lpt/genlpt.htm~mainFrame>

8. What is the Purpose of an Equalization Ratio?

“The primary purpose of a county equalization table “is to promote *inter* municipal equality, *i.e.*, a fair proportionate distribution of the county tax burden among the

municipalities in the county, with the county board utilizing any method it deems appropriate to accomplish the result. *See City of Passaic v. Passaic County Bd. of Taxation, supra*, 18 N.J. at 377, 113 A.2d 753. A method of equalization is acceptable so long as it is fair over the long run and substantially free from disparity of method as between taxing districts. *Little Falls Twp. v. Passaic Cty. Bd. of Taxation*, 139 N.J. Super. 170, 353 A.2d 120 (App.Div.1976). In the quest for a fair apportionment of the county tax burden, exactitude is neither expected nor required; the essential elements are uniformity and equality in the application of the apportionment method selected. *Washington Tp. v. Burlington Cty. Bd. of Tax.*, 7 N.J. Tax 1 (Tax 1984); *Sayreville Boro. v. Middlesex Cty. Bd. of Taxation*, 133 N.J. Super. 46, 53, 335 A.2d 75 (App. Div. 1975).”

Source: *Bloomfield Twp. v. Essex County Tax Adm'r*, 12 N.J. Tax 543, 549-550 (Tax 1992).

REVALUATIONS AND REASSESSMENTS OVERVIEW

9. What is a Revaluation?

A “tax revaluation is the adjustment of the tax level to slow or stop the rise in tax-revenue as the price of a taxable asset increases. This is considered a fiscally conservative measure to encourage spending. One common usage is the tax revaluation of real estate property to counter a rise in land value. This way, even as property values rise (whether due to increased demand, better government services, or inflation), residents and businesses still pay the same amount of money.”

Source: <http://en.wikipedia.org/wiki/Revaluation>

10. What is a Reassessment?

“A reassessment is a program undertaken by a municipality to appraise all real property inside its borders according to its “full and fair value.” A revaluation and a reassessment are synonymous, the difference between them is that a reassessment is completed by the municipal Tax Assessor and a revaluation is completed by an outside firm.”

Source: <http://manchestertownshipnj.org/assessor/assessor.htm>

11. What Occurs During the Reassessment Process?

“During a reassessment, both the interiors and exteriors of each property are physically inspected and building dimensions are noted. The exterior of the property may also be photographed by the inspector.

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In addition, recent sales of comparable properties are analyzed and may be adjusted to estimate the value of property that has not been sold. Property, typically purchased for investment purposes, is studied in terms of its income-producing capability.

The Real Property Appraisal Manual for New Jersey Assessors, prepared by the New Jersey Division of Taxation, is used in estimating replacement cost values, especially for residential properties.

All information believed to influence value will be gathered, reviewed and analyzed in order to make a proper determination of each property's full and fair value.

A word of caution: Each property inspector should have a photo identification visibly displayed. It should show the name of the municipality as well as the individual's name. The inspector should provide a Letter of Introduction on municipal letterhead that contains a telephone number for questions or concerns. Ask to see the credentials of anyone seeking to enter your home and do not admit anyone who cannot produce this identification."

Source: <http://manchestertownshipnj.org/assessor/assessor.htm>

12. Will I Have to Let the Tax Assessor Into My House?

"If you're not home on the inspector's first visit, a notice will be left asking you to call for an appointment. If you don't call for an appointment, a second visit to your property will take place within a few weeks of the initial visit. If the representative is unable to inspect your home or if you refuse entry, the interior information will be estimated. This may cause your home's valuation to be at the highest level for your property type."

Source: <http://manchestertownshipnj.org/assessor/assessor.htm>

13. Will My Taxes Increase After a Reassessment or a Revaluation?

"Depending on the value of your property and relative tax levies, your taxes may increase, decrease or remain stable. Although a reassessment usually results in a change of nearly every individual assessment, it does not mean that all property taxes will increase. Assessments are the base used to apportion the tax burden. The tax burden is the amount that your municipality must raise for the operation of county and local government and the support of the school system.

A reassessment does not necessarily mean an increase in taxes for every homeowner. The tax rate will go down significantly in 2009 to compensate for the increase in the

assessed values. Since not all properties have appreciated in value at the same rate, some tax bills will go up, some will stay the same and others will go down.”

