

# ASSESSMENT DEMONSTRATION PROGRAM

P.L. 2013, Ch. 15

## UPDATE PACKAGE

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### Excerpt from the Assessor's Handbook:

#### **Maintenance of the Revaluation.**

A revaluation program is an expensive undertaking for any municipality. The resulting assessment upgrades should not be allowed to deteriorate during the years after the revaluation's completion. Adequate provisions should be made to keep the revaluation up-to-date. Unless values are annually maintained, within a few years a subsequent revaluation may have to be undertaken, at a higher cost to the community.

**REFERENCES: Local Property Tax Bureau News, February, 1957, p. 1.**

# Monmouth County Board of Taxation

## ASSESSMENT DEMONSTRATION PROGRAM

### Year-3 2016 Program Adjustments

The *Assessment Demonstration Program* (ADP) is intended to evaluate the efficacy and functionality of a collaborative system of real property assessment which utilizes a revised assessment, and assessment appeal, calendar, advanced appraisal techniques and technology to provide systemic cost reductions and enhanced public service. As part of the five-year pilot program stakeholders annually modify program requirements to enhance service, reduce cost and address unintended consequences. Below please find a summary of the major program enhancements applied for the calendar year 2016 – ADP Year-3.

#### TAX APPEAL JUDGMENT FREEZE ACT

Current law states that in most cases the assessment set by an appeal judgment is held for two additional years. This requirement is referred to as the “Freeze Act”. Within the same law, it states that the Freeze Act does not apply if there is a districtwide revaluation or reassessment. Further, language within the New Jersey Constitution effectively prohibits the Freeze Act in the year of the revaluation. Because the *Assessment Demonstration Program* implements a reassessment every year, there is no Freeze of the prior year judgments.

Having heard from taxpayers and local officials regarding the permanent loss of the Freeze Act the Commissioners of the Tax Board, working with Assemblyman O’Scanlon, took several steps to approximate the controls created by the Freeze Act.

The goal was to ensure that the Assessor was specifically reviewing and verifying any assessment change to prior-year appeal judgments. To accomplish this goal the Tax Board required the Assessor to accept and implement the “Year 3 Implementation requirements” for submitting the 2016 Preliminary Tax List which included the following requirements:

- Analysis of prior year County Board and Tax Court judgments to determine if the most recent market evidence suggests that the judgment should be overturned or held.
- If held, verify judgment is entered into MODIV.
- If held, review similar properties for uniform adjustment.
  - a. Note: Absent new specific market evidence or physical change (added), assessments of prior appeal judgments should typically not see major % changes in the agreed upon assessment.  
**Without other data Prior Appeal Judgments are expected to move up and down with the “observed” average change from one year to the next (applying the known to the unknown).**

To administratively manage the future treatment of County Tax Board appeal judgments the Commissioners of the Tax Board have requested approval to modify the Assessor’s requirements in submitting the Annual Preliminary Tax List. The proposal is to limit an Assessor’s increase of prior year judgments to the year-over-year increase observed in the Director’s Ratio promulgated by the State. Any additional increase would require the Assessor to file an appeal with the County Board of Taxation.

#### YEAR-OVER-YEAR ASSESSMENT VOLITILITY

Supporters of the old-model of assessments state that after the tumultuous first year of a revaluation there is “stability” in the individual assessments but in year-2 of the ADP there continues to be assessment revision. What they have assigned as “assessment stability” is actually just the assessor's inability to correct what is wrong. **This is a FAILING of the old system NOT a strength.** Factually, in year-2 of the old-model many assessments remain inaccurate but the law forbids revision so they have to remain inaccurate until the next

reevaluation. Under-assessed property is to the long-term detriment of all other taxpayers. In the old-model each year after the revaluation, assessment uniformity and accuracy continues to breakdown and the inaccurate distribution of the levy increases. Alternatively, in year-2 of the ADP, and every year thereafter, assessments continue to be adjusted to current market value so that both assessment uniformity and the accuracy of the levy distribution continually improve.

Long-term benefits aside, the changes to individual assessments in the initial years of implementation have been criticized. To help manage this transition the Commissioners of the Monmouth County Board of Taxation have incorporated the following requirement into the “Year 3 Implementation requirements” for submitting the 2016 Preliminary Tax List:

- Research and review all sales within the municipality occurring in the last **36 months** (weight reliance on most recent data).

The purpose of this requirement is to ensure that the Assessor is not simply relying solely upon the most recent or highest sale. The intent of a uniform expansion of the market data sample size is to “smooth” the value estimates year over year thereby addressing concerns of volatility in the first few years of implementation.

## **TAX BOARD OVERSIGHT**

Having instituted Tax List submission requirements that were intended to address the known issues of “prior-year appeal judgment revisions” and “year over year assessment volatility”, the Tax Board conducted a review of each 2016 Preliminary Tax List to confirm compliance. As part of the Tax Board’s review, if greater than 5% of the municipality had assessment changes in excess of 10% or prior-year appeal judgments increased greater than 5% a file shall be delivered to the Assessor identifying those properties for review and explanation.

The purpose of this review process is to ensure that any change implemented by the Assessor is intentional and supported by market evidence. If an error is discovered the Assessor can submit an appeal to correct it.

Under the authority of N.J.S.A. 54:4-46 and 47 the Commissioners of the Monmouth County Board of Taxation shall review and revise all assessments in association with the 2016 Equalization Process. The Commissioners shall determine the scope of this review in the coming weeks.

Finally, there are concerns over the apportionment of shared levies when some towns are maintaining market value through annual reassessments and others towns are equalizing static assessments through the use of the Director’s Ratio. The concern is that the equalized value produced from the Director’s Ratio will often be lower than that which is developed from annual reassessments. A lower equalized value will result in the shifting of the tax levy from one town to another. To address this concern and ensure a more accurate distribution of shared tax levies between towns, the Board shall refine its administration of the sales ratio program. Tax Board staff shall review the treatment of the sales data that is utilized within the annual equalization process. This review seeks to improve the accuracy of the “assessed-value to sales-price” ratio that is the cornerstone of the equalization process. Legislatively the Tax Board is exploring modification of N.J.S.A. 54:4-49 and associated regulation that would require a “post year recalculation of apportionment based on the one-year average sales ratio of all useable sales” to be applied as a further debit and credit.

Moving forward, for 2017 and beyond, the Commissioners of the Monmouth County Board of Taxation shall continue to improve and refine the assessment process both administratively and legislatively where appropriate, to annually ensure increasingly more accurate assessments which lead to the most equitable distribution of the tax levy. The expectation is that each year, with continued data verification, new technology and education, the individual assessments will be held closer to current market value with a reduced variance of assessments.

# 4 GOALS OF THE ASSESSMENT DEMONSTRATION PROGRAM

## PROGRESS REPORT

### 1. Set and maintain Assessments at 100% of current market value.

#### WHY/HOW:

- a. True Transparency
  - i. Taxpayers can understand how they are being taxed
  - ii. No need for Ch. 123 calculations
  - iii. Continuing Education
  - iv. Advanced appraisal techniques
  - v. Technology: Tax Board Portal

#### YEAR 3 - 2016 PROGRESS:

Under the ADP assessments of all properties in the county have been moving towards being maintained at 100% of market value which is more easily understood by taxpayers. All properties shall be maintained at 100% for 2018.

### 2. Increase Assessment accuracy

#### WHY/HOW:

- a. Adherence to the Uniformity Clause of the NJ Constitution
- b. More accurate distribution of municipal levies between neighbors
- c. More accurate distribution of shared levied between towns
- d. If assessments are correct there is no need to appeal

#### YEAR 3 - 2016 PROGRESS:

Assessments in Monmouth County are on average showing a lower Coefficient of Variation.

### 3. Reduce the total cost of the assessment function

#### WHY/HOW?

- a. Appeal calendar
- b. Permanent removal of traditional revaluations
- c. Reduction of multi-year Tax Court appeals

#### YEAR 3 - 2016 PROGRESS:

- o Absent the ADP, Monmouth County Tax Board appeals between 2014 and 2015 would have been cause for **\$12,061,205** "anticipated but not collected taxes" (budgetary shortfall). By placing the appeal process before the annual municipal budgetary process this shortfall was **\$ 0.00**.
- o By requiring the local assessor to perform the valuation and appeal-defense components of a traditional revaluation the reduced cost of internal inspections alone is estimated to save \$28 per parcel every 10 years or \$7,003,752.
- o Many towns are leveraging the authority to perform annual reassessments to mitigate Tax Court appeal filings and refunds.

### 4. Reduce Tax Appeals

#### WHY/HOW:

- a. See appeal history under ADP

#### YEAR 3 - 2016 PROGRESS:

2016 County Tax Board appeals are down **19.6%** (1,186) from 2015. (Wall Twp is estimated).

# MONMOUTH COUNTY PROPERTY TAX BILL COMPARISON 2014 to 2015

1

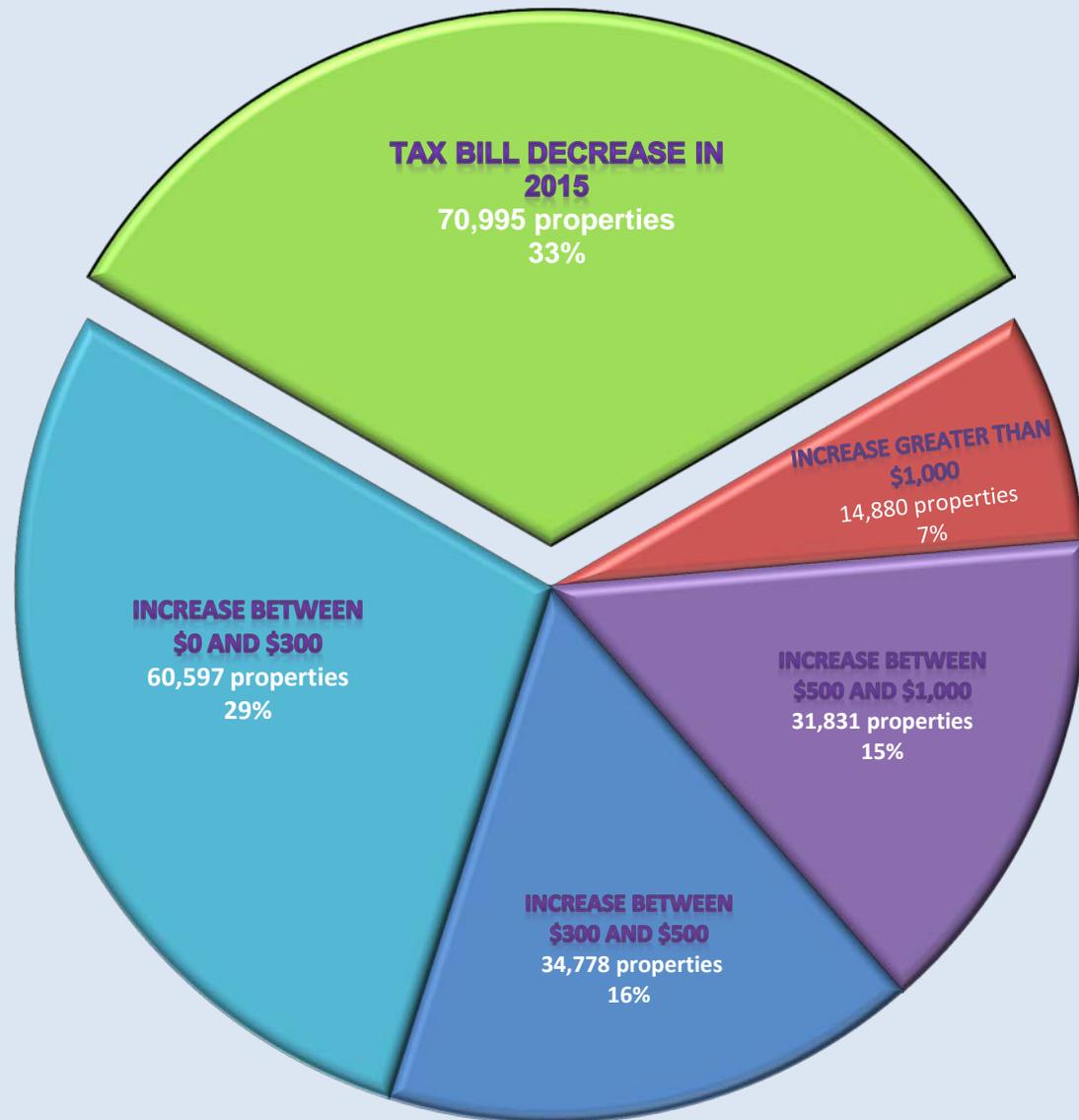
33.32% OF THE 213,083  
PROPERTIES REVIEWED  
SAW A REDUCTION IN  
THEIR TAX BILL

2

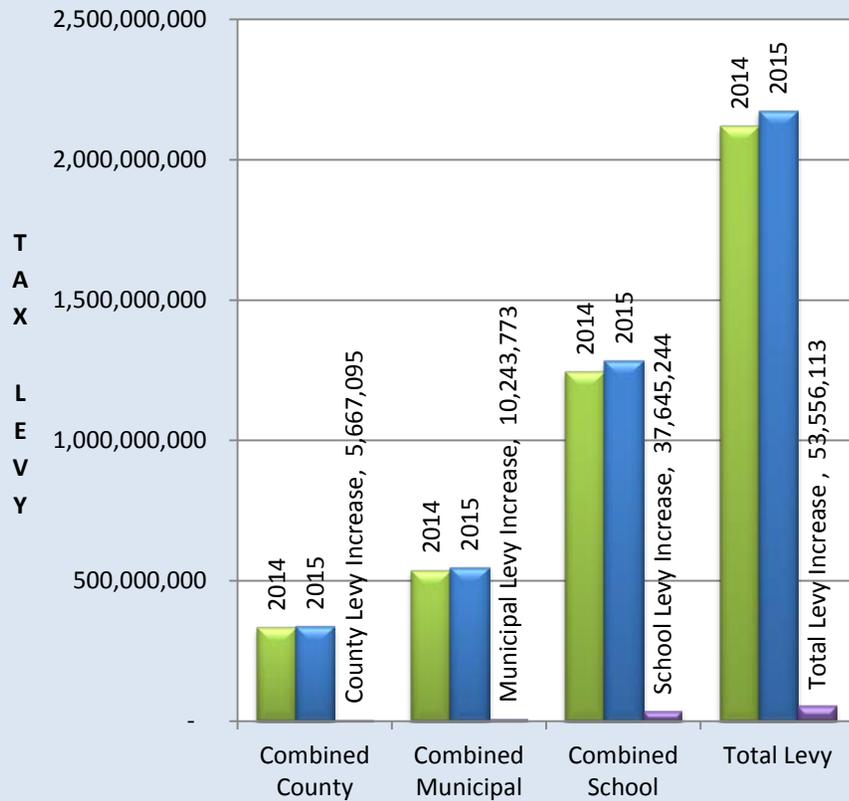
61.76% OF THE 213,083  
PROPERTIES REVIEWED EITHER  
SAW A REDUCTION IN THEIR  
TAX BILL OR HAD LESS THAN A  
\$300 PER YEAR INCREASE IN  
THEIR TAX BILL BETWEEN 2014  
AND 2015.  
( < \$25 PER MONTH)

3

78.08% OF THE 213,083  
PROPERTIES REVIEWED EITHER  
SAW A REDUCTION IN THEIR  
TAX BILL OR HAD LESS THAN A  
\$500 PER YEAR INCREASE IN  
THEIR TAX BILL BETWEEN 2014  
AND 2015.  
( < \$42 PER MONTH)



# MONMOUTH COUNTY PROPERTY TAX LEVY COMPARISON 2014 to 2015

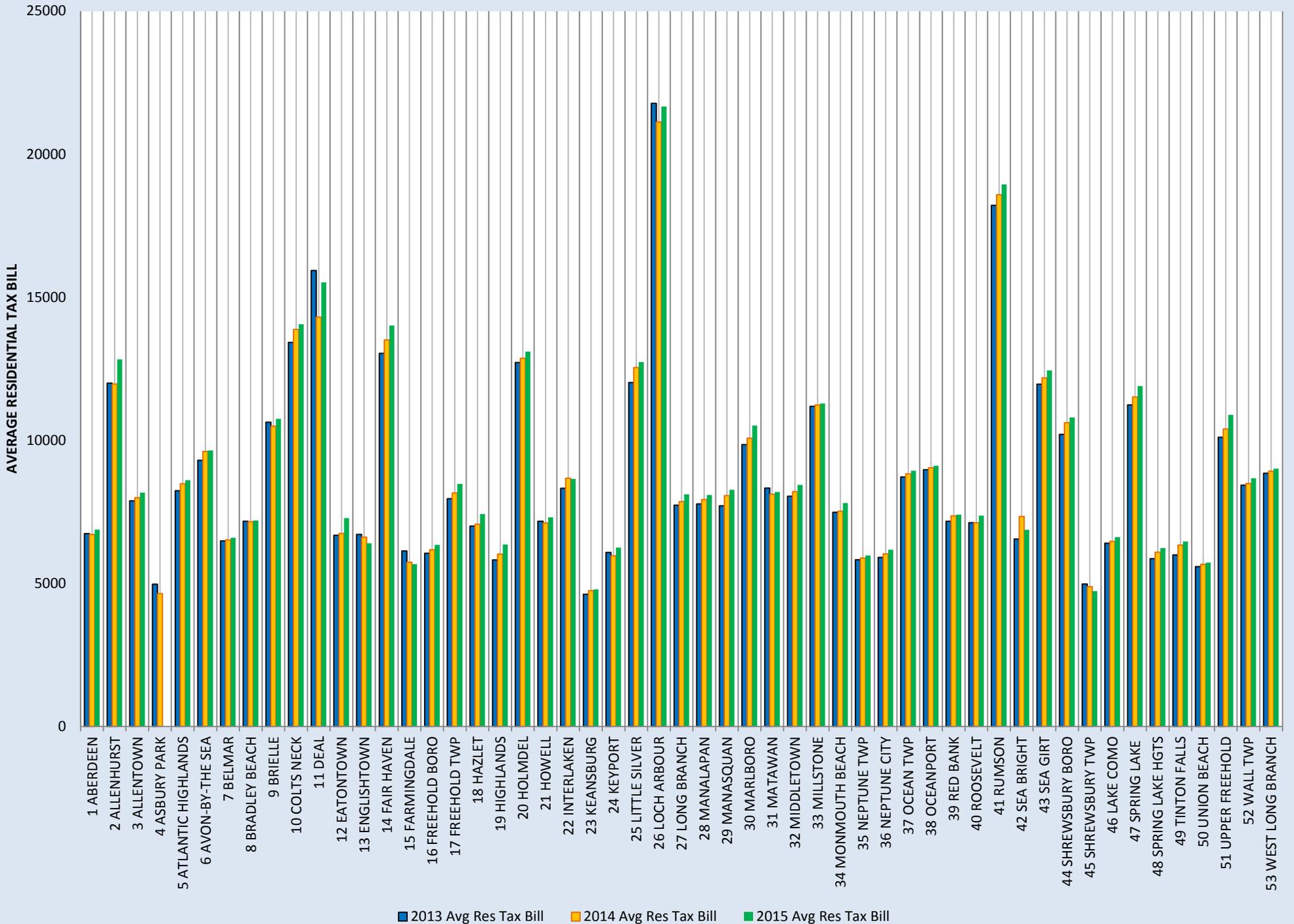


	Combined County	Combined Municipal	Combined School	Total Levy
<b>2015</b>	340,465,554	549,981,541	1,284,235,291	2,174,682,387
<b>2014</b>	334,798,459	539,737,768	1,246,590,047	2,121,126,274
<b>Component Change</b>	5,667,095	10,243,773	37,645,244	53,556,113
<b>% of Component Change</b>	1.69%	1.90%	3.02%	2.52%
<b>% of Total Levy Change</b>	11%	19%	70%	

### LEVY COMPARISON SUMMARY

1. The 2015 Total Tax Levy increased \$53,556,112 from 2014. (\*Asbury Municipal Levy estimated not finalized)
2. If distributed evenly, the annual levy increase would have been about \$250 per parcel. (roughly \$20 per month)
3. Without the 2015 ADP redistribution of the tax levy almost all taxpayers would have experienced an increase in their tax bill.
4. **With the 2015 ADP redistribution of the tax levy 33% (70,995) taxpayers experienced a reduction in their tax bill.**

# MONMOUTH COUNTY AVERAGE RESIDENTIAL PROPERTY TAX BILL REVIEW



# Monmouth County 2015 Annual Reassessment & the Impact on Property Taxes



*The County of Monmouth is committed to providing clear and complete information about the property reassessment process and its tax implications. This document provides clarification about the current process and answers to the most frequently asked questions.*

*Keeping residents informed of the property assessment methods and procedures will result in better understanding and greater confidence in the system. The goal is to establish a property assessment function focused on uniformity and accuracy. When the assessments are set to the same standard of value (market value), the property tax burden is distributed fairly and equitably in accordance with the Constitution of the State of New Jersey.*

## TOP TEN FREQUENTLY ASKED QUESTIONS

### 1. WHY DID SOME RESIDENTS' PROPERTY TAXES INCREASE?

**Answer:** The recent increase in some property tax bills may be the result of an increased property assessment.

Each Monmouth County municipality, in accordance with New Jersey Public Law 2013 CH.15, the Real Property Assessment Demonstration Program, is in the process of transitioning to a new property tax model where annual reassessments will appraise all real property within the taxing district according to its full and fair value. The purpose of a reassessment is to fairly distribute the tax burden among all property owners within the township. The validity of the market value estimate depends on the collection of accurate data; this reassessment program is supported by an annual interior/exterior inspections cycle. These inspections will be spread-out over the next five years to ensure that all property record cards are accurate and up to date. All residents will receive advance notification by mail, two weeks prior to the inspection. Residents are asked to cooperate with the inspection process and are advised that the field inspectors who conduct the inspections do not determine the final assessment.

