

UNDERSTANDING PROPERTY ASSESSMENT APPEALS

A GUIDE TO COUNTY TAX BOARD APPEALS

This information was developed to assist taxpayers in preparing for tax assessment appeal hearings. It is intended to be an aid to property owners, but should not be considered as all-inclusive. The general information provided is derived from New Jersey laws governing property assessment appeals: N.J.S.A. 54:3 et seq. and N.J.A.C. 18:12A et seq. This information is not intended to provide legal advice; taxpayer should rely on professional help if necessary.

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Bergen County Board of Taxation

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PROPERTY ASSESSMENT APPEAL CHECKLIST

BEFORE YOU FILE A TAX APPEAL

- ✓ Read this booklet, "Understanding Property Assessment Appeals"

HOW TO AVOID COMMON MISTAKES

- ✓ File the appeal on or before April 1 of the current tax year, with service to the Tax Board, Municipal Assessor and the Municipal Clerk. In a taxing district where a municipal-wide revaluation or municipal-wide reassessment has been implemented the appeal filing deadline is extended to May 1.
- ✓ Use blue or black ink when completing the appeal.
- ✓ Be sure all information is legible and complete.
- ✓ When completing the petition of appeal form, enter Last Name last.
- ✓ Include filing fee with submission to Tax Board. See Instructions #4
- ✓ Be sure to sign and date the appeal and certification.
- ✓ Include a copy of the "Notice of Disallowance" if you are appealing an item under Section III of the appeal.
- ✓ A separate appeal must be filed for each taxed parcel.
- ✓ While the sale of the property under appeal is evidential, the true market value must be supported by a minimum of three (3) and a maximum of five (5) comparable sales.
- ✓ If not submitted at the time of filing, all supporting documentation must be submitted to the Tax Board, assessor, and the municipal clerk at least seven (7) days prior to the ORIGINAL hearing date assigned.
- ✓ The comparable sales that you submit as evidence of true market value must support the valuation of your property as of October 1st of the year prior to the current.

BE AWARE OF COMMON MISUNDERSTANDINGS

- ✓ Taxes cannot be appealed, as they are a result of the budget process.
- ✓ Comparable assessments are not acceptable as evidence of value.
- ✓ The total assessment is under appeal, the land and improvement components cannot be individually appealed.
- ✓ There is a presumption of correctness in regard to the present assessment. The property owner appealing the assessment must, through the presentation of sufficient evidence of true market value, overcome this presumption to achieve a change in the assessment.

A GUIDE TO TAX APPEAL HEARINGS

Introduction

This presentation was developed to assist taxpayers in properly preparing for tax appeal hearings. The presentation includes general information derived from New Jersey laws which govern tax appeals: Administrative Code Title 18:12 and New Jersey Statutes Titles 54:3 et seq and 54:4 et seq.

The Bergen County Board of Taxation recognizes recent changes in the appeal process have made procedures more complex. This presentation was developed as an aid to the property owner, but it **should not be considered as an all-inclusive guide**. Most importantly, it is essential taxpayers understand they must prove their assessment is unreasonable compared to a market value standard. Your current assessment is by law assumed to be correct. You must overcome this presumption of correctness to result in an assessment change.

What is the basis for my assessment?

In order for an assessment to be deemed excessive or discriminatory, a taxpayer must prove an assessment does not fairly represent one of the two standards:

- Following a revaluation, all assessments must represent 100% of true market value as of the previous October 1. The October 1 pre-tax date is called the annual "assessment date". All evidence submitted in a tax appeal must be on or near the assessment date, especially property sales used as comparables.
- The other standard is the "common level" or common level range established in your municipality. To explain the common level range you must consider what happens following a revaluation, or reassessment. Once a revaluation or reassessment is completed, external factors such as inflation, appreciation, and depreciation may cause values to increase or decrease at varying rates.

Other factors such as physical deterioration may contribute to changes in property values. Obviously, if assessments are not adjusted annually, a deviation from 100% of true market value will occur.

The State Division of Taxation annually conducts a fiscal year sales survey, investigating most property transfers that occur in your community, with your local assessor assisting. Every sale is compared individually to every assessment to determine an average level of assessment in a municipality. An average ratio is developed from a sampling of property sales to represent the assessment level in your community. In any year, except the year a revaluation or reassessment is implemented, the common level of assessment is the average ratio of the district in which your property is situated and is used by the Tax Board to determine the fairness of your assessment. The sales ratios are reviewed inter and intra for each municipality.

How do I know if my assessment is fair?

In 1973, the NJ Legislature adopted a formula known as Chapter 123 to test the fairness of an assessment. Once the Tax Board determines a property's true market value during an appeal, they are required to compare true market value to assessed value.

Examples

- If the ratio of assessed value to true value exceeds the average ratio by 15%, the assessment is reduced to the common level.