Source: <http://manchestertownshipnj.org/assessor/assessor.htm>

Tax APPEALS

14. General Tax Appeal Information

“The Assessment of the property is the value in use established by the Assessor. As with any other appraisal it is not an exact science. If a taxpayer feels that they are being assessed unfairly they have the right to appeal the assessment through the County Tax Board. However, taxpayers must understand that an assessment appeal is not a complaint about higher taxes. It is an attempt to prove that your property’s estimated market value is either inaccurate or unfair.

You may appeal when you can prove at least one of three things:

- Items that affect value are incorrect on your property record. Example: You have one bath, not two. You have a carport and not a garage. The size of your home is inaccurate.
- The estimated market value is too high. You have evidence that similar properties have sold for less than the estimated value of your property.
- Estimated market value of your property is accurate but inequitable because it is higher than the estimated value of similar properties.

Reminder – You will not win an appeal because you think your taxes are too high. This issue must be taken up with the officials who determine budgets. However, you may be eligible for tax relief or exemptions. This information can be obtained under Exemptions and Deduction Information.

The Assessment Notification mailed out to all property owners in February will provide aggrieved taxpayers with all of the information necessary to file the appeal.

Once the appeal is considered, an informal review can be arranged with the Assessor. Most of the information in the Assessor’s Office is public. This information can be useful in preparing an appeal. Gather as much information as you can on similar properties in your neighborhood. The Assessor’s Office has a sales book established to assist the public with information on recent sales. Compare the features of these properties to the features of yours. If there are differences, the values of the properties may be different.

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When you meet with the Assessor you should verify the information on your property record card, make sure you understand how your value was estimated, discover if the value is fair compared with values of similar properties in your neighborhood, and understand how to file a formal appeal, if you still want to appeal. The Assessor may not commit to a change in value at this meeting, even though you may have uncovered an error or the assessment appears to be inequitable. View the Assessor's Office as an ally, not an adversary.

Residential appeals are often settle[d] [sic] at the local level. If you are not satisfied with the results of your informal review you have several more opportunities. The first level of formal appeal is usually the County Tax Board. ["If the assessed value of the property subject to the appeal exceeds \$750,000, a taxpayer or taxing district may file a petition of appeal with the county board of taxation or a complaint with the Tax Court in accordance with Tax Court rules."] Your appeal is more successful if you present evidence that comparable properties in the same neighborhood are assessed for less than yours. A recent appraisal of your own property may be good evidence of its value. The Tax Board will be interested only in the fairness and accuracy of the value placed on your property, not in whether you can afford to pay your taxes or whether taxes are too high.

If you disagree with the County Tax Board decision, it can be further appealed to the New Jersey Tax Court."

Source: http://www.ci.perthamboy.nj.us/html/property_assessment.html;

Embedded quote: http://www.state.nj.us/treasury/taxation/pdf/other_forms/lpt/petappl.pdf

15. What is the Filing Deadline to File a Tax Appeal in New Jersey?

"(a) Your appeal must be ***received*** (not merely postmarked) by the county board of taxation on or before **April 1** of the tax year, or 45 days from the date the bulk mailing of Notification of Assessment is completed in the taxing district, whichever is later. An appeal received after the close of business hours on April 1, or 45 days from the date the bulk mailing of Notification of Assessment is completed in the taxing district, whichever is later, is untimely filed and will result in dismissal of the appeal. **If the subject property lies within a taxing district where a municipal-wide revaluation or municipal-wide reassessment has been implemented, your appeal must be received** (not merely postmarked) by the county board of taxation on or **before May 1 of the tax year**. If the last day for filing an appeal falls on a Saturday, Sunday, or legal holiday, the last day shall be extended to the first succeeding business day.

(b) A taxpayer will have 45 days to file an appeal upon issuance of Notification of Change of Assessment.

(c) Should the assessor fail for any reason to mail or deliver a Notification of

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Assessment or a Notification of Change in Assessment, the county board of taxation may, upon the written application of the taxpayer and with the approval of the Director of the Division of Taxation, grant a reasonable extension of time to file an appeal.”

Source: http://www.state.nj.us/treasury/taxation/pdf/other_forms/lpt/petappl.pdf (emphasis added)

16. If I Own Several Tracts of Land, Can I File Just One Appeal?

“Separate appeals must be filed for each taxed parcel unless prior approval is granted by the County Tax Administrator.”

Source: <http://www.co.burlington.nj.us/departments/taxation/appeal/instructions.htm>

17. In Order to Change My Assessment, What Do I Have to Prove?

“ONLY THE ASSESSED VALUE CAN BE APPEALED - NOT THE AMOUNT OF TAXES ON YOUR PROPERTY.