Please keep in mind that property taxes cannot be contested, as they are a result of the budget process. The assessed value can be appealed yearly, between November 15 (pre-tax year) and January 15. For information on the appeal process, please see question #7.

### The Property Tax Procedure

1. Value is determined as of October 1 of the pre-tax year for all real property within the County. The preliminary tax list is certified to the Monmouth County Board of Taxation on November 1, 2015.
2. Each municipal governing body along with the county governing bodies and the local school board prepare their respective budgets and hold public hearings. Anticipated revenue from various sources is subtracted from the budget and the amount remaining to be raised by a levy on real and personal property is reported to the Monmouth County Board of Taxation (County Tax Board).
3. The County Tax Board apportions the amount to be raised by property taxes to support the county government among the taxing districts in the county, then adds to the respective county portion the amount needed from property taxes to finance the municipal government and the school district, and divides the total levy by the assessed value of all taxable property to establish the local general tax rate.
4. The general tax rates are reported to the municipality which collects the property tax for the county, the school district, and itself.
5. Special taxing districts (i.e. fire, garbage) report the amount needed to the assessor, who calculates the tax rate for this purpose by dividing the amount to be raised by the total value of taxable property in the special district. This rate is added to the regular general tax rate for the municipality to determine the taxes on properties located within the special districts.
6. The appropriate tax rate is multiplied by the assessment on each property to determine the taxes due for the current year.

# 2015 Annual Reassessment & the Impact on Property Taxes

## 2. WHY DID MY NEIGHBOR'S PROPERTY CHANGE AT A DIFFERENT PERCENTAGE RATE?

**Answer:** Each property within the County is unique and appreciates/depreciates at different rates. Depending on the precision of the assessed value prior to the reassessment, the overall value change can vary from neighbor to neighbor taking into consideration: location, interior/exterior condition & finish, overall building quality, square footage, style, age, lot size, etc.

Generally, taxpayers of the most severely under-assessed properties before a revaluation will pay a greater share of the tax burden after a revaluation. This means that their property taxes will increase even if operating costs remain the same. Likewise, taxpayers of the overvalued properties will pay a smaller share of the tax burden after the revaluation. This means their property taxes will decrease if the total amount to be raised from taxes remains the same. In reality, municipal, county and school budget costs generally increase each year. The rise can be attributed to inflation, the general cost-increase of goods and services, and other economic factors.

## 3. HOW DID MY ASSESSED VALUE CHANGE SO MUCH FROM ONE YEAR TO THE NEXT?

**Answer:** Depending on the accuracy of your assessment prior to the reassessment, the transition from a “fractional assessment system” to a 100% market value system is most likely responsible for the change. Below is an example of the former “Fractional Assessment System.”

### Example

Common Level: 94.75% (2014 Ratio of Market Value to Assessed Value)

Assessed Value (shown on postcard): \$400,000.00

Implied Market Value: \$422,162 (400,000/.9475)

**In 2015, for all towns that have transitioned away from “fractional assessments,”  
the Ratio of Assessed Value to Market Value is 100%.**

New Jersey taxpayers have been lead to believe that their assessments do not change from year to year. While it is true that absent revaluation, reassessment, compliance, judgment, or physical change the assessment shown on the Ch. 75 Notification of Assessment Postcard is the same from one year to the next, in truth, the taxpayer’s “implied market value” changes annually. Taxpayers throughout the state are often unaware of the relationship between the assessed value, the ratio and the implied market value and the critical role this relationship has on their individual tax bill.

As an example, a taxpayer who has an assessment of \$200,000 does not contest the assessment because his next door neighbor who has the same house just sold for \$300,000. After comparing his current assessment to his neighbor’s recent sale price the taxpayer thinks that he is under-assessed. What the taxpayer doesn’t understand is that the town’s current ratio is 50% therefore; the implied market value of the property is actually \$400,000.

If assessment inequities exist, it may be necessary for the assessor to review the assessments and make adjustments as needed to maintain equity. When performing annual assessments based on fair market value, for example, assessments cannot merely be carried over from year to year without regard to market influences. Property values are continually changing, and the values do not change at the same rate for all properties. Without changes in the assessments, inequities will soon develop.

## 4. SHOULD I EXPECT A LARGE CHANGE IN MY ASSESSMENT ANNUALLY?

**Answer:** Not likely. Your municipality’s town-wide transition from a “fractional assessment system” (where the assessment represents a fraction of the current value) to 100% of market value will only take place once. Moving forward, the expectation is that the changes in your assessment will be marginal as market values change. True market value is fairly constant; a multiple year study is used to gauge market conditions to secure against general temporary inflation or deflation.

# 2015 Annual Reassessment & the Impact on Property Taxes

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Once a municipality has transitioned to market value, each year the Assessor, by law, must review each property and revise the assessment, both up and down, in accordance with market value evidence, so that the assessment is set equal to the current market value. While the taxpayer will experience the initial shift from a “fractional assessment” to 100% of market value in a similar way that they experienced the implementation of a revaluation, moving forward all future annual changes are expected to be small. Annual assessment changes are expected to be in accordance with observed market value data. The municipal assessor under the Real Property Assessment Demonstration program must review and revise the assessment on an annual basis to maintain a 100% market value to assessment ratio.

## 5. HOW ARE PROPERTY VALUES ESTABLISHED?

**Answer: Standardized mass appraisal methods and techniques are used to systematically appraise groups of properties. This includes the analysis of recent sales and statistical studies.**

To avoid discriminatory treatment, reassessments should cover the entire municipality in scope. A good reassessment program includes:

- Analysis of all recent real property sales, including a comparison of sales prices with assessed values of sold properties; identification of real property value trends
- A parcel by parcel review of all real property values
- Review, revision and mapping of all unit land values
- Entry of data into Computer Assisted Mass Appraisal System (CAMA)
- Gathering and utilization of pertinent income data; development and application of local cost conversion factors to improvements with adjustments to individual Property Record Cards
- Review and adjustment of depreciation and obsolescence factors with changes to individual property records
- Reconciliation and revised true value for each property
- Placing revised taxable values on the tax list for the year in which the reassessment becomes effective

Properties must be stratified, or broken down, into somewhat homogenous groups. Similar property groups will tend to appreciate or depreciate at roughly the same rate. It is not sufficient for the assessor to merely stratify properties and sales according to their statutory classification and develop one trending factor for the entire class of property. Properties, even properties within the same assessment classification, may vary considerably in quality, style, age, location and amenities, and cannot be expected to change in value at the same rate.

## 6. WHY DID THE ALLOCATION OF MY LAND AND IMPROVEMENT VALUE CHANGE?

**Answer: The allocation of land to building is an administrative process and may not accurately reflect the market value of the individual parts. As such, the subject’s total value can be appealed and dictates the taxes for the year.**

Predominantly, residential real estate is bought and sold as a whole and valued as such. Depending on the method of valuation, the allocation between land and improvements may be subjective; such allocation shall not be presumptive of a correct apportionment of true value. Within the Allocation Method, the value of the entire property is estimated by the Income or Comparison Approaches; the value of the structure on the land is found by the Replacement Cost Approach and is deducted from the total value. The remaining amount is assumed to be the land value. Other methods like the Replacement Cost Approach uses current building costs and standards of material and design to estimate the cost of creating a building having the same utility as that of the subject property. An allowance then is made for depreciation. A value for the land is determined separately and added to the value developed for the building. In this approach, the value allocation of land and improvement may accurately reflect the market value of each part separately. Nevertheless, the total assessment should be the single driving force in reviewing the assessment for accuracy.

# 2015 Annual Reassessment & the Impact on Property Taxes

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## 7. WHAT IF I DISAGREE WITH MY NEW ASSESSMENT?

**Answer:** First, contact your municipal Assessor's Office to review your property record card for errors. If the record card is accurate and you disagree with the total assessment, you may file an appeal with the Monmouth County Tax Board. The time to appeal an assessment for 2015 was between November 15, 2014 and January 15, 2015. For properties with an assessed value over \$1,000,000 the deadline to appeal to the Tax Court of New Jersey was either April 1, 2015 or May 1, 2015 depending on your municipality. For more information on how to appeal your 2016 assessment, please visit the Monmouth County Board of Taxation Online Appeal System at [secure.njappealonline.com](http://secure.njappealonline.com) and click on the "Appeal Guide." The County's Online Appeal Filing System will open on or about November 15, 2015 for the filing of 2016 assessment appeals.

## 8. WHY ARE THE 1<sup>ST</sup> AND 2<sup>ND</sup> QUARTER TAX PAYMENTS DIFFERENT FROM THE 3<sup>RD</sup> AND 4<sup>TH</sup>?

**Answer:** The first and second quarter payments are estimated based on the 2014 tax rate and assessment.

Your tax bill is arrived at by multiplying the total assessment by the overall tax rate (general rate + special district rates). The general tax rate is decided by dividing the amount to be raised by taxation or the "levy" by the total value of all property within the municipality. The total levy is the amount the county, local school, regional school, and the municipality needs to provide services. Once the general rate is realized (typically between May and June), the property's total assessment is used to calculate the "total amount owed for the current year". To calculate the amount to be paid in the 3<sup>rd</sup> and 4<sup>th</sup> quarter bills the 1<sup>st</sup> and 2<sup>nd</sup> quarter payments (which were estimated payments calculated from the property's prior tax payment) are subtracted from the total amount owed for the year current year and the remainder is split equally between the 3<sup>rd</sup> and 4<sup>th</sup> quarter payment.

## 9. WHAT HAPPENS IF I DO NOT PAY MY TAX BILL?

**Answer:** There is normally a 10 day grace period after which interest is applied, calculated at 8% on the first \$1,500 past due and 18% for any amount over \$1,500 (per NJSA 54:4-67). Properties with delinquent municipal charges (taxes, sewer and interest) totaling \$10,000.00 or more at calendar year end are subject to an additional 6% year end penalty. Please contact your municipal Tax Collector for more information concerning tax payments.

## 10. I THOUGHT THE STATE OF NEW JERSEY HAD A 2% CAP ON PROPERTY TAXES – WHY DID MY TAX BILL GO UP OVER 2%?

**Answer:** The 2% "cap" law puts a restriction on how much a local budget may increase. This law does not directly limit the increases/decrease of property taxes.

In preparation of an annual budget, no local unit, including municipalities, counties, fire districts, and existing solid waste collection districts with a tax rate of more than \$.10 (ten cents) may increase the tax levy above 2% of the previous year's with the following exceptions:

1. Capital expenditure increases
2. Debt service increases
3. Emergencies - weather and "declared" emergencies
4. Pensions and health benefits

Regulations for these caps are administered by the Department of Community Affairs, Division of Local Government Services, Local Finance Board. Any questions about budget caps or tax levy caps should be directed to that agency.

Please contact your municipal Assessor's Office or the Monmouth County Board of Taxation if you need further clarification on the above information or assistance on any property tax matter.

# 2015 Annual Reassessment & the Impact on Property Taxes

## PROPERTY TAX RELIEF PROGRAMS

There are a number of municipal and state programs:

- ❖ **Annual Property Tax Deduction for Senior Citizens, Disabled Persons:** Annual deduction of up to \$250 from property taxes for homeowners age 65 or older or disabled who meet certain income (not exceeding \$10,000) and residency requirements.
- ❖ **Annual Deduction for Veterans:** Annual deduction of up to \$250 from taxes due on the real or personal property of qualified war veterans and their unmarried surviving spouses.
- ❖ **Property Tax Exemption for Disabled Veterans:** Full exemption from property taxes on a principal residence for certain totally and permanently disabled war veterans and their unmarried surviving spouses. Unmarried surviving spouses of servicepersons who died on wartime active duty may also qualify.
- ❖ **Property Tax Reimbursement (Senior Freeze)** You may be eligible for a reimbursement of the difference between the amount of property taxes you paid for the base year (the year you first became eligible) and the amount paid for the year for which you are applying for a reimbursement if you met all the following requirements for the base year and for each succeeding year, up to and including the year for which you are claiming the reimbursement.

## MONMOUTH COUNTY ADP 5-YEAR IMPLEMENTATION OVERVIEW

**Transitioning all 53 municipalities from "fractional assessments" to  
"Annual Reassessments supported by 20% annual internal inspections"**

Year 1	2014	The 1st year of ADP implementation is, by design, an introduction into the authority to review and revise each parcel with a mandatory adjustment, up and down, to the Director's Ratio. This gentle transition of authorities and calendar was tempered for both the taxpayers and the assessment community and retains the Assessor's protection of the Chapter 123 corridor of value. Changing to the Director's ratio in the initial year invoked a small reaction to the assessment change. Consequent to the minor assessment adjustments in year-1 was a minor reallocation of the local tax levy. The 1st year was underscored by the new appeal calendar which was managed by the County's Online Appeal System.
Year 2	2015	Year-2 should be viewed as the year of transition. With each parcel being revised from the Director's Ratio to 100% of market value, this year intentionally produced assessment changes that were often significant (similar to a traditional revaluation). More importantly, the "3rd Q billing" reflected a significant redistribution of the tax levy within the town.
Year 3	2016	Moving forward, with annual adjustments from 100% MV to 100% MV for every parcel, on average all future year's assessment changes should be increasingly more stable and driven by a 3-year weighted average of the observable change in the neighborhood-level market. Three years shall be used in appreciating markets to ensure that the Assessor is not "chasing the highest dollar". In depreciating markets a higher weight will be given to the more recent (presumably lower sales) to help prevent significant over-assessment. A well-documented and conservative multiplier will be used for all areas that do not have ample sales activity. This act of "applying the known to the unknown" ensures that all properties flow with the current market thereby avoiding a separation of uniformity between active sales areas and inactive sales areas. Exceptions to annual market-driven assessment changes will likely be reserved for circumstances like additions, discovery of undocumented changes and errors in data. From this point forward the entire assessment function should be focused on annually delivering an assessment list that is increasingly more in line with current market values. The singular goal is to deliver accurate individual assessments. If each assessment is defensibly set equal to current market value than all of the significant systemic costs previously associated with the appeal process can be saved by the taxpayer.
Year 4	2017	
Year 5	2018	

# 2015 Annual Reassessment & the Impact on Property Taxes

## Monmouth County Assessment Demonstration Program

### Year 1 - 2014 Implementation Schedule

#### 2014 Assessments revised to market value by Assessor

NONE

#### 2014 Assessments revised by Assessor to current ratio

1	ABERDEEN	4th year QRA	28	MANALAPAN	4th year QRA
2	ALLENHURST	3rd year QRA	29	MANASQUAN	2nd year QRA
3	ALLENTOWN	4th year QRA	30	MARLBORO	4th year QRA
5	ATLANTIC HIGHLANDS	1st year QRA	31	MATAWAN	4th year QRA
6	AVON BY THE SEA	4th year QRA	32	MIDDLETOWN	4th year QRA
7	BELMAR	1st year QRA	33	MILLSTONE	4th year QRA
8	BRADLEY BEACH	3rd year QRA	34	MONMOUTH BEACH	3rd year QRA
9	BRIELLE	3rd year QRA	35	NEPTUNE TWP	3rd year QRA
10	COLTS NECK	4th year QRA	36	NEPTUNE CITY	3rd year QRA
11	DEAL	4th year QRA	37	OCEAN TWP	2nd year QRA
12	EATONTOWN	2nd year QRA	38	OCEANPORT	1st year QRA
13	ENGLISHTOWN	4th year QRA	39	RED BANK	2nd year QRA
15	FARMINGDALE	3rd year QRA	40	ROOSEVELT	4th year QRA
16	FREEHOLD BORO	1st year QRA	42	SEA BRIGHT	2nd year QRA
17	FREEHOLD TWP	4th year QRA	43	SEA GIRT	3rd year QRA
18	HAZLET	4th year QRA	44	SHREWSBURY BORO	4th year QRA
19	HIGHLANDS	4th year QRA	45	SHREWSBURY TWP	4th year QRA
20	HOLMDEL	4th year QRA	46	LAKE COMO	2nd year QRA
21	HOWELL	4th year QRA	47	SPRING LAKE	1st year QRA
22	INTERLAKEN	4th year QRA	48	SPRING LAKE HGTS	4th year QRA
23	KEANSBURG	1st year QRA	49	TINTON FALLS	4th year QRA
24	KEYPORT	3rd year QRA	50	UNION BEACH	3rd year QRA
25	LITTLE SILVER	4th year QRA	51	UPPER FREEHOLD	3rd year QRA
26	LOCH ARBOUR	4th year QRA	52	WALL TWP	2nd year QRA
27	LONG BRANCH	2nd year QRA	53	WEST LONG BRANCH	4th year QRA

#### 2015 Assessments revised to market value by traditional revaluation

4	ASBURY PARK	2014 Revaluation
14	FAIR HAVEN	2014 Revaluation
41	RUMSON	2014 Revaluation

### Year 2 - 2015 Implementation Schedule

#### 2015 Assessments revised to market value by Assessor

1	ABERDEEN	25	LITTLE SILVER
3	ALLENTOWN	26	LOCH ARBOUR
4	ASBURY PARK	28	MANALAPAN
6	AVON BY THE SEA	30	MARLBORO
10	COLTS NECK	31	MATAWAN
11	DEAL	32	MIDDLETOWN
13	ENGLISHTOWN	33	MILLSTONE
14	FAIR HAVEN	40	ROOSEVELT
17	FREEHOLD TWP	41	RUMSON
18	HAZLET	44	SHREWSBURY BORO
19	HIGHLANDS	45	SHREWSBURY TWP
20	HOLMDEL	48	SPRING LAKE HGTS
21	HOWELL	49	TINTON FALLS
22	INTERLAKEN	53	WEST LONG BRANCH

#### 2015 Assessments revised to current ratio - revaluation pending for future years.

5	ATLANTIC HIGHLANDS	2017 Revaluation
7	BELMAR	2017 Revaluation
12	EATONTOWN	2016 Revaluation

#### 2015 Assessments revised to market value by traditional revaluation

2	ALLENHURST	2015 Revaluation
8	BRADLEY BEACH	2015 Revaluation
9	BRIELLE	2015 Revaluation

# 2015 Annual Reassessment & the Impact on Property Taxes

16	FREEHOLD BORO	2016 Revaluation	15	FARMINGDALE	2015 Revaluation
23	KEANSBURG	2017 Revaluation	24	KEYPORT	2015 Revaluation
27	LONG BRANCH	2016 Revaluation	34	MONMOUTH BEACH	2015 Revaluation
29	MANASQUAN	2017 Revaluation	35	NEPTUNE TWP	2015 Revaluation
37	OCEAN TWP	2016 Revaluation	36	NEPTUNE CITY	2015 Revaluation
38	OCEANPORT	2017 Revaluation	43	SEA GIRT	2015 Revaluation
39	RED BANK	2016 Revaluation	50	UNION BEACH	2015 Revaluation
42	SEA BRIGHT	2016 Revaluation	51	UPPER FREEHOLD	2015 Revaluation
46	LAKE COMO	2016 Revaluation			
47	SPRING LAKE	2017 Revaluation			
52	WALL TWP	2016 Revaluation			