Director's Ratio = 85%
Common Level Range = 72.25%-97.75%
True Value = \$95000
Assessment = \$94000
Ratio = 98.95% ($\$94000 \div \95000)
Judgment = Reduction in assessed value
New Assessment = \$80750 ($\$95000 \times 85\%$)

- However, if the assessment falls within this common level range, no adjustment is made.

Director's Ratio = 85%
Common Level Range = 72.25%-97.75%
True Value = \$95000
Assessment = \$90000
Ratio = 94.74% ($\$90000 \div \95000)
Judgment = No change in assessed value

- If the assessed value to true value ratio falls below the common level, the Tax Board must increase the assessment to the common level.

Director's Ratio = 85% Common Level Range = 72.25%-97.75% True Value = \$95000 Assessment = \$67000 Ratio = 70.53% ($\$67000 \div \95000) Judgment = Increase in assessed value New Assessment = \$80750 ($\$95000 \times 85\%$)
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The Chapter 123 test assumes the taxpayer will supply the Tax Board with sufficient evidence to determine the true market value of the property subject to appeal. Appellants should inquire into their district's average ratio before filing a tax appeal. This ratio changes each October 1 for use in the subsequent tax year.

What is a tax appeal hearing and who will hear my appeal?

Once you have filed your tax appeal, a hearing before the Bergen County Tax Board is scheduled. The Bergen County Board consists of 7 members appointed by the governor. The Tax Board Commissioners are appointed primarily to hear disputes involving assessments. The municipality is the opposing party and will be represented by the municipal attorney. The assessor and/or an appraiser may appear at your hearing as an expert witness for the municipality.

Is a hearing always necessary?

A hearing is always necessary. If the assessor, municipal attorney, and the taxpayer agree to a settlement or the issues are otherwise resolved, it may not be necessary for you to attend your hearing, particularly if a settlement stipulation form is submitted to the Tax Board for their approval.

When are the tax appeal hearings held?

Tax appeal hearings are generally held after the April 1 annual deadline. Adjournments are generally denied. It is suggested that you make every attempt to attend your hearing. If you miss your hearing and have not received a written notice postponing your case, you may assume the case has been dismissed. If you do not attend your hearing, your case will be dismissed "for lack of prosecution."

What is good evidence to convince the Tax Board to reconsider an assessment?

You cannot appeal the taxes on your property since the taxes are the result of the local budget process. You must pay the collector all taxes and municipal charges up to and including the first quarter of the tax year. **Nor will other assessments be compared to yours.** Remember, the burden is on you, the appellant, to prove your assessment is unreasonable, excessive, or discriminatory. It is necessary for you to prove at the onset that your assessment is in error. It is also necessary for you to suggest a more appropriate value.

The taxpayer must be persuasive and present credible evidence. Credible evidence is evidence supported by fact, not assumptions or beliefs. Photographs of both the subject property (the property subject to the appeal) and comparables are useful in illustrating your argument. Factual evidence concerning special circumstances is necessary. For example, if the property cannot be further developed for some reason, evidence must be provided.

The most credible evidence is recent comparable sales of other properties of a similar type in your neighborhood. Remember, if you are going to discuss comparable sales, not less than three comparable sales shall be submitted to the Assessor, Clerk, and County Tax Board, not less than **one week prior** to the hearing if not included with the petition of appeal. Sales of all properties (SR-1A's) are available for your review at the County Tax Board. Comparable means most of the characteristics of your property and the neighboring sale is similar. You should be knowledgeable of the conditions of the sales you cite including financing and be able to give a full description of the properties. Some of the characteristics making your property comparable are: recent sale price, similar square footage of living area measured from the exterior, similar lot size or acreage, proximity to your property, the same zoning use (e.g. duplex in a duplex zone), and similar age and style of structure, etc.

If I recently bought my property, how is this purchase considered?

An assessment is an opinion of value. Uniformity of treatment dictates minor adjustments are not made simply due to a recent sales price. For various other reasons the subject's sales price may not necessarily be either conclusive evidence of the property's true market value, or binding upon the Tax Board. An examination of the circumstances surrounding a sale is always important.

Will the appeal hearing be private?

No. All meetings of the Board of Taxation are public meetings.

Are there special rules for commercial properties?

Yes. Owners of rental income properties **must** supply an income statement at the time of filing on special forms provided by the Tax Board. Since the income generated by a property has a direct bearing on the owner's ability to market the property, and therefore its value, this evidence may be useful in arguing both sides of an appeal.

Who is an expert witness?

Besides your municipal assessor, anyone whose occupation is a real estate appraiser, and whose designation as such is from a legitimate association of professionals, is considered an expert. An expert's qualifications may be challenged by the municipal attorney at the hearing.

In addition, if you intend to rely on expert testimony at your hearing, you **must** supply one copy of an appraisal report to the assessor, and one copy to every member of the County Tax Board and Tax Administrator at least **7 days** in advance of the scheduled hearing. The appraiser who completed the report must be available at the hearing to give testimony and to afford the municipality and Tax Board an opportunity to cross-examine the witness.