In order to determine the taxable value of your property, you must demonstrate what the market value of your property was as of October 1, of the preceding (pre-tax) year. Thus, the petitioner should be prepared to present adequate evidence to support a tax assessment revision as follows:

(a) APPRAISALS

1. A party intending to rely on expert testimony shall furnish to the Board a written appraisal report for the Tax Administrator and each Commissioner and shall furnish one copy of the report to each opposing party at least seven (7) calendar days prior to the hearing. If an appraisal is to be used as evidence, the appraiser must be present to testify to his report.
2. If the municipality intends to rely on its Assessor or a representative of a revaluation company as its expert and if such testimony will involve data and analysis which is not reflected on the property record card, the municipality shall furnish to the Board for the Tax Administrator and each Commissioner copies of a written report reflecting such data and analysis and furnish one copy of the report to each opposing party at least seven (7) calendar days prior to the hearing.
3. The Board in its discretion and in the interest of justice may waive the requirements for the submission of written reports.
4. At the request of the taxpayer-party, the municipality shall also furnish that party with a copy of the property record card for the property under appeal at least seven (7) calendar days prior to the hearing.

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(b) COMPARABLE SALES

Not more than five (5) comparable sales shall be submitted to the Assessor, Clerk and County Tax Board, not later than seven (7) calendar days prior to the hearing if not included with the petition of appeal. The information regarding each comparable sale shall include the block, lot, sale price and deed date.

Note: Comparable assessments are not acceptable as evidence of value.

(c) STATEMENT ACCOMPANYING PETITION OF APPEAL FOR INCOME PRODUCING PROPERTY

There shall be attached to a petition appealing an assessment of income producing property an itemized statement showing the amount and source of all income and expenses with respect to such property for the most recently completed accounting year and for such additional years as the Board may request.

(d) OTHER DATA

Subject to the Board's discretion, you may present other relevant information concerning the property under appeal, such as, but not limited to, photographs, survey, cost data, etc.”

Source: <http://www.co.burlington.nj.us/departments/taxation/appeal/instructions.htm>

18. If I am Not Satisfied with the County Board Judgment, What Can I Do?

“The judgment of the County Board of Taxation may be appealed to the Tax Court of New Jersey by filing a complaint with the Tax Court Management Office within 45 days from the date of the service of the judgment (date of mailing). The Tax Court of New Jersey is located at the Richard J Hughes Complex, 25 Market Street , Trenton, New Jersey . Mailing address: CN 972, Trenton , New Jersey 08625-0972.”

Source: <http://www.co.burlington.nj.us/departments/taxation/appeal/instructions.htm>

IMPORTANT DATES TO REMEMBER

- **“October 1st pretax** - Assessment valuation date, values required for the following year tax base. Ownership by this date is required for most deductions and other benefits.
- **February 1st** - Taxpayer assessment notification cards mailed to all property owners. Previous year net taxes bill are included in that notice.

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- **April 1st** - Appeal deadline date for taxpayers to appeal their Assessment. Forms to be obtained and filed with the County Tax Board.
- **[May 1st** - “If the subject property lies within a taxing district where a municipal-wide revaluation or municipal-wide reassessment has been implemented, your appeal must be *received* (not merely postmarked) by the county board of taxation on or before May 1 of the tax year.”]
- **[August 1st** – Farmland Assessment Application: “Application by the owner must be filed on or before August 1st of the year immediately preceding the tax year.”]
- **October 1st** - Filing of Added Assessment List with County Tax Board. Added Assessment Notices sent out to those properties owners who have improvements completed and inspected by the Assessor.
- **November 1st** - Filing Deadline for Tax Exempt Organization Initial Statements. Deadline for Tax Exempt Organization Further Statements every third year after original filing. Taxes due for Added Assessment Bill.
- **December 1st** - Deadline for filing of Added Assessment Appeal with the County Tax Board.
- **December 31st** - Deadline for filing of Senior Citizen and Veteran Deduction Applications for the next year, thereafter with the Tax Collector during the tax year.”

Source: http://www.ci.perthamboy.nj.us/html/property_assessment.html

Embedded quote 1: http://www.state.nj.us/treasury/taxation/pdf/other_forms/lpt/petappl.pdf

Embedded quote 2: <http://www.twp.freehold.nj.us/departments/Tax-Assessor/farmland-assess-app.asp>

THE DEADLINE FOR FILING AN APPEAL IN NEW JERSEY IS APRIL 1st.

THE DEADLINE FOR FILING AN APPEAL IN ANY DISTRICT WHERE A REVALUATION OR REASSESSMENT HAS OCCURRED IS MAY 1ST.

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