## Year 3 - 2016 Implementation Schedule

2016 Assessments revised to market value by Assessor					
1	ABERDEEN	2nd year QRA	26	LOCH ARBOUR	2nd year QRA
2	ALLENHURST	1st year QRA	28	MANALAPAN	2nd year QRA
3	ALLENTOWN	2nd year QRA	30	MARLBORO	2nd year QRA
4	ASBURY PARK	2nd year QRA	31	MATAWAN	2nd year QRA
6	AVON BY THE SEA	2nd year QRA	32	MIDDLETOWN	2nd year QRA
8	BRADLEY BEACH	1st year QRA	33	MILLSTONE	2nd year QRA
9	BRIELLE	1st year QRA	34	MONMOUTH BEACH	1st year QRA
10	COLTS NECK	2nd year QRA	35	NEPTUNE TWP	1st year QRA
11	DEAL	2nd year QRA	36	NEPTUNE CITY	1st year QRA
13	ENGLISHTOWN	2nd year QRA	40	ROOSEVELT	2nd year QRA
14	FAIR HAVEN	2nd year QRA	41	RUMSON	2nd year QRA
15	FARMINGDALE	1st year QRA	43	SEA GIRT	1st year QRA
17	FREEHOLD TWP	2nd year QRA	44	SHREWSBURY BORO	2nd year QRA
18	HAZLET	2nd year QRA	45	SHREWSBURY TWP	2nd year QRA
19	HIGHLANDS	2nd year QRA	48	SPRING LAKE HGTS	2nd year QRA
20	HOLMDEL	2nd year QRA	49	TINTON FALLS	2nd year QRA
21	HOWELL	2nd year QRA	50	UNION BEACH	1st year QRA
22	INTERLAKEN	2nd year QRA	51	UPPER FREEHOLD	1st year QRA
24	KEYPORT	1st year QRA	53	WEST LONG BRANCH	2nd year QRA
25	LITTLE SILVER	2nd year QRA			

2016 Assessments revised to market value by traditional revaluation			2016 Assessments revised to current ratio - revaluation pending for future years.		
12	EATONTOWN	2016 Revaluation	5	ATLANTIC HIGHLANDS	2017 Revaluation
27	LONG BRANCH	2016 Revaluation	7	BELMAR	2017 Revaluation
29	MANASQUAN	2016 Revaluation	16	FREEHOLD BORO	2017 Revaluation
37	OCEAN TWP	2016 Revaluation	23	KEANSBURG	2017 Revaluation
39	RED BANK	2016 Revaluation	38	OCEANPORT	2017 Revaluation
42	SEA BRIGHT	2016 Revaluation	47	SPRING LAKE	2017 Revaluation
46	LAKE COMO	2016 Revaluation			
52	WALL TWP	2016 Revaluation			

## Year 4 - 2017 Implementation Schedule

2017 Assessments revised to market value by Assessor					
1	ABERDEEN	3rd year QRA	29	MANASQUAN	1st year QRA
2	ALLENHURST	2nd year QRA	30	MARLBORO	3rd year QRA
3	ALLENTOWN	3rd year QRA	31	MATAWAN	3rd year QRA
4	ASBURY PARK	3rd year QRA	32	MIDDLETOWN	3rd year QRA
6	AVON BY THE SEA	3rd year QRA	33	MILLSTONE	3rd year QRA
8	BRADLEY BEACH	2nd year QRA	34	MONMOUTH BEACH	2nd year QRA
9	BRIELLE	2nd year QRA	35	NEPTUNE TWP	2nd year QRA
10	COLTS NECK	3rd year QRA	36	NEPTUNE CITY	2nd year QRA
11	DEAL	3rd year QRA	37	OCEAN TWP	1st year QRA
12	EATONTOWN	1st year QRA	39	RED BANK	1st year QRA
13	ENGLISHTOWN	3rd year QRA	40	ROOSEVELT	3rd year QRA
14	FAIR HAVEN	3rd year QRA	41	RUMSON	3rd year QRA

# 2015 Annual Reassessment & the Impact on Property Taxes

15	FARMINGDALE	2nd year QRA
17	FREEHOLD TWP	3rd year QRA
18	HAZLET	3rd year QRA
19	HIGHLANDS	3rd year QRA
20	HOLMDEL	3rd year QRA
21	HOWELL	3rd year QRA
22	INTERLAKEN	3rd year QRA
24	KEYPORT	2nd year QRA
25	LITTLE SILVER	3rd year QRA
26	LOCH ARBOUR	3rd year QRA
27	LONG BRANCH	1st year QRA
28	MANALAPAN	3rd year QRA

42	SEA BRIGHT	1st year QRA
43	SEA GIRT	2nd year QRA
44	SHREWSBURY BORO	3rd year QRA
45	SHREWSBURY TWP	3rd year QRA
46	LAKE COMO	1st year QRA
48	SPRING LAKE HGTS	3rd year QRA
49	TINTON FALLS	3rd year QRA
50	UNION BEACH	2nd year QRA
51	UPPER FREEHOLD	2nd year QRA
52	WALL TWP	1st year QRA
53	WEST LONG BRANCH	3rd year QRA

**2017 Assessments revised to market value by traditional revaluation**

5	ATLANTIC HIGHLANDS	2017 Revaluation
7	BELMAR	2017 Revaluation
16	FREEHOLD BORO	2017 Revaluation
23	KEANSBURG	2017 Revaluation
38	OCEANPORT	2017 Revaluation
47	SPRING LAKE	2017 Revaluation

**2017 Assessments revised to current ratio - revaluation pending for future years.**

None

## Year 5 - 2018 Implementation Schedule

**2018 Assessments revised to market value by Assessor**

1	ABERDEEN	4th year QRA
2	ALLENHURST	3rd year QRA
3	ALLENTOWN	4th year QRA
4	ASBURY PARK	4th year QRA
5	ATLANTIC HIGHLANDS	1st year QRA
6	AVON BY THE SEA	4th year QRA
7	BELMAR	1st year QRA
8	BRADLEY BEACH	3rd year QRA
9	BRIELLE	3rd year QRA
10	COLTS NECK	4th year QRA
11	DEAL	4th year QRA
12	EATONTOWN	2nd year QRA
13	ENGLISHTOWN	4th year QRA
14	FAIR HAVEN	4th year QRA
15	FARMINGDALE	3rd year QRA
16	FREEHOLD BORO	1st year QRA
17	FREEHOLD TWP	4th year QRA
18	HAZLET	4th year QRA
19	HIGHLANDS	4th year QRA
20	HOLMDEL	4th year QRA
21	HOWELL	4th year QRA
22	INTERLAKEN	4th year QRA
23	KEANSBURG	1st year QRA
24	KEYPORT	3rd year QRA
25	LITTLE SILVER	4th year QRA
26	LOCH ARBOUR	4th year QRA
27	LONG BRANCH	2nd year QRA

28	MANALAPAN	4th year QRA
29	MANASQUAN	2nd year QRA
30	MARLBORO	4th year QRA
31	MATAWAN	4th year QRA
32	MIDDLETOWN	4th year QRA
33	MILLSTONE	4th year QRA
34	MONMOUTH BEACH	3rd year QRA
35	NEPTUNE TWP	3rd year QRA
36	NEPTUNE CITY	3rd year QRA
37	OCEAN TWP	2nd year QRA
38	OCEANPORT	1st year QRA
39	RED BANK	2nd year QRA
40	ROOSEVELT	4th year QRA
41	RUMSON	4th year QRA
42	SEA BRIGHT	2nd year QRA
43	SEA GIRT	3rd year QRA
44	SHREWSBURY BORO	4th year QRA
45	SHREWSBURY TWP	4th year QRA
46	LAKE COMO	2nd year QRA
47	SPRING LAKE	1st year QRA
48	SPRING LAKE HGTS	4th year QRA
49	TINTON FALLS	4th year QRA
50	UNION BEACH	3rd year QRA
51	UPPER FREEHOLD	3rd year QRA
52	WALL TWP	2nd year QRA
53	WEST LONG BRANCH	4th year QRA

**2018 Assessments revised to market value by traditional revaluation**

None

**2018 Assessments revised to current ratio - revaluation pending for future years.**

None

## Monmouth County Board of Taxation

Telephone: 732-431-7404

James Stuart, CTA, President • Thomas J. Byrne, Vice President  
 Kathleen Cody Bjelka, Commissioner • Clifford Moore, Commissioner • Wayne C. Pomanowski, Commissioner  
 Matthew S. Clark, CTA, Tax Administrator • Veronica Schenk, CTA, Asst. Tax Administrator

## Consequences of Opting Out of Annual Reassessments

- By removing annual reassessments the Assessor's ability to negotiate the retirement of multiple-year Tax Court appeals will be reduced and towns will return to the expanded exposure of multi-year appeal refunds. (Within the ADP assessors have utilized annual reassessments to reduce multi-year appeal refunds by setting accurate new assessments that would not likely be reduced by appeal)
- By removing annual reassessments there is a return to the mandatory use of the "Chapter 123 corridor of value" that prevented taxpayers from receiving appeal reduction if the assessment was within 15% of the market-value. (Within the ADP taxpayers can receive a reduction if their assessment is found to be as little as \$1 off of market-value)
- By returning to the static assessments in the old system taxpayers may grossly overpay or underpay their fair share of the tax levy for years. (Within the ADP annual reassessments are intended to significantly reduce overpayments and underpayments)
- By returning to the static assessments in the old system municipalities in a depreciating market will return to the widespread environment where all properties may be legally assessed over 100% and have no defense against appeal loss other than implementing an emergency districtwide revaluation. (Within the ADP annual reassessments protect the municipality from widespread over-assessment due to market downturns)
- By returning to the static assessments in the old system municipalities are returned to increased commercial appeal exposure caused by assessment ratios that are largely driven by residential sales. (Within the ADP annual reassessments position the municipality to continually adjust assessments so that annual changes are small as opposed to the radical shifts associated with traditional revaluations)
- By returning to traditional revaluations taxpayers will pay greater costs. (Within the ADP the assessor must perform the valuation and appeal-defense components of the traditional revaluation – at no additional compensation. The municipality would only pay for data collection. The difference between the cost of a traditional revaluation and the ADP cost of data-collection-only is intended to be savings to the taxpayer)
- By returning to the static assessments in the old system municipalities in an appreciation market will not be able to address parcels that appreciate at a pace greater than average. Year after year such properties will pay less and less of their fair share of the current years levy. (The annual target of uniform and accurate levy distribution that is accomplished in the ADP shall be lost)
- The transparency of annually maintaining true-market-value through the ADP will revert to ratio assessing and the need for taxpayers to perform calculations to understand their implied market value.
- By electing to remove annual reassessments "tax bill predictability" will be chosen over "tax bill accuracy". (Within the ADP the goal is to annually get the assessments correct so that there is no need to incur the cost of appeal. Within the ADP it is expected that each year the volatility or "shifting" of the distribution of the levy will continue to stabilize to the point of being reliably connected to the observable changes in the local real estate market. Within the ADP assessment accuracy is expected to continue to improve.)

Authored by Robert Vance, Somerset County Tax Administrator

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## ANNUAL REASSESSMENT VS. PERIODIC REVALUATION: THE SOMERSET COUNTY EXPERIENCE

There have been two recent proposals advanced to modify the local property tax assessment process in New Jersey. These are the Gloucester Pilot Program, which is essentially the same as the current approach to the assessment of real property but with a centralized county-wide assessment system, replacing municipal assessors, and the Assessment Demonstration Program now underway in Monmouth County, which will institute annual reassessment for each municipality in that county. This program will preserve municipal assessors, but expands their responsibilities to include an annual reassessment program using a five year (20% annually) reinspection cycle, while also significantly modifying the assessment and appeal calendars. In Somerset County, 11 municipalities (soon to be 14) have been conducting four year (25% annually) reassessments for many years now, and the results of these programs are fully comparable to anything proposed or envisioned throughout the State of New Jersey to date.

There are two different methods used to maintain accuracy and equanimity in local property tax assessments. These are periodic revaluations, in which a municipality will hire an outside contractor to revalue all property in the district every 10 years (on average), and annual reassessment, in which the local tax assessor, often with the assistance of staff members or an inspection contractor, attempts to inspect 25% of the ratable base every year, a continuous process in which every property is visited at least once during each 4 year cycle. However, in an annually reassessing district, the assessor is able to update values on all properties every year. It is important to understand that not all property values must be changed annually, but this system enables the assessor to recognize and respond to value changes in the marketplace as they are occurring, stabilizing the equalization ratios and preserving the accuracy of local assessments.

The purpose of this document is to present the potential benefits of an annual reassessment program in order to encourage any Somerset County municipality, which currently relies upon periodic revaluations, to initiate the annual reassessment process in their town. I will look at costs and benefits in this document. The reader will see that annual reassessment programs have the potential to produce a substantial reduction in tax dollar losses, by reducing both the numbers of appeals and the losses per appeal filed, which may reduce or eliminate the necessity of modifying the assessment and appeal calendar. Further, an annual reassessment program can produce substantial savings to the benefit of the towns and the taxpayers by eliminating the need for any revaluations in the future.

Somerset County offers a unique opportunity to examine the fiscal impacts of annual reassessment v. revaluation based assessment maintenance in that this County, with 21 municipalities,

has 11 towns which have engaged in annual reassessment for more than 5 years, and 10 towns which have not, instead relying on periodic revaluations to maintain the accuracy of assessments.

It will be useful to compare several areas of concern in conducting this analysis. First, I will look at the number of appeals filed in reassessment districts contrasted with the number of appeals filed in revaluation-reliant districts, considered as a percentage of the overall line item count for each district. The results are shown below for the years 2011 through 2013.

2011

ANNUAL REASSESSMENT DISTRICTS	REVALUATION DISTRICTS
1. Bedminster Township: 12/4788: 0.25%	1. Bound Brook Borough: 67/2598: 2.58%
2. Bernards Township: 31/10052: 0.31%	2. Green Brook Twsp.: 44/2699: 1.63%
3. Bernardsville Borough: 25/3039: 0.82%	3. Hillsborough Twsp.: 203/14382: 1.41%
4. Branchburg Twsp.: 8/5491: 0.15%	4. Manville Borough: 124/3771: 3.47%
5. Bridgewater Twsp.: 55/15905: 0.35%	5. Montgomery Twsp.: 122/7363: 1.66%
6. Far Hills Borough: 2/466: 0.43%	6. North Plainfield: 223/5334: 4.18%
7. Franklin Twsp.: 204/21538: 0.95%	7. Raritan Borough: 14/2144: 0.65%
8. Millstone Borough: 1/180: 0.56%	8. Rocky Hill Borough: 4/284: 1.41%
9. Peapack-Gladstone: 7/964: 0.73%	9. Somerville Borough: 87/3172: 2.74%
10. Warren Twsp.: 31/5945: 0.52%	10. South Bound Brook: 20/1293: 1.55%
11. Watchung Borough: 13/2207: 0.59%	

For the year 2011, the percentage of the total district line items appealed varied between 0.15% and 0.95% in reassessment districts, averaging 0.51%; in districts relying upon periodic revaluations the figures are between 0.65% and 4.18% with an average of 2.13%. If we total the statistics county wide, we get the following results:

Annual Reassessment Districts	Revaluation Districts
No. of Appeals: 389/Line items: 70575 = 0.55%	No. of Appeals: 908/Line items: 43030 = 2.11%

2012

ANNUAL REASSESSMENT DISTRICTS

1. Bedminster Twsp.: 5/4788:	0.10%
2. Bernards Twsp.: 38/10069:	0.38%
3. Bernardsville Borough: 21/3233:	0.69%
4. Branchburg Twsp.: 5/5491:	0.09%
5. Bridgewater Twsp.: 113/15877:	0.71%
6. Far Hills Borough: 0/468:	0.00%
7. Franklin Twsp.: 172/21656:	0.79%
8. Millstone Borough: 1/180	0.56%
9. Peapack-Gladstone: 6/961:	0.62%
10. Warren Twsp.: 57/5943:	0.96%
11. Watchung Borough: 26/2208	1.18%

REVALUATION DISTRICTS

1. Bound Brook Borough: 88/2596:	3.39%
2. Green Brook Twsp.: 73/2695:	2.71%
3. Hillsborough Twsp.: 125/14246:	0.88%
4. Manville Borough: 244/3596:	6.84%
5. Montgomery Twsp.: 174/7356:	2.37%
6. North Plainfield: 160/5348:	2.99%
7. Raritan Borough: 26/2144:	1.21%
8. Rocky Hill Borough: 15/285:	5.26%
9. Somerville Borough: 76/3172:	2.40%
10. South Bound Brook: 34/1276:	2.66%

For the year 2012, the percentage of the total district line items appealed varied between 0% and 1.18% in the 11 reassessment districts, averaging 0.55%; within the 10 districts relying upon periodic revaluations the percentages ranged between 0.88% and 6.84%, with an average of 3.07%. If we total the 2012 statistics county-wide, we get the following results:

Annual Reassessment Districts

No. of appeals: 444/Line items: 70874 = 0.63%

Revaluation Districts

No. of Appeals: 1015/Line items: 42714 = 2.38%

2013

ANNUAL REASSESSMENT DISTRICTS		REVALUATION DISTRICTS	
1. Bedminster Twsp.: 9/4791:	0.19%	1. Bound Brook Borough: 90/2596:	3.47%
2. Bernards Twsp.: 32/10067:	0.32%	2. Green Brook Twsp.: 65/2698:	2.41%
3. Bernardsville Borough: 17/3049:	0.56%	3. Hillsborough Twsp.: 95/14377:	0.66%
4. Branchburg Twsp.: 6/5491:	0.11%	4. Manville Borough: 390/3554:	10.97%
5. Bridgewater Twsp.: 75/15879	0.47%	5. Montgomery Twsp.: 210/7426:	2.83%
6. Far Hills Borough: 0/471:	0.00%	6. North Plainfield: 197/5346:	3.68%
7. Franklin Twsp.: 138/21754:	0.63%	7. Raritan Borough: 29/2135:	1.36%
8. Millstone Borough: 3/178:	1.69%	8. Rocky Hill Borough: 3/276:	1.09%
9. Peapack-Gladstone: 8/964	0.83%	9. Somerville Borough: 66/3171:	2.08%
10. Warren Twsp.: 44/5952:	0.74%	10. South Bound Brook: 24/1201:	2.00%
11. Watchung Borough: 26/2211:	1.18%		

For the year 2013, the percentage of the total district line items appealed varied between 0.00% and 1.19% in the 11 reassessment districts with an average figure of 0.61%, and between 1.09% and 10.97% in the 10 districts relying upon periodic revaluations, with an average figure of 3.05%. If we total the statistics county-wide, we get the following results:

Annual Reassessment Districts	Revaluation Districts
No. of Appeals: 358/Line Items: 70807 = 0.50%	No. of Appeals: 1169/Line Items: 42780 = 2.73%

A review of this county-wide data shows that, over three years from 2011 through 2013, the 11 districts which have been performing annual reassessments have experienced, on average, 397 tax appeals filed at the county level each year, which represents 0.56% of the average total of 70,752 line items in these same districts. In contrast, the 10 districts which have relied upon periodic revaluations have experienced, on average, 1,030 tax appeals filed each year at the county level, which represents 2.41% of the average total of 42,841 line items in these same districts. Considered on a per line item basis, the districts which rely on periodic revaluations experience 4.30 times the percentage of appeals as compared with the districts which perform annual reassessments. In other words, districts which annually reassess experience, on average, 77% fewer appeals per line item than do districts which rely upon periodic revaluations to maintain assessments.

## COEFFICIENTS OF DEVIATION AND ACCURACY OF ASSESSMENTS

The Coefficients of Deviation, compiled and published annually by the Division of Taxation, are useful indicators of the accuracy of assessments within each taxing district. In the table below, I have considered the Coefficients of Deviation as reported by the Division of Taxation for the annual reassessment districts v. periodic revaluation districts within Somerset County. I have compiled a three year average for each of the 21 towns in Somerset County, eliminating Millstone Borough because it has only had one usable sale over the last three years and thus has no reported coefficients for the three years we are analyzing in this study. I am left with 10 municipalities in each category, and the resulting three year average coefficients are as follow:

ANNUAL REASSESSMENT DISTRICTS		REVALUATION DISTRICTS	
1. Bedminster Twsp.:	5.18	1. Bound Brook Borough:	13.85
2. Bernards Twsp.:	4.19	2. Green Brook Twsp.:	10.36
3. Bernardsville Borough:	8.27	3. Hillsborough Twsp.:	7.25
4. Branchburg Twsp.:	5.11	4. Manville Borough:	12.70
5. Bridgewater Twsp.:	8.48	5. Montgomery Twsp.:	10.16
6. Far Hills Borough:	6.49	6. North Plainfield:	13.94
7. Franklin Twsp.:	6.56	7. Raritan Borough:	13.15
8. Peapack-Gladstone:	8.79	8. Rocky Hill Borough:	15.01
9. Warren Twsp.:	11.05	9. Somerville Borough:	10.76
10. Watchung Borough:	9.09	10. South Bound Brook:	9.35

The three year average coefficient for 10 annually reassessing districts is 7.32, and the three year average coefficient for the 10 districts relying on periodic revaluations is 11.65. The breakpoint between good coefficients and marginally satisfactory coefficients is generally set at 10, with the lower numbers representing greater accuracy. The results indicate that the accuracy of assessments within the districts which conduct a program of annual reassessment is substantially greater than that found within the districts relying upon periodic reassessments. Greater accuracy in assessments should result in fewer appeals, which we have already seen in the first set of data presented above, reporting on the numbers of appeals filed. Greater accuracy should also result in lower losses resulting from the appeals which are filed. I will examine this issue next.