May I further appeal the judgment of the Tax Board if I am still dissatisfied?

If you are dissatisfied with the judgment rendered by the Tax Board, you will have 45 days from the date your judgment was mailed to file a further appeal with the Tax Court of New Jersey. If your property is assessed for more than \$750,000, you may file directly with the Tax Court by April 1st annually.

Summary

A taxpayer filing an appeal should consider the following questions.

- What was the market value of my property of the pretax year?
- Can I support my conclusion of market value with credible evidence?
- Is my property assessed in excess of its market value if a reassessment/revaluation was implemented in the current tax year
- If a revaluation/reassessment was not implemented, does my assessment exceed market value or does the ratio of my property assessment to its market value exceed the upper limit of the common level range?

Important Facts

- Tax appeals are on assessments only, not taxes, and must be timely filed by April 1 of tax year; or 45 days from date of bulk mailing of Assessment Notices, whichever is later; May 1st of tax year if revalued or reassessed; or (December 1st for ADDED and OMITTED ASSESSMENTS). Timely filed means received by the Board of Taxation, not merely postmarked.
- All evidence must be submitted to the Assessor and Tax Board at least 7 days prior to the hearing.
- You must know and prove the true market value of the appealed property as of October 1, pre tax year.
- If an appraisal is to be used as evidence, the appraiser must be present to testify.
- In order for your case to be heard, all real estate taxes and municipal charges up to and including the February 1 payment must be current. Failure to comply will result in your case being dismissed.
- By state law, the County Tax Board is required to recognize a presumption of correctness to the property assessment established by your local assessor. Accordingly, you are the petitioner and it is your responsibility to prove that your assessment exceeds the market value of the subject property. Assessments are specific to each individual property. They do not represent average or median values. The assessment has been calculated by the assessor, or a revaluation company, utilizing accepted valuation standards, and by law the Board must recognize the presumption of correctness.

For additional information or to request tax forms, contact the:

Bergen County Board of Taxation
One Bergen County Plaza – Room 370
Hackensack, NJ 07601-7076
201-336-6300
www.co.bergen.nj.us/taxboard

INSTRUCTIONS FOR FILING PETITION OF APPEAL

1. FILING DATE

- (a) Your appeal must be **received** (not merely postmarked) by the county board of taxation on or before April 1 of the tax year, or 45 days from the date the bulk mailing of Notification of Assessment is completed in the taxing district, whichever is later. An appeal received after the close of business hours on April 1, or 45 days from the date the bulk mailing of Notification of Assessment is completed in the taxing district, whichever is later, is untimely filed and will result in dismissal of the appeal. If the subject property lies within a taxing district where a municipal-wide revaluation or municipal-wide reassessment has been implemented, your appeal must be **received** (not merely postmarked) by the county board of taxation on or before May 1 of the tax year. If the last day for filing an appeal falls on a Saturday, Sunday, or legal holiday, the last day shall be extended to the first succeeding business day.
- (b) A taxpayer will have 45 days to file an appeal upon issuance of Notification of Change of Assessment.
- (c) Should the assessor fail for any reason to mail or deliver a Notification of Assessment or a Notification of Change in Assessment, the county board of taxation may, upon the written application of the taxpayer and with the approval of the Director of the Division of Taxation, grant a reasonable extension of time to file an appeal.

2. SEPARATE APPEALS

Separate appeals must be filed for each taxed parcel unless the county tax administrator grants prior approval to consolidate parcels or lots into one appeal filing using form MAS (Multiple Appeal Schedule).

3. FILING OF PETITION

- (a) The original petition must be filed with the county board of taxation.
- (b) A copy must be served upon the assessor of the municipality in which the property is located or, in the case of a municipal appeal, served upon the taxpayer.
- (c) A copy must be served upon the clerk of the municipality in which the property is located or, in the case of a municipal appeal, served upon the taxpayer.
- (d) A copy should be retained by the petitioner.
- (e) Any supporting documents attached to the original petition must also be attached to the assessor's and municipal clerk's copies.
- (f) **If petitioner is a business entity, refer to Instruction 7(b) below.**

4. FILING FEES (Must accompany original petition of appeal)

- (a) Assessed Valuation less than \$150,000 \$ 5.00
 - 1. \$ 150,000 or more, but less than \$ 500,000 \$ 25.00
 - 2. \$ 500,000 or more, but less than \$ 1,000,000 \$ 100.00
 - 3. \$ 1,000,000 or more \$ 150.00
- (b) Appeal on Classification \$ 25.00
- (c) Appeal on Valuation and Classification Sum of (a) and (b)
- (d) Appeal not covered by (a), (b), and (c) \$ 25.00

No fee is required to file a petition contesting the denial of an application for a:

- veteran or veteran's surviving spouse/ surviving civil union partner/ surviving domestic partner or serviceperson's surviving spouse/ surviving civil union partner/ surviving domestic partner, deduction;
- senior citizen or disabled person or surviving spouse/ surviving civil union partner of a senior citizen or disabled person, deduction;
- disabled veteran or the surviving spouse/ surviving civil union partner/ surviving domestic partner of a disabled veteran or surviving spouse/ surviving civil union partner/ surviving domestic partner of serviceperson, exemption; or
- Regional Efficiency Aid Program (REAP) property tax credit.

Check should be made payable to: County Tax Administrator.

5. PAYMENT OF REAL ESTATE TAXES ON APPEAL

N.J.S.A. 54:3-27 provides that a taxpayer who shall file an appeal from an assessment shall pay to the collector of the taxing district no less than the total of all taxes and municipal charges due up to and including the first quarter of the taxes and municipal charges assessed against him for the current year. The county board may relax the tax payment requirement and fix such terms for payment of the tax as the interests of justice may require. If the county board of taxation refuses to relax this payment requirement and that decision is appealed, the Tax Court may hear all issues without remand to the board as the interests of justice may require.

6. ADJOURNMENTS

No adjournments will be granted except for extraordinary reasons.

7. REPRESENTATION AT HEARING

- (a) A taxpayer must be present at the hearing or be represented by an Attorney-at-Law admitted to practice in the State of New Jersey.
- (b) If the petitioner is a business entity, other than a sole proprietor, its appeal must be prosecuted by an Attorney-at-Law admitted to practice in the State of New Jersey. Tax Court rule R.1:21-1(c) provides: “[A] business entity other than a sole proprietor shall neither appear nor file any paper in any action in any court of this State except through an attorney authorized to practice in this State.”

8. DISCRIMINATION

N.J.S.A. 54:3-22(c) to (f) requires that whenever the county board of taxation finds that the ratio of assessed value to true value of property under appeal exceeds the upper limit or falls below the lower limit by 15% of the average ratio for each municipality, the county board of taxation shall revise the assessment by applying the average ratio to the true value of the property.

9. SUPPORTING PROOF AND PROCEDURES

ONLY THE PROPERTY VALUE CAN BE APPEALED- NOT THE AMOUNT OF TAXES ON THE PROPERTY

In order to determine the taxable value of your property, you must demonstrate what the market value of your property was as of October 1 of the preceding (pretax) year. Evidence to support a tax assessment revision is as follows:

(a) APPRAISALS

1. A party relying on expert testimony must provide to the board a written appraisal report for the tax administrator and each board member and one copy of the report to each opposing party **at least seven calendar days prior to the hearing. If an appraisal is to be used as evidence, the appraiser must be present to testify to his report.**
2. If the municipality is relying on its assessor or a representative of a revaluation company as its expert and if such testimony involves data and analysis that is not reflected on the property record card, the municipality must provide to the board for the tax administrator and each board member copies of a written report reflecting such data and analysis and provide one copy of the report to each opposing party **at least seven calendar days prior to the hearing.**
3. The board in its discretion and in the interest of justice may waive the requirements for the submission of written reports.
4. At the request of the taxpayer-party, the municipality must also provide that party with a copy of the property record card for the property under appeal **at least seven calendar days prior to the hearing.**

(b) COMPARABLE SALES

Not more than five comparable sales shall be submitted to the assessor, clerk and county board of taxation, ***not later than seven calendar days prior to the hearing*** if not included with the petition of appeal. The information regarding each comparable sale shall include the block, lot, sales price and deed date.

NOTE: COMPARABLE SALES OF REAL PROPERTY ARE ACCEPTABLE EVIDENCE OF MARKET VALUE. COMPARABLE ASSESSMENTS ARE UNACCEPTABLE AS EVIDENCE OF VALUE.

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

An itemized statement showing the amount and source of all income and expenses for the most recently completed accounting year and for such additional years as the board may request should be attached to the petition of appeal in the case of income-producing property.

(d) OTHER DATA

Subject to the board's discretion, you may present other relevant information concerning the property under appeal, such as photographs, survey, cost data, etc.

10. SIGNATURE AND CERTIFICATION OF SERVICE

The signature of the petitioner or petitioner's attorney is required on the petition. The Certification of Service of the copies to the municipal assessor and clerk (or to the taxpayer in the case of a municipal appeal) must be filled out and signed by the person making service.

11. SETTLEMENTS/STIPULATIONS

A settlement agreed upon between petitioner and respondent must be approved by the county board and must reflect whether the assessor agrees with the settlement. Proposed stipulations/settlements must be executed on forms available at the county board of taxation. If the board approves the settlement, it will enter judgment incorporating the settlement. If the board disapproves the settlement, the board will notify the parties of the denial and will schedule a hearing for the appeal.