AVERAGE PERCENTAGE REDUCTION IN ASSESSMENT AND LOSS IN TAX DOLLARS, PER APPEAL, IN ANNUALLY REASSESSING DISTRICTS AND IN DISTRICTS RELYING UPON PERIODIC REVALUATIONS

Annual Reassessment Districts (three year averages)

	Avg. % Reduction in Assessed Value	Average tax \$ loss, Per Appeal
1. Bedminster Township	8.06%	\$1,129.44
2. Bernards Township	2.25%	\$ 345.71
3. Bernardsville Borough	4.76%	\$ 747.18
4. Branchburg Township	13.06%	\$2,575.91
5. Bridgewater Township	6.18%	\$ 700.87
6. Far Hills Borough	2.08%	\$ 406.67
7. Franklin Township	6.68%	\$1,437.72
8. Millstone Borough	35.69%*	\$ 172.34
9. Peapack – Gladstone Borough	0.81%	\$ 135.97
10. Warren Township	2.95%	\$ 444.52
11. Watchung Borough	5.04%	\$1,002.41

Revaluation Reliant Districts (three year averages)

	Avg. % Reduction in Assessed Value	Average tax \$ loss, Per Appeal
1. Bound Brook Borough	8.00%	\$1,000.79
2. Green Brook Township	5.68%	\$ 934.82
3. Hillsborough Township	3.89%	\$ 416.76
4. Manville Borough	12.18%	\$ 974.03
5. Montgomery Township	6.58%	\$1,150.58
6. North Plainfield Borough	13.06%	\$1,489.44
7. Raritan Borough	9.08%	\$ 864.14
8. Rocky Hill Borough	2.61%	\$ 272.51
9. Somerville Borough	4.32%	\$ 738.42
10. South Bound Brook Borough	13.76%	\$1,262.31

\*Millstone Borough includes as its only appeal the vacation of a \$1700 assessment in one year, which reflects a 100% reduction for that one year, skewing this figure. See discussion below.

In order to fairly consider the appeal results, avoiding large and potentially misleading percentage adjustments such as the Millstone instance described above, as well as irregularities in individual years, I will consider the total net adjustments achieved by all appellants over the three year period from 2011 through 2013 and divide by the total assessed value of all properties which were the subject of these appeals. I will do this separately for both the reassessment districts and the revaluation reliant districts. In doing so, I arrive at the following figures and conclusion:

	Total of Assessments Appealed	Total Net Reductions
Reassessment Districts: 2011	\$ 387,867,903	\$ 20,172,903
2012	\$ 382,459,400	\$ 21,754,620
2013	\$ 292,464,700	\$ 16,530,150
Three Year Total:	\$1,062,792,003	\$ 58,457,673
Average Reduction per appeal for reassessment districts, 2011-2013: 5.50%		

Revaluation Districts: 2011	\$ 537,848,287	\$ 40,086,964
2012	\$ 496,664,770	\$ 39,585,040
2013	\$ 485,315,409	\$ 37,183,054
Three Year Total:	\$1,519,828,466	\$116,855,058
Average Reduction per appeal for revaluation districts, 2011-2013: 7.69%		

Considered county wide, the average percentage of reduction in assessments at the county level is approximately 28% lower in reassessment districts than is the case in districts relying upon periodic revaluations. This 28% figure is calculated by dividing the difference between the 7.69% average reduction experienced in the revaluation-reliant districts and the 5.50% reduction achieved in the reassessment districts, by 7.69%.

## RATIOS

The equalization ratios within the 11 annually reassessing districts have been consistently maintained at levels between 90% and 100%, rarely exceeding 100%, over many years within Somerset County. The ratio for towns relying upon periodic revaluations, on the other hand, moves much more widely and frequently exceeds 100%, as the assessors in these districts are not able to respond quickly or effectively to a changing (weakening or appreciating) market. In Somerset, four towns have had ratios exceeding 100% during the entire three year time period we are considering, and all of them are non-reassessing districts. The most recent Director's Ratios (10/1/13) show six of Somerset's 21 districts with ratios above 100%, five of which are districts which do not conduct annual reassessments. Three of these have ratios which exceed 110%, including North Plainfield, at 110.12%, Bound Brook, at 114.65%, and Manville, at 123.66%. The only reassessment district with a current Director's Ratio above 100% is Franklin, at 100.57%; however, Franklin, like all reassessment districts, will be the subject of a "Page 8" ratio recalculation in January and will almost certainly drop below 100% as a result.

Only one district in Somerset County has a Director's Ratio below 90%, being Montgomery Township, at 83.58%. Montgomery does not currently conduct annual reassessments.

Assessments which are uniformly maintained at levels close to 100% are more easily understood by the public we are trying to serve. These assessments have an obvious proximity to market value and can be a useful tool for the property owners. These same property owners can more easily perceive instances where the assessments are incorrect as well as when they are correct, and this should produce a lower overall number of appeals, specifically a lower number of both erroneously filed appeals and successful appeals. The statistics as reported above bear this out.

Ratios which exceed 100% tend to engender high numbers of appeals, which appeals are not defensible because no assessment in New Jersey can legally exceed 100% of full market value. Municipalities with very high ratios attract the attention of law firms specializing in tax appeals, again leading to high volumes of appeals. Annual reassessment programs can address situations where the ratios are increasing, which has been occurring during the recent period of declining property values. A reassessment program enables the assessor to recognize this situation and address it every year, so that ratios above 100% can be minimized or avoided totally.

## COST

The final area to be considered is comparative cost. Included in my estimate of cost is the expense of conducting annual reassessments vs. the expense of conducting periodic revaluations. Also to be factored into cost is the net difference in appeal losses generated by each system of assessment maintenance, which incorporates both the reduced number of tax appeals experienced by reassessment districts and the lower percentage of loss reflected in these appeals. Costs that are not quantifiable but are considered nonetheless to be of great importance are the levels of public service and satisfaction achieved by each system, something I will discuss in the conclusion of this document.

My survey of direct costs for the districts in Somerset County which currently are conducting annual reassessment projects now includes Hillsborough Township, which will become the 12<sup>th</sup> annually reassessing district. Hillsborough is now about to complete its first annual reassessment, for the upcoming 2014 tax year. This survey reveals that the costs of conducting this work vary according to the method the assessor uses to inspect the properties and to review and process the data. Some of the assessors do their own inspection and data entry, some hire an outside inspection firm. Some have staff members responsible for the field inspections and data entry. I have asked all of the Somerset assessors to estimate the additional costs related to annual reassessments, and these figures average between \$18 and \$25 per line item processed. As the projects all involve the inspection of 25% of the ratable base in each town, the annual cost per line item is approximately one fourth of these figures, falling in a range of \$4.50 to \$6.25 per district ratable line item.

Revaluations also vary widely in terms of cost per line item, but the entire town is done in one year. The overall range of revaluation costs in Somerset County is consistent with statewide figures, ranging from \$60 to \$100 per line item. However, as revaluations are done once in 10 years (average) this cost must be divided by 10 to produce a figure which can be usefully compared with the cost of annual reassessment as noted above. This figure is a range, between \$6 and \$10 per line item. It becomes apparent that the direct cost of doing annual reassessments does not exceed the cost of doing periodic revaluations, even if the interval between revaluations is expanded, something that is not desirable for any municipality due to other related costs that will rise as a result. On the contrary, recent proposals to reduce the percentage of properties inspected annually from 25% to 20%, as in the Assessment Demonstration Program now underway in Monmouth County, should result in annual costs per line item consistently below those experienced in the revaluation-reliant districts.

The savings in appeal losses attributable to annual reassessment must also be considered. Our data show that the districts which rely upon periodic revaluations experience 4.3 times the number of appeals, per line item, as do the districts which perform annual reassessments. This reflects a potential reduction in appeals filed, per line item, of approximately 77%. In addition to lower numbers of appeals, the average ratable value lost per appeal is also reduced, by approximately 28%.

While the precise impacts of these savings will vary from district to district, it may be useful to consider the potential impacts on a few of Somerset County's 10 districts which do not currently conduct annual reassessments. I will consider the following five municipalities which have experienced varying percentages of appeals filed against them, including some of the highest and some of the lowest. I have chosen Green Brook Township for the first example, as its appeal burden, at 2.41% percent of its line item count, is reasonably close to the 2.13% average for revaluation-reliant districts. Further, Green Brook's average percentage of reductions per line item appealed was also close to the county-wide average, at 7.85% compared to 7.69%. I will first present the actual results of the tax appeal season for 2013 in Green Brook, and then I will present the same figures modified to reflect the potential effects of an annual reassessment program.

1. Actual 2013 figures for Green Brook Township:

2013 appeals:	65	% of line items appealed:	2.41%
Assessments prior to appeal:	\$40,105,009	% of ratable base appealed:	3.07%
Assessments after appeal:	\$36,995,250		
Net Reduction:	\$ 3,149,759	% reduction achieved:	7.85%
2013 Tax Rate:	\$ 2.517/100		
Total refund/reduction in taxes:	\$ 79,279.43		

2. Green Brook Township figures hypothetically adjusted to reflect annual reassessment:

2013 appeals:	15 (23% of 65)	% of line items appealed:	0.55%
Assessments prior to appeal:	\$ 9,224,152	% of base appealed:	0.84%
Assessments after appeal:	\$ 8,716,824		
Net Reduction:	\$ 507,328	% reduction achieved:	5.65%
2013 Tax Rate:	\$ 2.517/100		
Total Refund/reduction in taxes:	\$ 12,769.45, a net savings of \$66,509.98		

This savings of \$66,509.98, divided by the ratable line item count of 2,697 in Green Brook, represents a potential annual savings of \$24.63 per line item. Considered alone, these potential savings are sufficient to fully offset the costs of annual reassessment, and annual reassessment would eliminate the need for any revaluations in the future. Green Brook will be implementing an annual reassessment program for the 2016 tax year.

Manville Borough is another district which relies upon periodic revaluations and is experiencing a high volume of appeals due in part to its high 2013 ratio of 117.71% as well as mounting inaccuracy in its assessments. The same exercise as applied above to Green Brook Township's appeal figures could, hypothetically, yield the following results for the municipality of Manville Borough:

1. Actual 2013 figures for Manville Borough

2013 Appeals:	390	% of line items appealed:	10.97%
Assessments prior to appeal:	\$125,397,320	% of ratable base appealed:	11.09%
Assessments after appeal:	\$108,907,110		
Net Reduction:	\$ 16,490,120	% reduction achieved:	13.15%
2013 Tax Rate:	\$ 2.293/100		
Total refund/reduction in taxes:	\$378,118.45		

2. Manville figures hypothetically adjusted to reflect annual reassessment:

2013 appeals: 90 (23% of 390)	% of line items appealed:	2.52%
Assessments prior to appeal: \$ 28,841,363	% of ratable base appealed:	2.55%
Assessments after appeal: \$ 26,112,970		
Net Reduction: \$ 2,728,393	% reduction achieved:	9.46%
2013 Tax Rate: \$ 2.293/100		
Total Refund/reduction in taxes: \$ 79,941.91, for a net savings of \$298,176.54		

The potential savings of \$298,176.54, divided by the Manville ratable count of 3,554 line items, reflects an annual savings of \$83.90 per line item in the district. Such an amount would approximately equate to the cost of doing an annual revaluation. It obviously would dwarf the estimated cost of performing an annual reassessment program.

It is also useful to note that, in the hypothetical example above, I have used a 28% average reduction factor to yield the 9.46% reduction anticipated in appealed property assessments. This figure is probably well in excess of what would occur if annual reassessment is instituted in this town, meaning that the projected net savings figure is probably understated.

The next municipality to consider is Bound Brook Borough, with 2.58% of its line items appealed in 2013 and an average appeal loss of 8% over three years.

1. Actual 2013 figures for Bound Brook Borough:

2013 appeals: 90		% of line items appealed: 3.47%
Assessments prior to appeal: \$29,677,100		% of ratable base appealed: 3.56%
Assessments after appeal: \$27,330,400		
Net Reduction:	\$ 2,346,700	% reduction achieved: 7.91%
2013 Tax Rate:	\$ 2.796/100	
Total refund/reduction in taxes:		\$65,613.73

2. Bound Brook figures hypothetically adjusted to reflect annual reassessment:

2013 appeals: 21 (23% of 90)		% of line items appealed: 0.81%
Assessment prior to appeal: \$6,825,733		
Assessments after appeal: \$6,444,174		
Net reduction:	\$ 381,559	% reduction achieved: 5.69%
2013 Tax Rate:	\$ 2.796/100	
Total refund/reduction in taxes:		\$10,668.39, a net savings of \$54,945.34

The hypothetical savings of \$54,945.34 divided by the line item count of 2,596 yields a savings of approximately \$21.16 per line item, again substantially offsetting the costs of annual reassessment. Bound Brook is in the process of conducting a hybrid reassessment for 2014, at an approximate cost of \$90,000, but will commence with annual reassessments starting in 2014 for the 2015 tax year. These actual and projected figures can be reviewed and compared for accuracy in the near future.

Another town which is useful to analyze is the Borough of North Plainfield which, like Manville Borough, experienced significant appeal losses for the 2013 tax year. North Plainfield Borough exhibits the following statistics and hypothetical figures:

1. Actual 2013 figures for North Plainfield Borough:

2013 appeals: 197		% of line items appealed:	3.68%
Assessment prior to appeal:	\$69,546,100	% of ratable base appealed:	4.14%
Assessment after appeal:	\$59,570,700		
Net reduction:	\$ 9,975,400	%r reduction achieved:	14.34%
2013 Tax Rate:	\$ 3.119/100		
Total refund/reduction in taxes: \$ 311,132.73			

2. North Plainfield figures, hypothetically adjusted to reflect annual reassessment:

2013 appeals: 45 (23% of 197)		% of line items appealed:	0.84%
Assessment prior to appeal:	\$15,995,603	% of ratable base appealed:	0.95%
Assessment after appeal:	\$14,344,089		
Net reduction:	\$ 1,651,514	% reduction achieved:	10.32%
2013 Tax Rate:	\$ 3.119/100		
Total refund/reduction in taxes: \$ 51,510.72, a net savings of \$259,622.01			

The potential savings of \$259,622.01, when divided by the total line item count of 5,346, yields a potential savings of \$48.56 per line item, a very significant amount which would clearly indicate that North Plainfield would benefit from annual reassessment. The North Plainfield Borough tax assessor is planning to conduct some extensive Compliance Plan work this year, effective for the 2014 tax year. These figures should be revisited next year to see if the kind of improvement experienced by Somerville, partly owing to their completion of a Compliance Plan during 2012, will be reflected in their actual statistics.

The final town I will analyze is Somerville Borough, which experienced a 2.08% appeal rate during 2013, a comparatively modest overall figure. This figure may have been reduced by the completion of a significant Compliance Plan during 2012, which addressed assessments on approximately 50% of the borough's properties.

1. Actual 2013 figures for Somerville Borough:

2013 appeals:	66	% of line items appealed:	2.08%
Assessments prior to appeal:	\$23,282,700	% of ratable base appealed:	1.98%
Assessments after appeal:	\$22,780,900		
Net reduction:	\$ 501,800	% reduction achieved:	2.16%
2013 Tax Rate:	\$ 3.241/100		
Total refund/reduction in taxes: \$ 16,263.34			

2. Somerville Borough figures hypothetically adjusted to reflect annual reassessment:

2013 appeals:	15 (23% of 63)	% of line items appealed:	0.47%
Assessments prior to appeal:	\$ 5,355,021	% of ratable base appealed:	0.46%
Assessments after appeal:	\$ 5,271,482		
Net reduction:	\$ 83,539	% reduction achieved:	1.56%
2013 Tax Rate:	\$ 3.241/100		
Total refund/reduction in taxes: \$ 2,707.50, a net savings of \$13,555.84			

Somerville's projected savings of \$13,555.84 reflects \$4.27 per line item in net savings. This is not a significant amount, which may be in part attributable to the efficacy of the substantial Compliance Plan Somerville's assessor conducted for the 2013 tax year. Entering into an annual reassessment program would serve to ensure that these savings would continue, and would obviate the need for any future revaluations in the Borough or Somerville. The costs of a full revaluation, as discussed above, range from \$6 to \$10 per line item if distributed over the typical 10 year interval for revaluations. Somerville's last revaluation was done during 2010 for the 2011 tax year, at an approximate cost of \$217,800 or \$68.68 per line item.

## SUMMARY AND CONCLUSION

Review of the data presented above leads to a rather obvious conclusion that conducting an annual reassessment program is undeniably and vastly superior to relying upon periodic revaluations, for the following reasons:

1. Annual Reassessment districts experienced an average of 77% fewer appeals, per line item, than did revaluation-reliant districts.
2. Annual Reassessment districts exhibit superior accuracy of assessments, reflected in consistency of equalization ratios which are close to market value and low coefficients of deviation.
3. Annual Reassessment districts exhibit a lower percentage reduction of assessed value for the reduced number of properties which are the subject of county level appeals, approximately 28% lower.
4. The direct costs of performing annual reassessments do not exceed the costs of periodic revaluations, and in many instances are actually lower. The five towns examined above reflect potential annual savings, per line item, ranging from \$4.27 to \$83.90. The average annual savings per line item in these five towns was \$36.50, far exceeding the additional costs of performing annual reassessments. The savings attributable to eliminating periodic full revaluations increases these annualized savings to range from \$10.27 to \$93.90 per line item, or to an average figure of \$42.50 to \$46.50 for the five towns analyzed.
5. The combination of comparable or lower costs when compared to periodic revaluations, combined with the clear potential for annual tax dollar savings in the appeal process, indicates that annual reassessment programs can and do save the tax payers very substantial sums of money. In many instances, the local cost of the assessor's office can be more than fully offset by these savings.

Not to be overlooked is the fact that, in the Somerset County districts which have established annual reassessment programs, the resulting accuracy of the assessments, the proximity of the assessments to actual market value, and the superior knowledge of their districts exhibited by assessors who are demonstrably more involved in the operation of the program within their office, leads to greater public confidence in that office. The value of such well-run and effective municipal assessing offices can be preferable to county wide assessment offices in terms of both cost and familiarity with the needs of each district and its property owners.

Maintaining an annual reassessment program requires that the local assessor be fully competent and directly involved in the process. Not all tax assessors are capable of establishing and maintaining such a program, and some may be simply unwilling to try to do so, as it does present more challenging work. However, the changes occurring in NJ, as exemplified by the Gloucester program of county based assessing and the Assessment Demonstration Program in Monmouth County, which

incorporates annual reassessment, clearly indicate that the old system of relying upon periodic revaluations and not doing much in between revaluations other than watching the accuracy of assessments inexorably deteriorate, is rapidly becoming obsolete.

I have not yet mentioned that periodic revaluations, inevitably, are a politically inflammatory experience for any municipality that undergoes such a project. The public has a history of complaining about assessments, yet responds very unfavorably to the district wide revaluation process which is intended to address the very same complaints. In Somerset County, the assessors in our 11 current reassessment districts have achieved a high level of satisfaction on the part of the taxpayers, far exceeding that possible in districts relying upon periodic revaluations.

We have greatly improved the ability of assessors to perform the task of annual reassessment through the availability of CAMA (Computer Assisted Mass Appraisal) programs throughout the State of New Jersey. It has become my opinion that assessors should be using these programs, which we already pay for, to their full potential, by initiating an annual reassessment program in any district not currently running one. We have come a long way since the local tax assessor was an elected official working part time with minimal training and no certification. Now it is time to take another step forward in professionalizing the assessor's office and demonstrating its tremendous potential value to each municipality in Somerset County and in the State of New Jersey.

I am asking every municipality which does not currently have an annual reassessment program to commence a plan to institute this process. For some municipalities, such as Somerville and Rocky Hill Boroughs, the need may not be immediately apparent; for others, the need is clearly immediate in nature. However, such a system, once in place, will return benefits to any municipality where this is not yet being done. The value of such a system will become apparent as existing assessments age and as the market changes, for better or for worse. This office is available to any member of the governing bodies of such towns to discuss this process in detail. The assessors in each of the 7 districts in question are also advised to discuss the process with me at any time, and I am asking them to take any and all necessary steps to see that annual reassessment becomes a reality within their districts.



# State Provisions for Property Reassessment

April 29, 2010

By Justin Higginbottom  
Fiscal Fact No. 223

Property taxes represent the lion's share of local government tax revenue, with local governments raising nearly \$400 billion per year from this source to fund services. Property taxes are a type of ad valorem tax, calculated as a percentage of the assessed value of the taxed property. Generally an assessment of the property is made by determining how much similar property can be sold for on the market at that time, with some states discounting the market value by a certain percentage.

But property values—such as home prices—are not static. Over time the market value of property will change, and not in a uniform pattern. That is, even in the same county, some property will appreciate rapidly while values elsewhere may stagnate or even drop. These variations in market value necessitate regular *reassessment* of the property in order to levy an equitable property tax. Usually assessors hired by local governments do the work.