12. FILING COMPLAINT WITH TAX COURT

The judgment of the county board of taxation may be appealed to the Tax Court of New Jersey by filing a complaint with the Tax Court Management Office **within 45 days from the date of the service of the judgment (date of mailing)**. If the assessed value of the property subject to the appeal exceeds \$750,000, a taxpayer or taxing district may file a petition of appeal with the county board of taxation or a complaint with the Tax Court in accordance with Tax Court rules. The Tax Court of New Jersey is located at the Richard J. Hughes Justice Complex, 25 Market Street, Trenton, New Jersey. ***Mailing address: PO Box 972, Trenton, NJ 08625-0972. Telephone number: (609) 292-5082.***

WHAT TO EXPECT AT A PROPERTY ASSESSMENT APPEAL HEARING

The assessment appeal process provides a *check and balance* procedure in the overall assessment process. It aids in furthering the statutory directive of assessing “according to the same standard of practice”. This guide has been created to assist you. It is recommended that you treat the review of its contents as the first step in that process. Should you decide to appeal, the material below provides you with what to expect relating to a property assessment appeal hearing.

NOTIFICATION:

- To comply with the 10-day notification requirements, hearing notices will be mailed to all parties involved at least 13 days prior to the scheduled hearing date. The hearing notice will inform you of the location, date, and time of your hearing.
 - **Location:** All Bergen County Tax Board hearings are held in the County Administration Building, One Bergen County Plaza, Hackensack, NJ
 - **Date:** Unless the volume of appeals requires additional time, hearings will be scheduled during the months of April, May, June and July, Monday through Friday.
 - **Time:** Hearings are usually scheduled to start at 9:00am and will run until the calendar is completed. Please refer to the hearing notice for the exact time.

PRIOR TO HEARING:

- Among other rules, found later in this guide, the Tax Board requires that evidence in support of the appeal must be submitted no later than seven (7) calendar days prior to the hearing if not included with the petition of appeal (see additional information later in this guide).

AT THE HEARING:

- When your property is called you will be asked to come forward where you will be sworn-in prior to providing testimony.
- You will then be asked to “state the reasons for your appeal” at which time you can summarize your position, based on the evidence exchanged 7 days prior to the hearing.
- Once you have completed the delivery of your presentation the municipality will have the opportunity to cross-examine you, or your representative’s, presentation of the evidence.
- The municipality will then present its evidence following which you will have the opportunity to cross-examine their presentation.
- Thereafter, the Tax Board Commissioner may request additional information or clarification of facts presented. This will complete the hearing and a judgment, reflecting the Tax Board’s decision on the matter, should be forwarded in July.

IMPORTANT HEARING ROOM RULES:

- To ensure the receipt of testimony, during the hearing, all questions and answers must be directed to the Tax Board Commissioner and the audience is asked to remain courteous and quiet while all testimony is being delivered.
- No food or beverages are permitted within the hearing room.

COUNTY ASSESSMENT APPEAL TIPS

Come prepared.

Have your evidence and papers in order. Be prepared to discuss the major points you want to make about each comparable sale as it relates to your property. There are many hearings held each day, so be concise, don't ramble, and stay focused on what is important.

Be on time

Arrive slightly before your hearing. You will be more relaxed when your name is called if you have had time to review your presentation and papers. Also, if you arrive early you will see how the hearing process works and feel more comfortable when you are called. Some petitioners will visit on a prior day to get a feel for the procedures and process. The hearings are open to the public.

Do your homework.

Find sales of properties that have similar characteristics to your property, in your neighborhood. Be able to discuss the similarities of your comparable sales and why your comparable sales properties are a good match to your property. Simply, be able to explain why you chose these properties.

Confirm your sales.

Make sure your comparable sales are fair market sales (sales exposed to the market between a willing buyer and seller in an arm's length transaction). Sales between family members; sales with special financing; short sales; and sheriff's sales are all examples where the sale price may not reflect market value.

Don't compare assessments.

Do not reference neighbor's assessments as the basis for appealing your assessment. Your neighbor's assessment may be lower than yours for numerous reasons. It may be incorrect. Only market sales are valid evidence for comparable property analysis.

Use photographs.

Pictures truly are worth a thousand words at your hearing. Pictures of your property and your comparable sales properties will help the board members in their understanding of your case. If there are neighborhood conditions that you feel diminish your property value, take a picture.

Repeat information.

As you prepare your presentation, include a recap that emphasizes the major points upon which you want the board to focus.

COUNTY TAX APPEAL FREQUENTLY ASKED QUESTIONS

When do I file my appeal?

Appeals must be filed by April 1st, or the next following business day if April 1st is on a weekend or holiday. The appeal must be received by the close of business on the due date. An envelope postmarked on the due date which is received after the due date is unacceptable.

I am over 65 (or a veteran, disabled); do I have to pay a filing fee?

Yes, you must pay a filing fee, there are no exceptions. Payment is in cash or checks payable to the County Tax Administrator.

Do I need to be represented by an attorney?

No, you may appeal and appear on your own behalf. But, you may choose to hire an attorney if you wish. If the petitioner is a business entity, other than a sole proprietor, its appeal must be prosecuted by an Attorney-at-Law admitted to practice in the State of New Jersey.

Should I hire an appraiser?

It is not necessary, but you may do so if you wish. If you do hire an appraiser, special rules apply. The appraiser must appear with you to give expert testimony on the appraisal. The appraiser normally will charge you an additional fee for appearing with you at the hearing. Copies of the appraisal report should be delivered at least 7 days prior to your hearing date to the Tax Board, and one copy each to the Assessor and town Clerk.

What are considered valid comparable sales to use as evidence in my appeal?

Comparable sales should have occurred prior to the October 1st of the year preceding your appeal. If you are filing an appeal in 2009, the comparable sales should be prior to October 1, 2008. Comparable sales should be of properties similar to your property in your neighborhood. The more similar the characteristics of comparable properties to your property, the better they will aid you in your appeal. While **not a complete list**, such items as size (both lot and building), number of baths, garages, finished attic or basement, number of stories, pool, and age of building are a few value contributing amenities you should consider. You should be prepared to discuss the similarities between your property and the comparables you have selected. Pictures of your property and your comparable sales are helpful. The sales should represent "fair market value", which is defined, as the highest price that a property will bring, if exposed to a competitive and open market under all conditions required for a fair sale. The buyer and seller must be knowledgeable, acting prudently and under no duress.¹ In this definition it is understood that the following must exist:

- Buyers and seller are typically motivated.
- Both parties are well informed and acting in their own best interest.
- The property is exposed in an open market for a reasonable time.
- Payment is made in cash or its equivalent.
- Financing, if any, is on terms generally available in the community at the time of sale and is typical for the location and type of property.
- The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.²

How many comparable sales should I use?

You may use up to 5 sales. However, quality is better than quantity. Two or three highly comparable sales may be sufficient.

When must my comparable sales evidence be submitted?

It is best if you can list the comparable sales information on your appeal application and attach evidence to the appeal when it is filed. However, at the latest, you must supply your evidence to the Tax Board, your local assessor and town clerk, at least seven (7) days prior to your hearing. This allows the Tax Board Commissioners and your Assessor time to become familiar with your evidence. If you wait until your hearing to supply your evidence it most likely will not be admitted, and you will not have any evidence to support an assessment reduction.

Where can I get physical descriptions of my property and the comparable properties I will use as evidence?

You may request, in writing, physical descriptions of up to five comparable properties from your Assessor. The request should allow sufficient time prior to your hearing for the Assessor and for you to review the information. A realtor may be able to provide sales information to you. Property sales information is available for you to research at your town Assessor's office or the Tax Board office.

1. American Institute of Real Estate Appraisers, The Appraisal of Real Estate, 8th Edition, p. 33.

2. The Society of Real Estate Appraisers & The Institute of Real Estate Appraisers, Real Estate Appraisal Terminology, Ballinger Publishing Company, Cambridge Ma. p. 137

Why does the appeal form have multi-colored copies?

The appeal consists of four (4) copies, each labeled at the bottom of the page: the white copy (top) goes to the Tax Board, with your filing fee; the blue copy (second) you keep; the yellow copy (third) goes to the Clerk in your town; and the pink copy (fourth and last) goes to your town Assessor. It is your responsibility to deliver the copies to your town Assessor and Clerk.

What telephone number do I put on the appeal?

Supply the number where you most likely can be reached. If you will be outside the area during April through June, please supply a number where you may be reached during that period.

When will I receive my hearing notice?

You will receive your notice of hearing at least 10 days prior to your hearing. If you have not received your notice and are concerned, phone the Tax Board. It is your responsibility to appear for your hearing.

Do I have to appear at the hearing?

Yes, you must appear, unless you are represented by an attorney, who then may appear on your behalf. If you are represented by an attorney you still may attend your hearing. Failure to appear will cause dismissal of your complaint.

Where are the hearings held?

The hearings are held at the County Administration Building located at One Bergen County Plaza in Hackensack, NJ. The first hearings start at 9:00 AM and locations are posted in the board office on the third floor. All hearings are open to the public.

Once I have filed my appeal, is there anyway I can settle my case prior to my hearing?

Yes, it is possible. If you contact your Assessor after you filed your appeal you may be able to reach an agreement on a reduced assessment. If you do reach agreement, the Assessor will prepare a Stipulated Settlement form. This form is signed by you and the assessor, who then forwards it to the Tax Board for final review. If the Tax Board agrees to the settlement, it will issue you a Memorandum of Judgment and you will not have to appear for your hearing.

Do I have to pay my taxes when I am appealing my assessment?

Yes, pay your tax bills as you normally would. You must pay the first quarter of taxes due by February 1st and all other municipal fees and outstanding charges. If you are successful in reducing your assessment you will receive an adjustment on a tax bill by the fourth quarter.

Do I have any options if I am not satisfied with the result of my appeal hearing?

Yes, you may appeal to the NJ Tax Court within 45 days from the date of the board's Memorandum of Judgment. The Tax Court procedures for appeal are available online or you may call the phone number listed on the back of the Memorandum of Judgment. You may appeal again in the following year. You can appeal your assessment every year.