Infrequent reassessments can result in significant over- or underpayment of property taxes. If one's property has decreased dramatically in value—which has been the case for many American homeowners since 2006—a property tax using the old higher value for the property would not be correct. Of course, governments have the choice to increase property tax rates as values decrease in order to maintain or increase revenue. Conversely, in good times, many governments keep property tax rates constant or cut tax rates as property values rise.

The combination of infrequent reassessment with rate increases shifts the property tax burden away from those whose property has been appreciating onto those whose property values have been declining.

States have different requirements for how frequently reassessments are conducted. Nine states do not have state provisions for when reassessments take place. Most states follow an annual to five-year schedule. A few states do not require reassessments for up to 10 years.

Following is a summary of state statutes, where they exist, of property reassessment schedules:

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<b>Table1 State Laws Governing Reassessment of Real Estate for Tax Purposes</b>		
<b>State</b>	<b>Frequency of Reassessment Required</b>	<b>Statute</b>
Ala.	At least once every 3 years	Alabama Appraisal Manual, Ch. 2 (Administration and Organization)
Alaska	Annually	AS 29.45.160, AS43.56.090; AS 29.45.150
Ariz.	Annually	Sec. 42-15101, A.R.S.; Sec. 42-13051, A.R.S.; Sec. 42-13052, A.R.S.
Ark.	At least every 3 years (1)	Sec. 26-26-1902(a) and (b), A.C.A
Calif.	Usually whenever a "change of ownership" occurs or new construction is completed	Sec. 75.10, Rev. & Tax. Code, Reg. 463.500, 18 CCR; Sec. 62, Rev. & Tax Code
Colo.	Every 2 years	Sec. 39-1-104(10.2), CRS
Conn.	Prescribed schedule. At least every 10 years following reappraisal	Sec.12-62(a) and (b), G.S.
Del.	No provision	Sec. 8317, Tit. 9, Code
Fla.	At least every 5 years	Sec. 193.023(2), F.S.
Ga.	Annually	Reg. Sec. 560-11-2.28
Hawaii	No specific requirements	
Idaho	At least every 5 years	IC Sec. 63-314
Ill.	Every 4 years. Cook County is assessed triennially	35 ILCS 200/9-215
Ind.	Every 5 years	IC 6-1.1-4-4
Iowa	Every odd-numbered year except for property of public utilities, which is assessed annually	Sec. 428.4, Code of Iowa; Sec. 434.1, Code of Iowa
Kans.	Dependent on county	Sec. 79-1476, K.S.A., Sec. 79-1478, K.S.A.
Ky.	At least every 4 years	Sec. 132.690, KRS

La.	Real property at least every 4 years. Annually for personal property	Sec.18(f), Art. VII, 1974 La Const., Reg. 105, LAC, Reg. 121, LAC; Sec.47:2331, La R.S.
Maine	At least every 4 years	Sec. 328, Tit. 36, M.R.S.A.
Md.	Every 3 years	Sec. 8-104, Prop. Tax Art
Mass.	Annually, certified by state every three years	MGL ch. 40 § 56, MGL § 2A
Mich.	Annually	MCL 211.10
Minn.	At least every 4 years	Sec. 273.08, Minn Stats
Miss.	No provision	Miss Code Ann. Sec. 21-35-29
Mo.	Every 2 years	Sec. 137.115, RSMo.; Sec. 137.115, RSMo.
Mont.	Annual assessment mostly	MCA 15-7-111; ARM 42.20.516
Nebr.	Annually	Sec. 77-1201, R.S., Sec.77-1301, R.S.
Nev.	At least every 5 years (4)	NRS 361.260
N.H.	No provisions	RSA 71-B:16
N.J.	When improvements are made	Sec. 54:4-23, R.S.
N.M.	At least every 2 years	NM Stat Ann Sec. 7-38-7; NM Stat Ann Sec. 7-36-16; 3 NMAC6.5.23
N.Y.	No provision	
N.C.	(2)	Sec. 105-286, G.S.; Sec. 105-287, G.S.
N.D.	Annually	Sec. 57-02-11, NDCC
Ohio	At least once every 6 years	Sec. 5713.01, Ohio R.C., Rule 5705-302, Ohio Admin. Code; Sec. 5715.33, Ohio R.C.
Okla.	Every 4 years	Sec. 2820, Tit. 68, ).S.
Ore.	No provisions	
Pa.	Annually	72 P.S. 5341.7, 72 P.S. 5347, 72 P.S. 5354.601
R.I.	Every 10 years	Sec. 44-5-11, G.L.
S.C.	Every 5 years	Sec. 12-43-217, Code
S.D.	No provision	
Tenn.	Every 6 years	Sec. 67-5-1601, T.C.A.
Tex.	At least every 3 years	Sec. 25.18, Tax Code
Utah	At least every 5 years	Sec. 59-2-303.1, Utah Code Ann.
Vt.	(3)	Sec. 4041a, Tit. 32, V.S.A.
Va.	Every 2 years in cities and every 4 years in counties (5)	Sec. 58.1-3250, Code; Sec. 58.1-3252, Code
Wash.	At least every 4 years	RCW 84.41.030
W.Va.	Annually	Sec. 11-1c-7, Code
Wis.	At least every 5 years	Sec. 70.05(5)(b), Wis. Stats.
Wyo.	At least every 4 years	Rule Ch.9, Sec. 3, WY DR
D.C.	At least every 3 years	Sec. 47-820, D.C. Code
<p>(1) Arkansas counties that completed reappraisal between 2002 and 2004 have a 5-year reappraisal cycle.</p> <p>(2) North Carolina counties with population of 75,000 or greater must reassess real property within 3 years if the county's sales assessment ratio is less than .85 or greater than 1.5, or if no change, within 8 years of county's last reassessment. All other counties: every 8 years.</p> <p>(3) In Vermont, state assessors calculate current fair market value for all properties each year, whether or not they have been reassessed locally. When the aggregate assessment of property in any township is less than 80% of the state-level "equalized" assessment," the locality must reassess all of its properties.</p> <p>(4) All counties are moving to a system of annual reappraisal. All counties reappraise land every year and Clark County reappraises both land and buildings annually.</p> <p>(5) Virginia makes an exception for some counties that allows them to have up to 6 years between reassessments. (Alleghany, Amelia, Amherst, Appomattox, Bath, Brunswick, and Buchanan County to name a few.)</p> <p>Source: Tax Foundation, Commerce Clearing House.</p>		

### Tax Topic Property Taxes, State Tax and Spending Policy, All States



## CHAPTER 15

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

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

C.54:1-101 Short title.

1. Sections 1 through 4 of P.L.2013, c.15 (C.54:1-101 et seq.) shall be known and may be cited as the “Real Property Assessment Demonstration Program.”

C.54:1-102 Findings, declarations relative to the “Real Property Assessment Demonstration Program.”

2. The Legislature finds and declares:

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

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

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

C.54:1-103 Definitions relative to the “Real Property Assessment Demonstration Program.”

3. As used in this act:

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

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

“Demonstration county” means a county participating in the real property assessment demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104).

“Demonstration program” means the real property demonstration program for municipal real property assessment established in section 4 of P.L.2013, c.15 (C.54:1-104).

C.54:1-104 Real property assessment demonstration program.

4. a. There is established a real property assessment demonstration program, which shall be open for participation therein to any county in the State, to evaluate the efficacy and functionality of a municipal system of real property assessment directed by a county tax board through the county tax administrator pursuant to a revised assessment, and assessment appeal, calendar.

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

For the first two full tax years immediately following the enactment of P.L.2013, c.15 (C.54:1-101 et al.), no more than two counties shall participate in the demonstration program established in this section, and for the third and fourth full tax years immediately following the enactment of P.L.2013, c.15 (C.54:1-101 et al.), no more than two additional counties shall participate in the demonstration program established in this section. A county shall not institute a demonstration program pursuant to the provisions of P.L.2013, c.15 (C.54:1-101 et al.) unless it meets the following criteria, and provides the required information to the Director of the Division of Taxation and to the Director of the Division of Local Government Services:

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

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

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

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

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

(2) On October 1 next following the provision of software under paragraph (1) of this subsection, each demonstration county shall commence the demonstration program under a plan developed by the county tax administrator of each demonstration county, approved by the county board of taxation, and submitted to the Director of the Division of Taxation and the Director of the Division of Local Government Services not less than 60 days prior to October 1. The Director of the Division of Taxation and the Director of the Division of Local Government Services shall not propose or require any changes to a demonstration program plan submitted by a county board of taxation unless a provision of the demonstration program shall be inconsistent with State law, or the decision of any court of this State, regarding the assessment of real property unless the changes have been agreed to by a majority of the members of a demonstration county's Assessment Demonstration Program Steering Committee created pursuant to paragraph (3) of this subsection. The demonstration program of each demonstration county shall operate under all statutory requirements and pursuant to all statutory dates and time frames concerning the assessment of real property in the State, as those statutory dates and time frames have been amended pursuant to the provisions of P.L.2013, c.15 (C.54:1-101 et al.).

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

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

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

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

g. The Director of the Division of Local Government Services in the Department of Community Affairs, and the Director of the Division of Taxation in the Department of the Treasury, shall have the authority to take any action as is deemed necessary and consistent with the intent of P.L.2013, c.15 (C.54:1-101 et al.) to implement its provisions, including but not limited to the authority to waive any provisions of statutory law and regulations that may be inconsistent with the intent or application of the provisions of P.L.2013, c.15 (C.54:1-101 et al.).

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

C.54:1-35.25b Continuing education, training requirements for certified tax assessors.

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

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

(2) Prior to the first renewal date of a tax assessor certificate pursuant to P.L.1999, c.278 (C.54:1-35.25b et al.) every applicant for renewal shall, on a form prescribed by the Director of the Division of Taxation, furnish proof of having earned a total of at least 50 continuing education credit hours over the prior five-year period. Thereafter, prior to each succeeding renewal date of a tax assessor certificate, every applicant for renewal shall, on a form prescribed by the Director of the Division of Taxation, furnish proof of having earned a total of at least 30 continuing education credit hours over the prior three-year period. For the purposes of this section, one continuing education credit hour means 50 minutes of classroom or lecture time. After verifying that the applicant has fulfilled the continuing education requirement and after receiving a fee of not less than \$50 paid by the applicant to

the order of the Treasurer of the State of New Jersey, the Director of the Division of Taxation shall renew the tax assessor certificate. The Director of the Division of Taxation shall determine, by regulation, the circumstances under which an extension of time to complete the requirements for continuing education may be granted by the director.

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

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

d. (Deleted by amendment, P.L.2013, c.15).

e. In addition to the requirements of this section, to address the introduction to, and competency of, municipal assessors and county tax board personnel with the technology, administrative procedures, and real property appraisal requirements within a demonstration county under a demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), the county tax administrator of a demonstration county, in consultation with the members of the county tax board of that demonstration county, shall develop a training program to provide annually, free of charge, an additional 10 credit hours of continuing education training concerning the requirements of the real property assessment function in the demonstration county for all assessors, deputy assessors, tax board commissioners, the county tax administrator, and the deputy county tax administrator, practicing within that demonstration county. Attendance at the training program shall be required for each of these professionals, and the county tax administrator of the demonstration county shall annually certify to the Director of the Division of Taxation in the Department of the Treasury that each of these professionals has completed this training. The continuing education credit hours required by this subsection shall be in addition to the requirements of subsection a. of this section, and shall not be used to satisfy any requirements of that subsection. Any person who does not meet the additional continuing education training requirement required by this subsection shall be ineligible to function as an assessor or deputy assessor in any municipality located in a demonstration county until such time as the additional continuing education training requirement has been satisfied.

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

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

C.54:3-5.1 Annual reports; president of county board of taxation; director of division of taxation.

19. a. The president of each county board of taxation shall annually on or before August 15 report to the Director of the Division of Taxation in the Department of the Treasury, except that the president of a county board of taxation participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104) shall make this required report to the director annually on or before June 1. Such report shall be in such form as shall be prescribed by the director and shall contain such information and statistics as may be appropriate to demonstrate for the immediately preceding 3-month period during which tax appeals were heard by the county board: the total number of appeals filed with the county board; the disposition of the various appeals disposed of during that period; the character of appeals filed with regard to the classification of properties appealed; the total amount of assessments involved in those appeals; the number of appeals filed in each filing fee category during that period; and, the total amount of reductions and increases of assessed valuation granted by the board during that period.

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

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

Ascertain ratio of assessments to value; equalization table; copies to assessors.

54:3-17. Each county tax administrator shall annually ascertain and determine, according to his best knowledge and information, the general ratio or percentage of true value at which the real property of each taxing district is in fact assessed according to the tax lists laid before the board. On or before March 1 of each year, or on or before May 15 in the case of a county board of taxation participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), the county tax administrator shall prepare and submit to the county board an equalization table showing, for each district, the following items:

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

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

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

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

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

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

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

(h) The aggregate equalized valuation of machinery, implements and equipment and all other personal property used in business, computed by multiplying the aggregate true value thereof by the lower of (1) that percentage level established pursuant to law for expressing

the taxable value of real property in the county, or (2) the average ratio of assessed to true value of real property as promulgated by the director on October 1 of the pretax year, pursuant to chapter 86, laws of 1954, for State school aid purposes, as the same may have been modified by the Tax Court;

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

A copy of the table shall be mailed to the assessor of each district, and to the Division of Taxation, and be posted at the courthouse, not later than March 1, or not later than May 15 in the case of a county board of taxation participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104).

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

Meeting to review equalization table; hearing and notice.

54:3-18. The county board of taxation in each county shall meet annually for the purpose of reviewing the equalization table prepared pursuant to R.S.54:3-17 with respect to the several taxing districts of the county. At the meeting a hearing shall be given to the assessors and representatives of the governing bodies of the various taxing districts for the purpose of determining the accuracy of the ratios and valuations of property as shown in the equalization table, and the board shall confirm or revise the table in accordance with the facts. The hearings may be adjourned from time to time but the equalization shall be completed before March 10, or not later than May 25 in the case of a county board of taxation participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104). At the first hearing any taxing district may object to the ratio or valuation fixed for any other district, but no increase in any valuation as shown in the table shall be made by the board without giving a hearing, after 3 days' notice, to the governing body and assessor of the taxing district affected.

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

Appeal by taxpayer or taxing district; petition; complaint; exception.

54:3-21. a. (1) Except as provided in subsection b. of this section a taxpayer feeling aggrieved by the assessed valuation of the taxpayer's property, or feeling discriminated against by the assessed valuation of other property in the county, or a taxing district which may feel discriminated against by the assessed valuation of property in the taxing district, or by the assessed valuation of property in another taxing district in the county, may on or before April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever is later, appeal to the county board of taxation by filing with it a petition of appeal; provided, however, that any such taxpayer or taxing district may on or before April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever is later, file a complaint directly with the Tax Court, if the assessed valuation of the property subject to the appeal exceeds \$1,000,000. In a taxing district where a municipal-wide revaluation or municipal-wide reassessment has been implemented, a taxpayer or a taxing district may appeal before or on May 1 to the county board of taxation by filing with it a petition of appeal or, if the assessed valuation of the property subject to the appeal exceeds \$1,000,000, by filing a complaint directly with the State Tax Court. Within ten days of the completion of the bulk mailing of notification of assessment, the assessor of the taxing district shall file with the county board

of taxation a certification setting forth the date on which the bulk mailing was completed. If a county board of taxation completes the bulk mailing of notification of assessment, the tax administrator of the county board of taxation shall within ten days of the completion of the bulk mailing prepare and keep on file a certification setting forth the date on which the bulk mailing was completed. A taxpayer shall have 45 days to file an appeal upon the issuance of a notification of a change in assessment. An appeal to the Tax Court by one party in a case in which the Tax Court has jurisdiction shall establish jurisdiction over the entire matter in the Tax Court. All appeals to the Tax Court hereunder shall be in accordance with the provisions of the State Uniform Tax Procedure Law, R.S.54:48-1 et seq.

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

(2) With respect to property located in a county participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), and except as provided in subsection b. of this section, a taxpayer feeling aggrieved by the assessed valuation of the taxpayer's property, or feeling discriminated against by the assessed valuation of other property in the county, or a taxing district which may feel discriminated against by the assessed valuation of property in the taxing district, or by the assessed valuation of property in another taxing district in the county, may on or before January 15, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever date is later, appeal to the county board of taxation by filing with it a petition of appeal; provided, however, that any such taxpayer, or taxing district, may on or before April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever date is later, file a complaint directly with the Tax Court, if the assessed valuation of the property subject to the appeal exceeds \$1,000,000.

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

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

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

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

C.54:3-21.3a Use of revenues from fees.

18. All revenues received by the county from fees, either established or increased pursuant to this amendatory and supplementary act, shall be used exclusively for the purposes of modernizing the record-retention capabilities of the county board of taxation, for defraying the costs incurred by the county board of taxation in recording and transcribing appeal proceedings, setting forth memorandums of judgment and in providing copies thereof, for paying any salary required to be paid by the county which is increased pursuant to this amendatory and supplementary act, and to effectuate the provisions of the real property assessment demonstration program established by section 4 of P.L.2013, c.15 (C.54:1-104).

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

Assessment of real property; conditions for reassessment.

54:4-23. All real property shall be assessed to the person owning the same on October 1 in each year. The assessor shall ascertain the names of the owners of all real property situate in his taxing district, and after examination and inquiry, determine the full and fair value of each parcel of real property situate in the taxing district at such price as, in his judgment, it would sell for at a fair and bona fide sale by private contract on October 1 next preceding the date on which the assessor shall complete his assessments, as hereinafter required; provided, however, that in determining the full and fair value of land which is being assessed and taxed under the Farmland Assessment Act of 1964, chapter 48, laws of 1964, the assessor shall consider only those indicia of value which such land has for agricultural or horticultural use as provided by said act; and provided further however, that when the assessor has reason to believe that property comprising all or part of a taxing district has been assessed at a value lower or higher than is consistent with the purpose of securing uniform taxable valuation of property according to law for the purpose of taxation, or that the assessment of property comprising all or part of a taxing district is not in substantial compliance with the law and that the interests of the public will be promoted by a reassessment of such property, the assessor shall, after due investigation, make a reassessment of the property in the taxing district that is not in substantial compliance, provided that (1) the assessor has first notified, in writing, the mayor, the municipal governing body, the county board of taxation, and the county tax administrator of the basis of the assessor's determination that a reassessment of that property in the taxing district is warranted and (2) the assessor has submitted a copy of a compliance plan to the county board of taxation for approval. In the case of real property located in a county participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), the assessor of the municipality in which the real property is situate, after due investigation, shall make a reassessment of the property in the taxing district that is not in substantial compliance. Following a reassessment of a portion of the taxing district pursuant to the provisions of this section, the assessor shall certify to the county board of taxation, through such sampling as the county board of taxation deems adequate, that the reassessment is in substantial compliance with the portions of the taxing district that were not reassessed. For the purposes of assessment, the assessor shall compute and determine the taxable value of such real property at the level established for the county pursuant to law.

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

Abstract of deed provided electronically, mailed to assessor.

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

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

Period for assessing; assessor's duplicate; preliminary, final assessment list.

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

b. In the case of a municipality located in a county where the county board of taxation is participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), the assessor shall determine the taxable valuations of real property as of October 1 in each year and shall complete the preparation of the preliminary assessment list by November 1, and the assessor shall appear on that date before the county board of taxation and shall certify to the board, on forms promulgated by the Director of the Division of Taxation in the Department of the Treasury, that the electronic file within the county's MOD-IV tax system is his complete preliminary assessment list.

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

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

Public inspection; notice; advertisement.

54:4-38. a. Except as provided in subsection b. of this section, every assessor, at least ten days before filing the complete assessment list and duplicate with the county board of taxation, and before annexing thereto his affidavit as required in section 54:4-36 of this title, shall notify each taxpayer of the current assessment and preceding year's taxes and give public notice by advertisement in at least one newspaper circulating within his taxing district of a time and place when and where the assessment list may be inspected by any taxpayer for

the purpose of enabling the taxpayer to ascertain what assessments have been made against him or his property and to confer informally with the assessor as to the correctness of the assessments, so that any errors may be corrected before the filing of the assessment list and duplicate. Thereafter, the assessor shall notify each taxpayer by mail within 30 days of any change to the assessment. This notification of change of assessment shall contain the prior assessment and the current assessment.

b. In the case of a municipality located in a county where the county board of taxation is participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), every assessor, before filing the preliminary assessment list with the county board of taxation pursuant to subsection b. of R.S.54:4-35, shall notify each taxpayer of the preliminary assessment and preceding year's taxes and give public notice by advertisement in at least one newspaper circulating within his taxing district of a time and place when and where the assessment list may be inspected by any taxpayer for the purpose of enabling the taxpayer to ascertain what assessments have been made against the taxpayer or the taxpayer's property. Thereafter, the assessor shall notify each taxpayer by mail within 30 days of any change to the assessment. This notification of change of assessment shall contain the prior assessment and the current assessment.