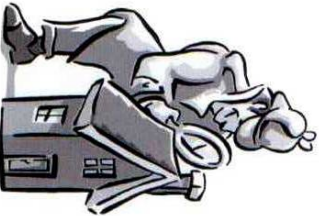
If I meet with the revaluation company and they agree to a reduction, am I done?

The Notice of Assessment card you receive in the mail is the official assessment determined by your assessor and takes precedence over any other notice you may have received. These are generally mailed on or before February 1st. If the assessment figures are what you expected and you are satisfied, then no further action is required. If the assessment figures are not what you expected, then you must file an appeal in order to pursue a reduction.

What should I do if I decide not to appeal after I have filed an appeal, or find that I cannot attend my hearing?

You may withdraw your appeal at anytime prior to your hearing by notifying the Tax Board in writing. If you do withdraw, your fee is not refunded.

HOW PROPERTY IS VALUED FOR PROPERTY TAX PURPOSES



STANDARDS FOR VALUING PROPERTY

New Jersey's real property tax is "ad valorem" or a "tax according to the value" meaning that each person pays tax based on the value of the property he or she owns.

The State Constitution at Article VIII, Section 1, Paragraph 1 requires, property to be assessed for taxation by general laws and uniform rules and that all real property, except for agricultural/horticultural land*, must be assessed according to the same standard of value. New Jersey statute N.J.S.A. 54:4-2.25 defines the standard of value as the true value of property. N.J.S.A. 54:4-2.3 describes true value as the price at which, in the assessor's judgment, each parcel of real property 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....* New Jersey courts have determined "full and fair value," "market value," and "true value" to be synonymous.

Taxable assessed value is that percentage of true value established by each county board of taxation. All 21 counties in New Jersey have chosen 100%.

*Qualified Farmland is assessed on its productivity and agricultural use rather than market value for any other purpose.

TRUE MARKET VALUE

"Market value" may be defined as, "The highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: Buyer and seller are typically motivated.

- Both parties are well informed or well advised, each acting in what he/she considers his/her own best interest.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in cash or its equivalent.
- Financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.
- The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs or credits incurred in the transaction."



"Market price" means "the amount actually paid for a property in a particular transaction. The "actual price" one pays for a property on the market is not necessarily representative of that property's "true value" in the real estate market. An individual sale may deviate from the "market norm" but numbers of comparable sales show patterns or trends in value. These value trends help to identify market value. Although market value can be subject to sudden fluctuations, in general "true value" for property tax assessment purposes must be fairly constant and measured by conditions which, over time, are regarded as stable." Market or sale price, while a factor in determining the market value of a property, is only one consideration.

TRENDS AND FACTORS

In assessing real property for local tax purposes, all available evidences of value are taken into account. Trends and factors

- affecting property value which an assessor or appraiser consider are:
 - The economy – purchasing power, wage levels, employment rates, inflation, recession, housing shortages/surpluses, construction costs for materials and labors, interest/mortgage rates;
 - Government – public services as police/fire protection, zoning ordinances, building codes, taxes assessed;
 - Environment, geography and location – weather conditions, soil types, waterways, the surrounding neighborhood, proximity to schools, churches, stores, transportation;
 - Physical characteristics – of surrounding properties, comparable properties and the subject property in terms of construction quality, age, maintenance level, depreciation, architectural style, lot size or acreage.

TAXABLE ASSESSED VALUE

An assessment is an opinion of value by a licensed professional. All municipal assessors must pass a 6-hour certification exam in property appraisal and property tax administration.

N.J.S.A. 54:4-35 requires the assessor to determine his taxable valuations of real property as of October 1 in each (pre)tax year.



The New Jersey Supreme Court has ruled that, "Each annual assessment of property for tax purposes is separate and distinct from the assessment for any other year."

COMMON LEVEL RANGE

Despite the "true value" requirement of the law, the courts have ruled that no property may be assessed at a ratio to true value which is above the common level or average ratio of all assessments in a taxing district. A common level range is permitted and is calculated at 15% above to 15% below the common level or average ratio. During an appeal, once the hearing body determines the true value, the taxable or assessed value of the property is divided by its true value to develop the subject property ratio. If a property's ratio of assessed value to true value falls outside the common level range, its assessment is adjusted by applying the average ratio to its true value.

METHODS OF VALUING PROPERTY

Various methods are available for appraising or valuing property. Selection of the proper method depends on the nature of the property and purpose for which the appraisal is made. In appraising real property for taxation, the appraisal must be made in accordance with the basis of real property value recognized by State law, as interpreted by the courts.

Numerous judicial decisions recognize the validity of 3 methods for estimating property value for tax purposes. The cost of replacement, the market data or sales comparison, and the income approaches to value are used to estimate property value and are given appropriate weight.