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

C.54:4-38.1 Notice of current assessment, preceding year's taxes, and changed assessments.

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

b. In the case of a municipality located in a county where the county board of taxation is participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), every assessor, on or before November 15 of the pretax year, shall notify by mail each taxpayer of the preliminary assessment and preceding year's taxes. Thereafter, the assessor or county board of taxation shall notify each taxpayer by mail within 30 days of any change to the assessment. This notification of change of assessment shall contain the prior assessment and the current assessment. The director shall establish the form of notice of assessment and change of assessment. Any notice issued by the assessor or county board of taxation shall contain information instructing taxpayers on how to appeal their assessment.

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

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

Table of aggregates for county; prepared by county board.

54:4-52. The county board of taxation shall, on or before May 20, or on or before May 31 in the case of a county board of taxation participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), fill out a table of aggregates copied

from the duplicates of the several assessors and the certifications of the Director of the Division of Taxation relating to second-class railroad property, and enumerating the following items:

- (1) The total number of acres and lots assessed;
- (2) The value of the land assessed;
- (3) The value of the improvements thereon assessed;
- (4) The total value of the land and improvements assessed, including:
  - a. Second-class railroad property;
  - b. All other real property.
- (5) The value of the personal property assessed, stating in separate columns:
  - a. Value of household goods and chattels assessed;
  - b. Value of farm stock and machinery assessed;
  - c. Value of stocks in trade, materials used in manufacture and other personal property assessed under section 54:4-11;
  - d. Value of all other tangible personal property used in business assessed.
- (6) Deductions allowed, stated in separate columns:
  - a. Household goods and other exemptions under the provisions of section 54:4-3.16 of this Title;
  - b. Property exempted under section 54:4-3.12 of this Title.
- (7) The net valuation taxable;
- (8) Amounts deducted under the provisions of sections 54:4-49 and 54:4-53 of this Title or any other similar law (adjustments resulting from prior appeals);
- (9) Amounts added under any of the laws mentioned in subdivision 8 of this section (like adjustments);
- (10) Amounts added for equalization under the provisions of sections 54:3-17 to 54:3-19 of this Title;
- (11) Amounts deducted for equalization under the provisions of sections 54:3-17 to 54:3-19 of this Title;
- (12) Net valuation on which county, State and State school taxes are apportioned;
- (13) The number of polls assessed;
- (14) The amount of dog taxes assessed;
- (15) The property exempt from taxation under the following special classifications:
  - a. Public school property;
  - b. Other school property;
  - c. Public property;
  - d. Church and charitable property;
  - e. Cemeteries and graveyards;
  - f. Other exemptions not included in foregoing classifications subdivided showing exemptions of real property and exemptions of personal property;
  - g. The total amount of exempt property.
- (16) State road tax;
- (17) State school tax;
- (18) County taxes apportioned, exclusive of bank stock taxes;
- (19) Local taxes to be raised, exclusive of bank stock taxes, subdivided as follows:
  - a. District school tax;
  - b. Other local taxes.
- (20) Total amount of miscellaneous revenues, including surplus revenue appropriated, for the support of the taxing district budget, which, for a municipality operating under the State

fiscal year, shall be the amounts for the fiscal year ending June 30 of the year in which the table is prepared;

(21) District court taxes;

(22) Library tax;

(23) Bank stock taxes due taxing district;

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

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

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

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

18. This act shall take effect immediately.

Approved January 25, 2013.

**MONMOUTH COUNTY REVALUATION and REASSESSMENT HISTORY**

Taxing District	EFFECTIVE TAX YEAR												PENDING	
	Prior Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 ABERDEEN	91, 93				R									
2 ALLENHURST	89, 94, 98, 02		r								R			
3 ALLENTOWN	87, 99						R							
4 ASBURY PARK	88, 02									R				
5 ATLANTIC HIGHLANDS	90, 96, 04													R
6 AVON BY THE SEA	89, 93			R					r					
7 BELMAR	89, 93, 03												R	
8 BRADLEY BEACH	95, 02	r									R			
9 BRIELLE	90		R								R			
10 COLTS NECK	88, 95					R								
11 DEAL	89, 02				R			r						
12 EATONTOWN	91	R					r					R		
13 ENGLISHTOWN	90			R										
14 FAIR HAVEN	93, 96, 03									R				
15 FARMINGDALE	91 , 05										R			
16 FREEHOLD BORO	90, 91, 05												R	
17 FREEHOLD TWP	90, 91, 98				R				r					
18 HAZLET	94				R				r					
19 HIGHLANDS	90, 93, 04						R							
20 HOLMDEL	92		R				r							
21 HOWELL	91		R					r						
22 INTERLAKEN	89, 94, 03								R					
23 KEANSBURG	90, 99, 05		R				r						R	
24 KEYPORT	91				R						R			
25 LITTLE SILVER	95, 03								R					
26 LOCH ARBOUR	87, 98, 02			R			r							
27 LONG BRANCH	89, 91, 03		r				r					R		
28 MANALAPAN	92		R				r							
29 MANASQUAN	90, 04											R		
30 MARLBORO	92					R								
31 MATAWAN	89, 92			R										
32 MIDDLETOWN	91				R		r							
33 MILLSTONE	93, 02					R		r						
34 MONMOUTH BEACH	93, 05										R			
35 NEPTUNE TWP	90, 92, 04										R			
36 NEPTUNE CITY	90, 93, 04										R			
37 OCEAN TWP	92, 05						r						R	
38 OCEANPORT	90	R					r						R	
39 RED BANK	89, 92, 01		r									R		
40 ROOSEVELT	92, 94		R				r							
41 RUMSON	93, 04									R				
42 SEA BRIGHT	93, 04											R		
43 SEA GIRT	89, 91, 05										R			
44 SHREWSBURY BORO	94, 03								R					
45 SHREWSBURY TWP	91			R										
46 LAKE COMO	89, 98	06								R		R		
47 SPRING LAKE	89, 99, 05												R	
48 SPRING LAKE HGTS	85, 93, 02			R										
49 TINTON FALLS	90			R										
50 UNION BEACH	90, 03										R			
51 UPPER FREEHOLD	90	R					r				R			
52 WALL TWP	89, 90, 02											R		
53 WEST LONG BRANCH	90, 93	r							R					

**R = Revaluation, r = reassessment**

**N.J.S.A. 54:3-14**  
**NJAC 18:12A-1.14 Revaluations; reassessments, compliance plans**

CRITERIA FOR REVALUATION ORDER	ORDER THRESHOLD
1 <b>General Coefficient of Deviation</b>	..... 15 % or greater (Primary indicator of lack of uniformity, hence the need for revaluation)
2 <b>Stratified Coefficient of Deviation</b>	..... 15 % or greater
3 <b>Segmented Coefficient of Deviation</b>	..... 15 % or greater
4 <b>General Assessment to Sales Ratio</b>	..... 85% or lower
5 <b>Individual Assessment to Sales Ratio</b>	..... 85% or lower
6 <b>Class Weighted Ratio</b>	..... 85% or lower
7 <b>District Weighted Ratio</b>	..... 85% or lower
8 <b>Neighborhood and Zoning changes</b>	..... Changes which impact the existing assessed values.
9 <b>Lack of adequate records</b>	..... Insufficient or inaccurate data to support the assessment function
10 <b>Date of last revaluation or reassessment</b>	..... 10 years or more
11 <b>Amount of Revenue Lost Due to Appeals</b>	..... Indication of a need for revaluation

- 1 **GENERAL COEFFICIENT OF DEVIATION.** This is an average deviation from the average assessment ratio expressed as a percentage of the average assessment ratio for each taxing district for all properties included in "useable sales". It is a measure of variation in assessment-sales ratios of all properties sampled without regard to property class, property size or any other property characteristic.
- 2 **STRATIFIED COEFFICIENT OF DEVIATION.** This is the average deviation of assessment ratios for all useable sales of each property class from the average assessment ratio for the class. It provides a measure of assessment uniformity for properties within each class, but provides no insight into comparability of assessment levels as among property classes.
- 3 **SEGMENTED COEFFICIENT OF DEVIATION.** This is an average deviation of assessment ratios for all useable sales of each property class from the average assessment ratio for all properties of all classes expressed as a percentage of the average assessment ratio for all properties of all classes. It provides a measure of uniformity or lack thereof of one property class compared to all other property classes.
- 4 **GENERAL ASSESSMENT-SALES RATIO.** A source of information for ascertaining the assessment-sales ratio is the data gathered in the equalization program for the distribution of State School aid. A continual decline of assessment-sales ratios in a district from the percentage level of taxable value established by a county board of taxation is an indication of lack of maintenance of the assessment list. However, a declining ratio does not provide any insight into the level of uniformity of assessment, and in and of itself does not imply an automatic judgment with respect to lack of uniform assessments.
- 5 **INDIVIDUAL ASSESSMENT-SALES RATIO.** The individual sales are listed in order of ratios established from the lowest to the highest. A wide divergence of ratios as opposed to a clustering of ratios at a common level would be indicative of a lack of uniformity in assessments.
- 6 **CLASS WEIGHTED RATIO.** The weighted ratio of a property class is found by dividing total ratables of property class by the total true value of that property class. Uniformity between property classes is indicated when the class weighted ratios are in conformity with each other. Wide variances in class weighted ratios are an indication of a lack of uniformity in assessments between property classes.
- 7 **DISTRICT WEIGHTED RATIO.** The district weighted average ratio is found by adding the total ratables for each of the four property classes and dividing the sum by the total true value for all classes of real property. A district weighted ratio, which is based on useable sales for the most recent sampling period, is indicative of whether there is compliance with the adopted percentage level of assessments established by a county board of taxation.
- 8 **NEIGHBORHOOD AND ZONING CHANGES.** The need for a revaluation program may be indicated by neighborhood and zoning changes which affect value in part or all of a taxing district. Changes in uses permitted by zoning may substantially increase or decrease the value of property. A revaluation order citing changes in zoning as its basis must delineate the impact of zoning changes as the change relates to assessments.
- 9 **LACK OF ADEQUATE RECORDS.** A lack of adequate records, such as property record cards, which cause difficulty for the assessor in arriving at a sound assessment is indicative of the need for a revaluation. The absence of information relating to changes made to improvements such as failure of property owners to secure building permits, or failure to furnish copies of building permits to an assessor are contributing factors resulting in a lack of uniform assessments.
- 10 **DATE OF LAST REVALUATION OR REASSESSMENT.**
- 11 **AMOUNT OF REVENUE LOST DUE TO APPEALS**

**MONMOUTH COUNTY - MUNICIPAL TAX LEVY TOTALS**

		A	B	C	D	E	F	G	H
		2010 TOTAL LEVY	2011 TOTAL LEVY	2012 TOTAL LEVY	2013 TOTAL LEVY	2014 TOTAL LEVY	2015 TOTAL LEVY	TOTAL LEVY CHANGE SINCE 2010	
								AMOUNT	PERCENTAGE OF 2010
								(F - A)	(G / A)
1	ABERDEEN	45,926,851.95	46,632,938.46	48,425,207.52	49,553,763.57	50,048,198.31	51,332,060.79	5,405,208.84	11.8%
2	ALLENHURST	3,820,196.97	4,106,510.20	3,982,576.17	3,864,658.80	3,866,819.24	4,125,273.92	305,076.95	8.0%
3	ALLENTOWN	4,852,590.72	5,018,676.59	5,105,943.88	5,234,478.76	5,305,353.06	5,417,621.55	565,030.83	11.6%
4	ASBURY PARK	22,366,109.50	23,533,122.00	24,094,631.82	24,628,598.03	25,666,040.17	26,941,614.40	4,575,504.90	20.5%
5	ATLANTIC HIGHLANDS	14,714,034.59	15,044,580.63	15,096,195.93	15,435,089.27	15,876,634.01	16,136,870.68	1,422,836.09	9.7%
6	AVON BY THE SEA	9,399,755.62	9,910,121.61	10,058,085.84	10,033,577.48	10,331,815.86	10,360,536.68	960,781.06	10.2%
7	BELMAR	19,459,491.85	19,607,929.77	19,695,169.48	19,790,980.81	19,887,103.77	20,018,194.44	558,702.59	2.9%
8	BRADLEY BEACH	14,114,019.68	14,441,152.74	14,936,070.22	15,350,168.52	15,393,055.15	15,788,427.74	1,674,408.06	11.9%
9	BRIELLE	21,850,629.76	22,265,771.15	22,566,168.04	23,070,640.58	22,984,904.50	23,435,766.02	1,585,136.26	7.3%
10	COLTS NECK	47,833,741.90	47,761,621.05	48,151,461.61	49,325,198.53	50,911,686.96	51,547,408.90	3,713,667.00	7.8%
11	DEAL	14,046,161.72	14,729,895.83	14,408,352.15	14,530,585.79	13,037,698.14	14,079,407.67	33,245.95	0.2%
12	EATONTOWN	43,871,510.26	44,136,477.49	43,717,480.11	45,181,462.56	45,523,880.29	46,492,412.79	2,620,902.53	6.0%
13	ENGLISHTOWN	4,609,882.88	4,611,856.55	4,768,953.55	4,999,905.42	5,015,863.44	5,106,522.34	496,639.46	10.8%
14	FAIR HAVEN	26,430,104.37	26,902,240.35	27,316,715.34	27,565,251.29	28,655,373.78	29,733,379.21	3,303,274.84	12.5%
15	FARMINGDALE	2,594,173.01	2,728,341.71	2,794,844.60	2,939,528.97	2,750,552.35	2,909,758.75	315,585.74	12.2%
16	FREEHOLD BORO	24,223,049.47	24,897,105.13	24,805,449.55	24,886,888.49	25,405,653.81	26,074,761.44	1,851,711.97	7.6%
17	FREEHOLD TWP	117,587,184.52	120,663,444.79	122,883,942.24	125,811,592.47	128,781,040.46	133,050,004.16	15,462,819.64	13.2%
18	HAZLET	52,901,830.30	54,264,573.88	54,923,819.44	55,220,095.41	55,931,124.50	57,765,806.88	4,863,976.58	9.2%
19	HIGHLANDS	15,310,137.14	14,805,024.26	15,427,467.54	14,923,649.62	15,386,103.66	16,079,245.24	769,108.10	5.0%
20	HOLMDEL	74,772,414.04	75,278,735.83	77,347,490.47	78,949,277.34	80,043,060.11	81,615,631.79	6,843,217.75	9.2%
21	HOWELL	140,634,398.15	142,301,796.85	142,151,053.01	143,024,369.33	142,633,953.18	146,017,543.84	5,383,145.69	3.8%
22	INTERLAKEN	3,181,590.39	3,039,919.91	3,012,855.97	3,321,388.89	3,458,445.07	3,451,534.74	269,944.35	8.5%
23	KEANSBURG	16,670,338.10	16,885,621.68	17,088,038.14	16,424,423.50	16,786,839.33	16,744,165.55	73,827.45	0.4%
24	KEYPORT	16,208,957.26	16,209,777.10	16,330,436.52	16,437,799.89	16,453,913.95	17,240,150.16	1,031,192.90	6.4%
25	LITTLE SILVER	28,138,550.90	28,752,703.09	29,723,724.52	30,407,719.87	31,399,494.32	31,890,084.65	3,751,533.75	13.3%
26	LOCH ARBOUR	2,858,920.73	3,264,087.98	3,351,574.83	3,138,920.55	3,048,065.72	3,087,536.91	228,616.18	8.0%
27	LONG BRANCH	77,948,980.36	78,818,023.83	80,627,254.10	82,609,077.64	84,402,395.99	86,848,035.93	8,899,055.57	11.4%
28	MANALAPAN	112,392,872.42	113,323,815.67	115,269,899.81	117,569,591.60	121,483,997.80	124,286,593.95	11,893,721.53	10.6%
29	MANASQUAN	24,747,673.37	25,119,817.29	25,687,791.06	24,750,013.70	25,806,470.99	26,424,802.65	1,677,129.28	6.8%
30	MARLBORO	137,155,657.42	138,162,110.38	139,283,092.64	142,044,660.42	145,877,173.56	151,942,443.87	14,786,786.45	10.8%
31	MATAWAN	25,153,987.54	25,576,885.17	25,769,519.42	25,944,665.87	25,768,591.10	26,410,916.47	1,256,928.93	5.0%
32	MIDDLETOWN	204,264,239.01	206,509,387.18	208,040,056.03	210,053,686.80	214,248,972.76	219,407,379.19	15,143,140.18	7.4%
33	MILLSTONE	36,998,664.06	39,137,253.45	38,972,278.42	38,933,998.94	39,141,398.01	39,337,753.65	2,339,089.59	6.3%
34	MONMOUTH BEACH	15,603,204.32	16,236,292.36	16,218,382.93	15,524,813.92	15,636,875.11	16,340,964.72	737,760.40	4.7%
35	NEPTUNE TWP	67,694,092.58	68,696,683.43	69,576,959.86	70,652,978.91	72,125,134.56	74,151,121.83	6,457,029.25	9.5%
36	NEPTUNE CITY	11,140,668.22	11,536,160.39	11,894,508.43	12,153,966.49	12,461,751.76	13,502,123.03	2,361,454.81	21.2%
37	OCEAN TWP	88,159,972.16	89,507,279.06	90,590,418.40	91,962,385.37	93,298,953.30	94,388,350.39	6,228,378.23	7.1%
38	OCEANPORT	20,747,717.86	21,394,073.81	21,509,384.49	21,040,823.53	21,104,190.23	21,324,920.81	577,202.95	2.8%
39	RED BANK	38,084,967.99	38,667,006.39	39,475,346.48	40,322,519.55	41,933,856.88	42,178,045.20	4,093,077.21	10.7%
40	ROOSEVELT	2,334,754.99	2,371,841.90	2,398,302.75	2,452,651.61	2,456,082.22	2,504,849.76	170,094.77	7.3%
41	RUMSON	44,200,516.29	44,571,065.46	45,697,862.84	46,838,994.47	47,842,466.63	48,796,399.82	4,595,883.53	10.4%
42	SEA BRIGHT	8,565,740.57	8,774,319.41	9,311,615.13	8,066,965.93	9,268,478.06	8,776,896.73	211,156.16	2.5%
43	SEA GIRT	14,775,596.88	14,704,975.55	14,921,710.76	15,420,162.93	15,752,350.30	16,051,016.29	1,275,419.41	8.6%
44	SHREWSBURY BORO	21,284,251.76	21,437,517.88	21,285,397.07	21,705,194.98	22,791,361.90	23,216,617.44	1,932,365.68	9.1%
45	SHREWSBURY TWP	1,656,981.12	1,646,338.14	1,621,964.20	1,684,538.90	1,654,536.76	1,642,504.68	(14,476.44)	-0.9%
46	LAKE COMO	6,236,303.06	6,396,715.75	6,315,394.08	6,488,825.48	6,579,923.10	6,770,545.63	534,242.57	8.6%
47	SPRING LAKE	21,966,770.52	21,953,759.82	22,358,230.30	22,809,039.49	23,355,355.07	24,111,205.25	2,144,434.73	9.8%
48	SPRING LAKE HGTS	14,011,216.37	14,163,837.81	14,585,975.58	14,786,489.42	15,373,321.86	15,798,020.03	1,786,803.66	12.8%
49	TINTON FALLS	50,745,251.52	51,923,532.33	52,876,670.87	54,047,380.42	56,752,535.07	58,684,870.46	7,939,618.94	15.6%
50	UNION BEACH	13,899,804.80	14,576,772.24	14,754,540.50	13,524,211.05	13,357,963.16	13,652,259.96	(247,544.84)	-1.8%
51	UPPER FREEHOLD	24,721,301.34	25,405,483.70	25,930,096.25	26,810,429.80	27,533,890.26	28,626,275.38	3,904,974.04	15.8%
52	WALL TWP	99,154,435.30	100,704,867.58	102,894,690.00	103,631,613.67	104,425,665.47	106,631,094.80	7,476,659.50	7.5%
53	WEST LONG BRANCH	25,076,396.98	25,274,591.37	25,526,319.17	25,941,212.59	26,109,908.85	25,999,177.37	922,780.39	3.7%
<b>Total Tax Levy</b>		1,997,098,644.59	2,028,384,433.98	2,055,557,370.06	2,081,820,907.22	2,121,126,273.90	2,174,246,906.53	177,148,261.94	
<b>Year Over Year Increase</b>			31,285,789.39	27,172,936.08	26,263,537.16	39,305,366.68	53,120,632.63		

**MONMOUTH COUNTY ASSESSMENT DEMONSTRATION PROGRAM  
YEAR 1 - 2014 IMPLEMENTATION SCHEDULE**

<b>2014 Assessments revised to market value by Assessor</b>	
NONE	

<b>2014 Assessments revised by Assessor to current ratio</b>			
1	ABERDEEN	28	MANALAPAN
2	ALLENHURST	29	MANASQUAN
3	ALLENTOWN	30	MARLBORO
5	ATLANTIC HIGHLANDS	31	MATAWAN
6	AVON BY THE SEA	32	MIDDLETOWN
7	BELMAR	33	MILLSTONE
8	BRADLEY BEACH	34	MONMOUTH BEACH
9	BRIELLE	35	NEPTUNE TWP
10	COLTS NECK	36	NEPTUNE CITY
11	DEAL	37	OCEAN TWP
12	EATONTOWN	38	OCEANPORT
13	ENGLISHTOWN	39	RED BANK
15	FARMINGDALE	40	ROOSEVELT
16	FREEHOLD BORO	42	SEA BRIGHT
17	FREEHOLD TWP	43	SEA GIRT
18	HAZLET	44	SHREWSBURY BORO
19	HIGHLANDS	45	SHREWSBURY TWP
20	HOLMDEL	46	LAKE COMO
21	HOWELL	47	SPRING LAKE
22	INTERLAKEN	48	SPRING LAKE HGTS
23	KEANSBURG	49	TINTON FALLS
24	KEYPORT	50	UNION BEACH
25	LITTLE SILVER	51	UPPER FREEHOLD
26	LOCH ARBOUR	52	WALL TWP
27	LONG BRANCH	53	WEST LONG BRANCH

<b>2014 Assessments revised to market value by traditional revaluation</b>		
4	ASBURY PARK	2014 Revaluation
14	FAIR HAVEN	2014 Revaluation
41	RUMSON	2014 Revaluation

**MONMOUTH COUNTY ASSESSMENT DEMONSTRATION PROGRAM  
YEAR 2 - 2015 IMPLEMENTATION SCHEDULE**

**2015 Assessments revised to market value by Assessor**

1	ABERDEEN	25	LITTLE SILVER
3	ALLENTOWN	26	LOCH ARBOUR
4	ASBURY PARK	28	MANALAPAN
6	AVON BY THE SEA	30	MARLBORO
10	COLTS NECK	31	MATAWAN
11	DEAL	32	MIDDLETOWN
13	ENGLISHTOWN	33	MILLSTONE
14	FAIR HAVEN	40	ROOSEVELT
17	FREEHOLD TWP	41	RUMSON
18	HAZLET	44	SHREWSBURY BORO
19	HIGHLANDS	45	SHREWSBURY TWP
20	HOLMDEL	48	SPRING LAKE HGTS
21	HOWELL	49	TINTON FALLS
22	INTERLAKEN	53	WEST LONG BRANCH

**2015 Assessments revised to current ratio -  
revaluation pending for future years.**

5	ATLANTIC HIGHLANDS	2017 Revaluation
7	BELMAR	2017 Revaluation
12	EATONTOWN	2016 Revaluation
16	FREEHOLD BORO	2016 Revaluation
23	KEANSBURG	2017 Revaluation
27	LONG BRANCH	2016 Revaluation
29	MANASQUAN	2017 Revaluation
37	OCEAN TWP	2016 Revaluation
38	OCEANPORT	2017 Revaluation
39	RED BANK	2016 Revaluation
42	SEA BRIGHT	2016 Revaluation
46	LAKE COMO	2016 Revaluation
47	SPRING LAKE	2017 Revaluation
52	WALL TWP	2016 Revaluation

**2015 Assessments revised to market value by  
traditional revaluation**

2	ALLENHURST	2015 Revaluation
8	BRADLEY BEACH	2015 Revaluation
9	BRIELLE	2015 Revaluation
15	FARMINGDALE	2015 Revaluation
24	KEYPORT	2015 Revaluation
34	MONMOUTH BEACH	2015 Revaluation
35	NEPTUNE TWP	2015 Revaluation
36	NEPTUNE CITY	2015 Revaluation
43	SEA GIRT	2015 Revaluation
50	UNION BEACH	2015 Revaluation
51	UPPER FREEHOLD	2015 Revaluation

**MONMOUTH COUNTY ASSESSMENT DEMONSTRATION PROGRAM  
YEAR 3 - 2016 IMPLEMENTATION SCHEDULE**

<b>2016 Assessments revised to market value by Assessor</b>					
1	ABERDEEN	2nd year QRA	26	LOCH ARBOUR	2nd year QRA
2	ALLENHURST	1st year QRA	28	MANALAPAN	2nd year QRA
3	ALLENTOWN	2nd year QRA	30	MARLBORO	2nd year QRA
4	ASBURY PARK	2nd year QRA	31	MATAWAN	2nd year QRA
6	AVON BY THE SEA	2nd year QRA	32	MIDDLETOWN	2nd year QRA
8	BRADLEY BEACH	1st year QRA	33	MILLSTONE	2nd year QRA
9	BRIELLE	1st year QRA	34	MONMOUTH BEACH	1st year QRA
10	COLTS NECK	2nd year QRA	35	NEPTUNE TWP	1st year QRA
11	DEAL	2nd year QRA	36	NEPTUNE CITY	1st year QRA
13	ENGLISHTOWN	2nd year QRA	40	ROOSEVELT	2nd year QRA
14	FAIR HAVEN	2nd year QRA	41	RUMSON	2nd year QRA
15	FARMINGDALE	1st year QRA	43	SEA GIRT	1st year QRA
17	FREEHOLD TWP	2nd year QRA	44	SHREWSBURY BORO	2nd year QRA
18	HAZLET	2nd year QRA	45	SHREWSBURY TWP	2nd year QRA
19	HIGHLANDS	2nd year QRA	48	SPRING LAKE HGTS	2nd year QRA
20	HOLMDEL	2nd year QRA	49	TINTON FALLS	2nd year QRA
21	HOWELL	2nd year QRA	50	UNION BEACH	1st year QRA
22	INTERLAKEN	2nd year QRA	51	UPPER FREEHOLD	1st year QRA
24	KEYPORT	1st year QRA	53	WEST LONG BRANCH	2nd year QRA
25	LITTLE SILVER	2nd year QRA			

<b>2016 Assessments revised to market value by traditional revaluation</b>		
12	EATONTOWN	2016 Revaluation
27	LONG BRANCH	2016 Revaluation
29	MANASQUAN	2016 Revaluation
39	RED BANK	2016 Revaluation
42	SEA BRIGHT	2016 Revaluation
46	LAKE COMO	2016 Revaluation
52	WALL TWP	2016 Revaluation

<b>2016 Assessments revised to current ratio - revaluation pending for future years.</b>		
5	ATLANTIC HIGHLANDS	2017 Revaluation
7	BELMAR	2017 Revaluation
16	FREEHOLD BORO	2017 Revaluation
23	KEANSBURG	2017 Revaluation
37	OCEAN TWP	2017 Revaluation
38	OCEANPORT	2017 Revaluation
47	SPRING LAKE	2017 Revaluation

**MONMOUTH COUNTY ASSESSMENT DEMONSTRATION PROGRAM  
YEAR 4 - 2017 IMPLEMENTATION SCHEDULE**

<b>2017 Assessments revised to market value by Assessor</b>					
1	ABERDEEN	3rd year QRA	29	MANASQUAN	1st year QRA
2	ALLENHURST	2nd year QRA	30	MARLBORO	3rd year QRA
3	ALLENTOWN	3rd year QRA	31	MATAWAN	3rd year QRA
4	ASBURY PARK	3rd year QRA	32	MIDDLETOWN	3rd year QRA
6	AVON BY THE SEA	3rd year QRA	33	MILLSTONE	3rd year QRA
8	BRADLEY BEACH	2nd year QRA	34	MONMOUTH BEACH	2nd year QRA
9	BRIELLE	2nd year QRA	35	NEPTUNE TWP	2nd year QRA
10	COLTS NECK	3rd year QRA	36	NEPTUNE CITY	2nd year QRA
11	DEAL	3rd year QRA	37	OCEAN TWP	1st year QRA
12	EATONTOWN	1st year QRA	39	RED BANK	1st year QRA
13	ENGLISHTOWN	3rd year QRA	40	ROOSEVELT	3rd year QRA
14	FAIR HAVEN	3rd year QRA	41	RUMSON	3rd year QRA
15	FARMINGDALE	2nd year QRA	42	SEA BRIGHT	1st year QRA
17	FREEHOLD TWP	3rd year QRA	43	SEA GIRT	2nd year QRA
18	HAZLET	3rd year QRA	44	SHREWSBURY BORO	3rd year QRA
19	HIGHLANDS	3rd year QRA	45	SHREWSBURY TWP	3rd year QRA
20	HOLMDEL	3rd year QRA	46	LAKE COMO	1st year QRA
21	HOWELL	3rd year QRA	48	SPRING LAKE HGTS	3rd year QRA
22	INTERLAKEN	3rd year QRA	49	TINTON FALLS	3rd year QRA
24	KEYPORT	2nd year QRA	50	UNION BEACH	2nd year QRA
25	LITTLE SILVER	3rd year QRA	51	UPPER FREEHOLD	2nd year QRA
26	LOCH ARBOUR	3rd year QRA	52	WALL TWP	1st year QRA
27	LONG BRANCH	1st year QRA	53	WEST LONG BRANCH	3rd year QRA
28	MANALAPAN	3rd year QRA			

<b>2017 Assessments revised to market value by traditional revaluation</b>		
7	BELMAR	2017 Revaluation
16	FREEHOLD BORO	2017 Revaluation
23	KEANSBURG	2017 Revaluation
37	OCEAN TWP	2016 Revaluation
38	OCEANPORT	2017 Revaluation
47	SPRING LAKE	2017 Revaluation

<b>2017 Assessments revised to current ratio - revaluation pending for future years.</b>		
5	ATLANTIC HIGHLANDS	2017 Revaluation

**MONMOUTH COUNTY ASSESSMENT DEMONSTRATION PROGRAM  
YEAR 5 - 2018 IMPLEMENTATION SCHEDULE**

<b>2018 Assessments revised to market value by Assessor</b>					
1	ABERDEEN	4th year QRA	28	MANALAPAN	4th year QRA
2	ALLENHURST	3rd year QRA	29	MANASQUAN	2nd year QRA
3	ALLENTOWN	4th year QRA	30	MARLBORO	4th year QRA
4	ASBURY PARK	4th year QRA	31	MATAWAN	4th year QRA
5	ATLANTIC HIGHLANDS	1st year QRA	32	MIDDLETOWN	4th year QRA
6	AVON BY THE SEA	4th year QRA	33	MILLSTONE	4th year QRA
7	BELMAR	1st year QRA	34	MONMOUTH BEACH	3rd year QRA
8	BRADLEY BEACH	3rd year QRA	35	NEPTUNE TWP	3rd year QRA
9	BRIELLE	3rd year QRA	36	NEPTUNE CITY	3rd year QRA
10	COLTS NECK	4th year QRA	37	OCEAN TWP	1st year QRA
11	DEAL	4th year QRA	38	OCEANPORT	1st year QRA
12	EATONTOWN	2nd year QRA	39	RED BANK	2nd year QRA
13	ENGLISHTOWN	4th year QRA	40	ROOSEVELT	4th year QRA
14	FAIR HAVEN	4th year QRA	41	RUMSON	4th year QRA
15	FARMINGDALE	3rd year QRA	42	SEA BRIGHT	2nd year QRA
16	FREEHOLD BORO	1st year QRA	43	SEA GIRT	3rd year QRA
17	FREEHOLD TWP	4th year QRA	44	SHREWSBURY BORO	4th year QRA
18	HAZLET	4th year QRA	45	SHREWSBURY TWP	4th year QRA
19	HIGHLANDS	4th year QRA	46	LAKE COMO	2nd year QRA
20	HOLMDEL	4th year QRA	47	SPRING LAKE	1st year QRA
21	HOWELL	4th year QRA	48	SPRING LAKE HGTS	4th year QRA
22	INTERLAKEN	4th year QRA	49	TINTON FALLS	4th year QRA
23	KEANSBURG	1st year QRA	50	UNION BEACH	3rd year QRA
24	KEYPORT	3rd year QRA	51	UPPER FREEHOLD	3rd year QRA
25	LITTLE SILVER	4th year QRA	52	WALL TWP	2nd year QRA
26	LOCH ARBOUR	4th year QRA	53	WEST LONG BRANCH	4th year QRA
27	LONG BRANCH	2nd year QRA			

<b>2018 Assessments revised to market value by traditional revaluation</b>		
5	ATLANTIC HIGHLANDS	2017 Revaluation

<b>2018 Assessments revised to current ratio - revaluation pending for future years.</b>	
None	

## ISSUER COMMENT

## Tax Reforms Lead to Lower Appeals for Monmouth County, NJ

From [U.S. Public Finance Weekly Credit Outlook](#)

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**Analyst Contact:**

NEW YORK +1.212.553.1653

David Strungis +1.212.553.7422

Associate Analyst

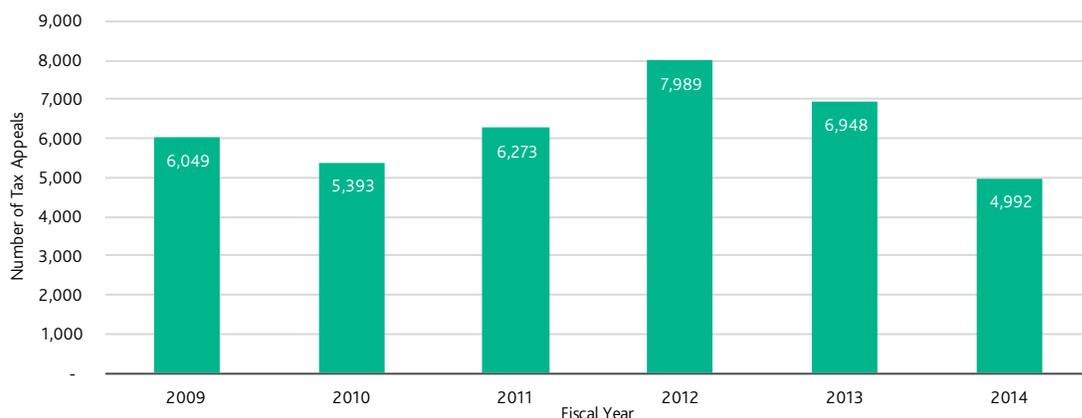
[david.strungis@moodys.com](mailto:david.strungis@moodys.com)

On July 3, [Monmouth County](#), NJ (Aaa stable) announced a 28% decline in total property tax appeals in 2014 largely due to reforms to the county's property valuation, inspection and appeals procedures. The reforms are credit positive for municipalities in the county because they improve the timeliness for property revaluations and for settling tax appeals, minimizing the negative budgetary impact of future tax appeals.

Tax appeals across Monmouth County decreased to 4,992 in fiscal 2014, the lowest levels in five years and 28% lower than the 6,948 appeals in fiscal 2013 (see Exhibit). Tax appeals reduce a local government's assessed valuations and can result in lower property tax receipts. Lower tax appeals mean more stable and predictable property tax revenues for the county's municipalities, which collect and remit property tax receipts in full to the county and overlapping school districts.

The budgetary impact of the reforms will vary between each of the county's 53 municipalities, depending on the size of their individual tax appeals. [Aberdeen](#) (A1), one of the municipalities with the largest one-year decline in the number of tax appeals, saw appeals fall by 80%, to 100 from 512. As a result, the amount of assessed value that Aberdeen lost due to appeals fell to \$3.8 million from \$13.9 million in 2013, saving an estimated \$350,000 of tax revenue, or about 2.1% of total budgeted 2014 revenues.

### Monmouth County Tax Appeals Reach a Five-Year Low After Reform



Source: Monmouth County Board of Taxation

Tax appeals are especially problematic for municipalities in New Jersey because of a mismatch on the tax calendar between when appeal judgments and tax bills are mailed. Under the tax calendar typically in use throughout the state, and used by Monmouth County prior to reform, appeal judgments were mailed in June after the tax bills had already been sent out and municipalities had set their budgets. As a result, successful appeals created an under-collection of budgeted taxes or even a cash refund of already collected taxes.

Some municipalities are able to offset the cost of refunds with reserves for tax appeals or through conservative budgeting. However, if the appeal judgments are particularly large or unexpected, municipalities are forced to offset the costs with mid-year budget cuts or with short-term borrowing, which is a common recourse for many municipalities in the state. [Paterson](#) (Baa2 negative) in [Passaic County](#) (Aa3 positive), [Irvington](#) (Ba1 negative) in [Essex County](#) (Aa2), and [North Bergen](#) (Aa3) in [Hudson County](#) (Aa3 stable), just to name a few, all issued notes in 2014 to cover the costs of tax appeal refunds.

Monmouth County eliminated this calendar mismatch, and appeal judgments will be now finalized by the end of April. As a result, all county municipalities will be aware of any tax appeal judgments prior to adopting their budgets, which should reduce unexpected costs and the need for emergency borrowing. The county will also replace its 10-year property revaluation cycle with annual reassessments, which will be internally inspected over a five-year period. This will increase the accuracy of assessed values, minimizing the accrual of large multi-year appeal liabilities and making appeals far less common. Officials expect the plan to yield direct cost savings because the annual reassessments are significantly less expensive than the 10-year revaluations.

Monmouth's reforms stemmed from its participation in a Real Property Assessment Demonstration Program that the state of [New Jersey](#) (A1 negative) enacted in 2013. Based on Monmouth's success, we expect other counties to participate in the program.

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Report Number: 173112

**Author**  
David Strungis

**Production Associate**  
Srinivasan Raghavan

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# Monmouth County Board of Taxation

HALL OF RECORDS  
1 E. MAIN STREET  
FREEHOLD, NEW JERSEY 07728  
(732) 431-7404  
FAX (732) 409-4890



**COMMISSIONERS:**  
**JAMES STUART, President**  
**THOMAS BYRNE, Vice President**  
**KATHLEEN CODY BJELKA**  
**CLIFFORD MOORE**  
**WAYNE C. POMANOWSKI**

**MATTHEW S. CLARK**  
**County Tax Administrator**  
**VERONICA SCHENK**  
**Asst. County Tax Administrator**

## --- RESOLUTION ---

November 30, 2015

“Whereas, in response to the concerns of taxpayers, local elected officials and members of the legislature, the Commissioners of the Monmouth County Board of Taxation are making a significant change to the Assessment Demonstration Program (ADP) until otherwise directed. Be it resolved that effective immediately, any municipality may opt out of the requirement to perform Annual Reassessments within the (ADP) for 2017 if they do so by 11:59 p.m. on April 29<sup>th</sup>, 2016.

VOTE OF THE MONMOUTH COUNTY BOARD OF TAXATION							
COMMISSIONER	I	S	Y	N	NV	AB	
JAMES STUART, PRESIDENT			X				
THOMAS BYRNE, VICE PRESIDENT						X	
KATHY CODY-BJELKA, COMMISSIONER		X	X				
WAYNE POMANOWSKI, COMMISSIONER			X				
CLIFF MOORE, COMMISSIONER	X		X				
<b>I- Introduced by S-Seconded By X- indicates Vote NV- Not Voting AB absent</b>							

Very truly yours,

Matthew S. Clark  
County Tax Administrator



# Monmouth County Board of Taxation

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**MATTHEW S. CLARK**  
**County Tax Administrator**  
**VERONICA SCHENK**  
**Asst. County Tax Administrator**

## --- RESOLUTION --- January 29, 2016

WHEREAS the Commissioners of the Monmouth County Board of Taxation seek approval of the following requirements from the Assessment Demonstration Program Steering Committee:

“In an effort to approximate the taxpayer’s Freeze Act protections within the annual reassessments of the Assessment Demonstration Program (ADP), the Commissioners of the Monmouth County Board of Taxation request that the ADP Steering Committee adopt the following requirements:

With the filing of the Preliminary Tax List, assessments of any property that received a County Tax Board judgment reducing the assessment in the prior year that is not further appealed shall not be increased by a percentage greater than that which is observed in the year-over-year change of the Director’s Ratio.

Any Assessor may file an Assessor’s appeal on any parcel which he or she believes should be increased beyond this limiting threshold.”

<b>VOTE OF THE MONMOUTH COUNTY BOARD OF TAXATION</b>							
<b>COMMISSIONER</b>	<b>I</b>	<b>S</b>	<b>Y</b>	<b>N</b>	<b>NV</b>	<b>AB</b>	
JAMES STUART, PRESIDENT			X				
THOMAS BYRNE, VICE PRESIDENT						X	
KATHY CODY-BJELKA, COMMISSIONER			X				
WAYNE POMANOWSKI, COMMISSIONER		X					
CLIFF MOORE, COMMISSIONER	X						
<b>I- Introduced by S-Seconded By X- indicates Vote NV- Not Voting AB absent</b>							

Very truly yours,

Matthew S. Clark  
County Tax Administrator



# Monmouth County Board of Taxation

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**MATTHEW S. CLARK**  
**County Tax Administrator**  
**VERONICA SCHENK**  
**Asst. County Tax Administrator**

## --- RESOLUTION --- January 29, 2016

WHEREAS the Commissioners of the Monmouth County Board of Taxation request the following:

“The Commissioners of the Monmouth County Board of Taxation instruct the County Tax Board Administrator to request that each Assessor produce the market value comparable sales evidence utilized in support of the 2016 assessment increase of prior-year appeal judgments greater than 5%. If the market value evidence provided by the Assessor is either not given on or before February 12<sup>th</sup>, 2016 or found by the Commissioners of the Monmouth County Board of Taxation to be insufficient, the Commissioners may take steps necessary to revise the assessments for the Tax Year 2016.”