- The **Replacement Cost Approach** (commonly used for new construction) estimates the cost of creating a building with the same or equivalent utility as a similarly developed property, as nearly as current prices and standards of material and design allow. An amount is deducted for wear and tear and age (depreciation.) This approach is based on cost per square

foot as related to the quality of building materials and workmanship. The land value is added to the depreciated cost of improvements to get the total property value.

- The **Sales Comparison Approach** attempts to find market value through a comparison of the subject property with similar properties which have been sold for a known sum of money. The number and size of rooms, quality of materials and workmanship, the property's physical condition and location, and time of the sale are considered with this approach.
 - The **Income Approach** analyzes the future income stream produced by a property to estimate the sum which might be invested to purchase the property in order to receive future benefits.
- Whenever possible, all three approaches should be used in the valuation of every property. However, one approach may be more relevant than another and have more weight in the valuation process.

REVALUATION, REASSESSMENT AND COMPLIANCE PLANS

The need for revaluation/reassessment may be shown by any evidence which indicates properties in a taxing district are not assessed at the same rate of true value.

A revaluation/reassessment program tries to distribute the tax burden within a taxing district by appraising each property according to its true value and assessing it for taxation based on that true value.

During a revaluation inspectors will take exterior measurements and photographs of all houses and structures. Inspectors will also determine the amount of living space, condition of kitchens and bathrooms, basements, foundations, etc.

If assessment variations are substantial and without pattern or trends in value, a revaluation or reassessment of the entire taxing district might be the best remedy.

If assessments in one part of the district are generally too high or low, the assessor may be able to adjust values to bring them in line with assessments on other property provided the adjustments are applied on an areawide basis via a compliance plan. This is assessment maintenance.

An assessor is not allowed to reassess property based only on its recent sale. That is "spot assessing." The Supreme Court decision, *Township of West Milford v. Gerald and Juanita Van Decker*, affirmed: "The practice of reassessing properties solely because those properties have been sold in the previous year is unconstitutional because it shifts the tax burden to new owners in the municipality."

While assessors are prohibited from singling out property for increased assessment, they have a statutory obligation to monitor all indicators of property value and to correct inequities in tax years other than years of districtwide revaluations/reassessments. Assessors must obtain prior approval for a revaluation, reassessment or compliance plan from the county tax board and/or the State Division of Taxation.

ADDED ASSESSMENTS

New construction, structural additions and improvements completed after October 1 are valued and taxed under the Added Assessment Law. This way property which becomes assessable after October 1 does not avoid its fair share of the tax burden for the rest of the year. A new structure, or an addition to or alteration of an old structure, completed after January 1 and before October 1, is valued as of the first day of the month following completion. If the value when completed is greater than the assessed value placed on the structure on October 1 of the pre-tax year (partial assessment based on the value present at that time), an added assessment based on the difference must be made. The

added assessment is prorated on the number of full months remaining in the tax year. Tax exempt properties which lose their exempt status are also subject to the Added Assessment Law.

Added Assessments are payable on November 1 and become delinquent if not timely paid.

OMITTED ASSESSMENTS

Additional assessments which, through error, were not made at the proper time, may be placed on the tax rolls through the Omitted Assessment Laws. An omitted assessment can be made for the current year of discovery and one prior year. The Omitted Assessment Laws provide that in any year or in the next succeeding year, the county board of taxation or the municipal tax assessor respectively may, in accordance with the provisions of this act, assess any taxable property omitted from the tax rolls for the particular year.

Omitted assessments are payable on November 1 and become delinquent if not timely paid.

APPEALS

Taxpayers who disagree with their property's assessment have the right to appeal to their county tax board (or directly with the State Tax Court if the property is assessed for more than \$750,000) on or before April 1 or 45 days from the date the Assessment Notifications are mailed by the taxing district, whichever is later, or May 1st where a municipal-wide revaluation or municipal-wide reassessment has been implemented (December 1 for added and omitted assessments). The required appeal forms may be obtained from the County Board of Taxation.

Bibliography

Information in this guide has been compiled from the following agencies publications and websites:

Bergen County Board of Taxation

One Bergen County Plaza – Room 370
Hackensack, NJ 07601-7076

www.co.bergen.nj.us/taxboard

Cape May County Board of Taxation

DN-303, 4 Moore Road
Cape May Court House, NJ 08210

www.capemaycountygov.net/Cit-e-Access/webpage.cfm?TID=5&TPID=439

Monmouth County Board of Taxation

Hall of Records
1 East Main Street
Freehold, NJ 07728

www.visitmonmouth.com/page.aspx?ID=134

Ocean County Board of Taxation

P.O. Box 2191
Ocean County Court House, Room 215
118 Washington Street
Toms River, NJ 08754-2191

www.tax.co.ocean.nj.us

State of New Jersey - Division of Taxation

Property Administration,
PO Box 251,
Trenton, New Jersey 08695-0251.

www.state.nj.us/treasury/taxation/lpt/localtax.shtml