VOTE OF THE MONMOUTH COUNTY BOARD OF TAXATION							
COMMISSIONER	I	S	Y	N	NV	AB	
JAMES STUART, PRESIDENT			X				
THOMAS BYRNE, VICE PRESIDENT						X	
KATHY CODY-BJELKA, COMMISSIONER			X				
WAYNE POMANOWSKI, COMMISSIONER		X					
CLIFF MOORE, COMMISSIONER	X						
<b>I- Introduced by S-Seconded By X- indicates Vote NV- Not Voting AB absent</b>							

Very truly yours,

Matthew S. Clark  
County Tax Administrator

## **A Message from the Assessment Demonstration Program (ADP) Implementation Group**

*"You never can change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."*

----R. Buckminster Fuller (American architect, systems theorist, author, designer and inventor)

Through the Assessment Demonstration Program (ADP), our county is attempting to reform state tax assessment policy to provide more accurate tax distribution at a lower cost of implementation. As you may be painfully aware, meaningful government reform does not come without push back. The majority of this push back is being stemmed because there is a lack of understanding of the assessment function.

Our primary goals with the ADP reform are as follows:

- 1) Institute an environment where the separately determined tax levies are distributed most appropriately. Our state constitution requires this distribution to be based off market value.
- 2) Reduce the cost of the assessment function itself. Statewide millions of dollars are spent on outside contractors to periodically revalue properties. Little change has occurred with the system in the past 50 years, despite the evolution we have experienced in technology.
- 3) Provide for a higher level of transparency and accountability to the public.

### **MORE ACCURATE ASSESSMENTS:**

In the traditional assessment model used statewide (outside Monmouth and Somerset Counties), revaluations are only conducted periodically. Some municipalities go decades before re-evaluating the portfolio of properties. This lack of maintenance creates an intense improper apportionment of taxes. The ADP model leverages available resources including education and technology to preform reassessments annually. The result is proper distribution of the tax levies each year. If you study the director's ratios and coefficients (measurements published by the NJ Division of Taxation used to determine accuracy of assessments) statewide, you will be deeply troubled by the impropriety of tax distribution. Attached is an article about reassessment from The Tax Foundation Organization. They are the nation's leading independent tax policy research organization whose mission is: "We improve lives through tax policy research and education that leads to greater economic growth and opportunity". Clearly, they understand the importance of more frequent reassessments.

### **REDUCING COSTS:**

As far as actual budgets go, we can only control the costs associated with the assessment function itself. Statewide, costs of the traditional model are staggering. In the traditional assessment system, municipalities will hire outside vendors to periodically revalue the district. This is an extremely expensive endeavor. Our model requires the local assessor to perform the valuation aspect annually (at no additional cost). The five year inspection plan cost is only a fraction of what traditional revaluations cost. The municipalities in the county could conservatively save a total of \$700,000 annually due to this single change. The result is a more accurate product at a reduced cost.

We also shifted the "assessment calendar" so that assessment appeals are heard prior to budgets being finalized. In every other county in NJ this is not the case. Tax rates are struck prior to knowing appeal impact of the ratable base. The unfortunate but certain impact is anticipated but uncollected taxes

(budgetary shortfalls). Often, municipalities will have to emergency bond (with interest) to cover these refunds. Our model has demonstrated that we avoided over \$12,000,000 in budgetary shortfalls in just two years.

Tax appeals are also a huge driver of cost. Inaccurate assessments are cause for substantial refunds. Annually setting the values appropriately removes significant appeal exposure. Furthermore, the costs to defend the assessments via attorneys and appraisers are astronomical. Taxpayers experience the same costs when challenging the assessments. It is no wonder that attorneys and appraisal companies are among our most vocal critics. We are taking money out of their pockets and placing it back into the taxpayers' pockets where it belongs.

#### **BETTERING EXPECTATION OF GOVERNMENT:**

The traditional assessment model actually accounts for an inaccuracy of assessments. It has a mechanism built in to allow assessments to be within a 30% range of acceptability. Yes, you heard correctly- 30%! Assessments could be knowingly wrong yet still considered acceptable! Please review the Chapter 123 laws of the assessment function to understand better. The ADP model permanently removes the use of Chapter 123 by annual reassessing. Under the ADP, the assessment should equal fair market value. There is no absurd range of acceptability.

We also provide the public a considerably higher level of transparency and public service. The Open Public Records System (<http://oprs.co.monmouth.nj.us/oprs/External.aspx?ild=12>) and Appeal website (<https://secure.njappealonline.com/prodappeals/login.aspx>) are just to name a few examples.

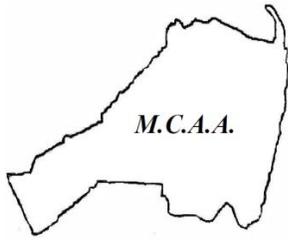
#### **YOU DECIDE:**

Factual based arguments are what should be used to compare the ADP to the disturbing and antiquated model used statewide (not journalistic sensationalism and misrepresentations). Though sometimes it feels lonely, there are some of us here in NJ government that are actually working towards bettering our system. As the media misrepresentations and politics cloud the picture, we find ourselves (and our message) in a battle with rejection of reform.

NJ ranks as the absolute worst property tax climate in the country, but it doesn't have to. By focusing our energy to continuing the betterment of the assessment function, tax policy reform may bleed out to the other areas of the state. Maybe we are witnessing one of the first steps in removing our state out of the embarrassing position of number 50.

Please review the attached items to better understand the program:

- 1) Article from the Tax Foundation Organization on Reassessments
- 2) An article from Moody's Investor Service citing the Monmouth County reforms as "credit positive" for engaged municipalities
- 3) Summary and Conclusion of "Annual Reassessment vs. Periodic Revaluation: The Somerset County Experience" authored by Somerset County Tax Administrator
- 4) An example FAQ about reassessment which is distributed to taxpayers in a municipality



**Monmouth County Assessor's Association**

Gregory Hutchinson, President  
John Butow, Vice President  
Christopher Lauver, Treasurer  
Erick Aguiar, Secretary

TO: Monmouth County Municipal Government  
FROM: Monmouth County Assessor's Association (MCAA)  
DATE: January 4<sup>th</sup>, 2016  
RE: Annual Reassessments

On November 30<sup>th</sup>, 2015, the Monmouth County Tax Board passed a resolution allowing municipalities to "opt-out" of annual reassessments. You and the members of your Governing Body will now be responsible to make this significant financial decision for your municipality. We understand that the aim as a municipal official is to make the best decisions for the individual progress of the municipality you represent. The members of Monmouth County Assessor's Association request you explore all of the facts related to annual reassessment before making this difficult decision on or before April 29<sup>th</sup>, 2016. Although the Monmouth County Tax Board has given municipalities the option, they still believe that it is in the best interest of each Municipality to continue annual reassessments.

*"The Board believes that there will be long-term monetary benefit loss to those municipalities who opt-out, thus creating additional tax burdens for their property owners."*

---- James Stuart, Monmouth County Tax Board President

For most municipalities, property taxes represent the largest source of government funding. The need for stability in the municipal ratable base is more important now than ever. As taxpayers are becoming progressively more demanding of government reform, a proactive approach to this problem is now available. The MCAA recognized the need for reform by supporting the continuance of the Monmouth County Pilot Program. Throughout the nation, including New Jersey, this process has contributed to a reduction of government operations; as well as an increase of efficiency and transparency. The law that allows this reform is still a pilot program. The pros and cons of this pilot should be judged at the end of the five year program. The expectation is to provide for an increasingly more stable environment each year following the initial shift to annual reassessment.

The world of taxation is extremely complex and not easily understood by the public. Due to its complexity, and the profound nature of the program, it was believed by many that the reasoning behind the annual reassessment model was strictly for tax reduction. This incorrect assumption has been a driving force behind a lot of the political turmoil. The assessment function has always been for tax *distribution*, not tax *generation*. The true purpose of the program is to provide for a more fair and accurate distribution of taxes.

Members of the Monmouth County Assessor Association have been primarily focused on the process of annual reassessment. So much so that perhaps we took our eyes off the overlay of politics, policy and public opinion. We failed to address a number of misunderstandings regarding the program's intent. We have learned from these mistakes, and will refocus our attention to redefining the public message. As assessors, one of our principal responsibilities is to establish good taxpayer relations.

The overarching intent of the Monmouth County pilot program is to institute a revised assessment function that provides systemic cost savings of the assessment function and enhanced public service. Certain cost savings are already quantifiable under the pilot program. In the first two years, municipalities in the County of Monmouth fully avoided budgetary shortfalls totaling over \$12,000,000 due to the assessment calendar change. Quantifiable savings could also be found in the permanent removal of revaluations. Moody's Investor Service has cited the Monmouth County reforms as "credit positive for municipalities in the county".

Municipalities that decide to "opt-out", will return to paying high costs for appeal defense to protect against the rising number of appeals. They will also be required to conduct expensive revaluations. For some, a revaluation can become reality in the near future. Uniformity and stability of assessments will also be compromised. According to the Tax Foundation (the nation's leading independent tax policy research organization):

*"Infrequent reassessments can result in significant over or underpayment of property taxes...The combination of infrequent reassessment with rate increases shift the property tax burden away from those whose property has been appreciating onto those whose property values have been declining."*

----taxfoundation.org

Though it may seem like a radical idea, New Jersey is actually behind the curve. More frequent reassessments are required in many states. Thirty-six (36) states in the nation are required to reassess within five years or less while ten (10) of those states are required to perform reassessments annually. (Tax Foundation publication attached)

The practice of annual reassessments even exists within our own State. The majority of municipalities in Somerset County see the benefits of annually reassessing their properties. Some have been conducting annual reassessments for over 20 years. According to Somerset County, districts that are engaged in annual reassessments “exhibit superior accuracy of assessments” and “on average 77% fewer appeals per line item” when compared to the municipalities who do not annually reassess. (Somerset County report attached)

We are well on our way to similar results in Monmouth County. Statistical data published by the Division of Taxation is readily available that provides factual evidence that assessments in Monmouth County are trending to be more accurate and closer to 100% of market value under the pilot program. This means that the amount to be raised by taxation is being distributed more accurately than it was in the past.

“Opting out” will not ensure any reduction in taxes for your residents. The difficult transition is coming to an end; we ask it be allowed to continue on course as the law provides. Once the full facts are in view, we will all be better prepared to make an informed decision.

Please allow this to be the first conversation of many on this topic. Attached are documents that explore the results of annual reassessments outside of Monmouth County. We also encourage you to speak with your Municipal Assessor or a designated representative of the Monmouth County Assessor’s Association. An informational meeting on this topic will be hosted by the New Jersey Municipal Management Association on January 13, 2016 in Manalapan Township. This meeting will provide further opportunity for questions and answers. We encourage you to attend.

The Monmouth County Pilot Program and the Assessors engaged in it will continue to develop and progress. We hope you will examine all of the potential benefits before making your final decision. As we improve, so does the program and the benefits it delivers to our taxpayers. We appreciate your time and attention; and look forward to speaking with you.

Regards,

Monmouth County Assessor’s Association (MCAA)

*If you have any questions or would like to schedule a meeting with representatives of the Monmouth County Assessor’s Association, please feel free to reach out to the MCAA secretary:*

*Erick Aguiar, CTA [erick.aguiar@cityofasburypark.com](mailto:erick.aguiar@cityofasburypark.com)*

# #1 - Appeal Calendar

- The ***Demonstration Program*** modifies the timing of the appeal season and filing requirements so that the vast majority of assessment disputes will be settled prior to the filing of the final assessment list with the County Board of Taxation.

## ASSESSMENT DEMONSTRATION PROGRAM - P.L. 2013 Ch. 15

The Assessment Demonstration Program restructures the Assessment Calendar to position the appeal process before the budgetary process.

### CURRENT TAXATION CALENDAR

October	November		January	February	March		April	May			June	
Assessing Date			Tax List Filed by Assessor	Postcards Mailed	Tax List Finalized By Tax Board	Town Adopts Budget	Tax Appeals Filed in Non - Reval Towns	Tax Appeals Filed in Reval Towns	Tax Rate Set by Tax Board		Tax Bills Mailed	Appeal Judgments Mailed w/o extension
Oct 1 PTY			10-Jan	1-Feb	10-Mar	31-Mar	1-Apr	1-May	20-May		14-Jun	30-Jun

Tax List, Budget, Tax Rate process

Current Tax Appeal Season

### REVISED TAXATION CALENDAR

October	November		January	February	March	April	May				June
Assessing Date	Preliminary Assessments Certified to County Board	Postcards Mailed	All Tax Appeals Filed			Appeal Judgments Mailed	Final Tax List Filed by Assessor	Town Adopts Budget	Tax List Finalized By Tax Board	Tax Rate Set by Tax Board	Tax Bills Mailed
Oct 1 PTY	Nov 1 PTY	Nov 15 PTY	15-Jan			30-Apr	5-May	15-May	25-May	31-May	14-Jun

Tax List, Budget, Tax Rate

Revised Tax Appeal Season

Appeals are filed for all districts on January 15, regardless of revaluation or reassessment activity.

## ASSESSMENT DEMONSTRATION PROGRAM

The Assessment Demonstration Program restructures the Assessment Calendar to position the appeal process before the budgetary process.

<b>ASSESSMENT FUNCTION</b>	<b>CURRENT DATE</b>	<b>NEW DATE</b>
Assessing Date	October 1 PTY	October 1 PTY
Revaluation Completion	Nov 1 PTY	1 week prior to November 1st
Preliminary Assessments Certified to County Board (all towns) CTB to post all PRC to County Website		Nov 1 PTY
Revaluation Assessment Notice Mailed (Revaluation Towns Only)	Not prior to November 10 PTY	Nov 1 PTY
Postcards Mailed (all non-revaluation towns)	1-Feb	Nov 15 PTY
Taxpayer Review Hearings completed (Revaluation Towns Only)	Not later than December 10 PTY	Not later than November 30
Postcards Mailed (includes all hearing revisions) (Revaluation Towns Only)	1-Feb	1-Dec
Added / Omitted Assessment Appeal Filed to CTB	On or before December 1	On or before December 1
Added / Omitted Assessment Appeal Judgment Rendered by CTB	On or before December 31st	On or before December 31st
Tax Appeals Filed	1-Apr	15-Jan
Appeal Judgments Mailed	30-Jun	30-Apr
Tax List Filed by Assessor	10-Jan	5-May
Town Adopts Budget	31-Mar	15-May
Tax List Finalized By Tax Board (Equalization)	10-Mar	25-May
Tax Rate Certified by Tax Board	20-May	31-May
Tax Bills Mailed	14-Jun	14-Jun

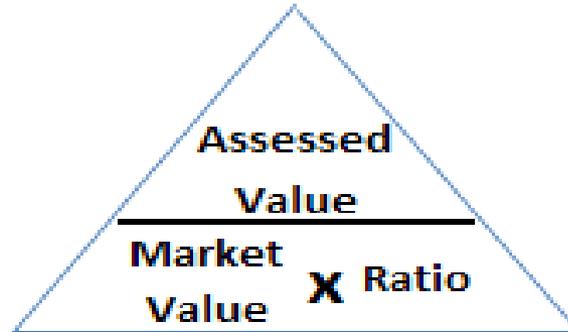
# Appeal Calendar

## 2014 Year-1 Impact Summary

- Within Monmouth County for 2014 the assessments were reduced **271,680,650** through County Tax Board appeals. Based largely on the settlement of Tax Court issues, the Assessors processed the further reduction of **68,426,000** as “**2014 Corrections of Errors**”. The total change to the assessments of the 2014 Preliminary Tax List was **340,106,650**.
- In the “old assessment model” the **\$6,841,635 in TAX DOLLARS** associated with the reduced assessment would have been “**anticipated but uncollected revenue due to loss in appeal**” that **would require emergency bonding with interest**.
- Because we have changed the calendar and placed the appeal process before the budgetary process, **Monmouth has greatly avoided the need for emergency bonding.**

# FRACTIONAL ASSESSMENTS

Assessments that represent a percentage of Market Value

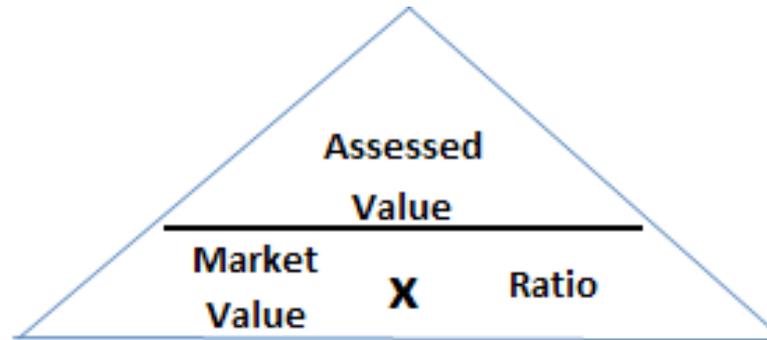


$$\frac{\text{Assessed Value}}{\text{Market Value}} = \text{Ratio}$$

$$\frac{\text{Assessed Value}}{\text{Ratio}} = \text{Market Value}$$

$$\text{Market Value} \times \text{Ratio} = \text{Assessed Value}$$

# FRACTIONAL ASSESSMENTS



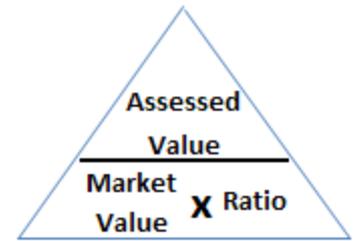
$$\frac{\text{Assessed Value}}{\text{Market Value}} = \text{Ratio} \quad \Rightarrow \quad \frac{200,000}{400,000} = .50 \text{ or } 50\%$$

$$\frac{\text{Assessed Value}}{\text{Ratio}} = \text{Market Value} \quad \Rightarrow \quad \frac{200,000}{0.5} = 400,000$$

$$\text{Market Value} \times \text{Ratio} = \text{Assessed Value} \quad \Rightarrow \quad 400,000 \times .50 = 200,000$$

# FRACTIONAL ASSESSMENTS

## Static Year to Year



- In the year of a district wide revaluation all assessments are set equal to the property's current market value.  $AV / MV = 100\%$
- Each year after that, while the value of properties appreciated or depreciated, the assessment remained unchanged.
- Generally, the assessment remains unchanged until the implementation of a new revaluation, a successful appeal or a physical change to the property. So, as an example, an assessment set at \$500,000 will remain \$500,000 year after year until changed.
- In an appreciating market the assessment remains to be \$500,000 but the market value increases to \$510,204. The AV to MV Ratio is 98%
- The following year the assessment remains to be \$500,000 but the market value increases to \$526,316. The AV to MV Ratio = 95%
- Over time, with continued market appreciation, **the static assessment** represents a smaller and smaller percentage of the current market value.

# FRACTIONAL ASSESSMENTS

An example of not understanding the **Implied Market Value**:

- A taxpayer receives their property record card with a total assessment of **\$200,000**
- Not understanding that the town's **Assessed-to-Market-Value Ratio is 50%**, and knowing that a similar house recently sold for **\$300,000** – the taxpayer thinks he is **Under-assessed** so no appeal is filed.
- In actuality, because the Ratio is 50%, the **implied market value** is actually **\$400,00** and as such the recent sale is proof that the taxpayer is **\$100,000 OVER-Assessed**.

# The problem with understanding the transition from Fractional Assessments to 100% of Current Market Value

- Shortly after distributing the new “**2015 Notification of Assessment Postcards**” a resident called the County Tax Board and said “that there is no way that the value of my house went up 56,300”. “You guys are killing us”.
- So we reviewed the details of the property. The town was transitioning from an "assessed value to market value ratio" of **87.24%** to **100% of market value**.

$$\begin{array}{ccc} \frac{\text{2014 Assessed Value}}{\text{2014 Ratio}} = \text{2014 Implied Market Value} & \xrightarrow{\text{Blue Arrow}} & \frac{459,700}{0.8724} = 526,937 \end{array}$$

- Based on the calculation above the 2015 assessment of **516,000** is LOWER THAN the Assessor’s **estimate of Market Value** from 2014. (526,937 - 516,000 = 10,937)
- The Taxpayer's complaint to the County Tax Board “that there is no way that my house went up 56,300” is a PERFECT example as to why the old system of “fractional assessments” needs to be changed.
- The intent of the **NEW** system is to establish and maintain market value so that the taxpayer never has to perform an analysis in determining if the assessment is a “fair representation of current market value”.