Chapter 8  Valuation and Assessments

801.  Statutory Authority

801.10 Authority to Secure Uniform Taxable Values
The statutory authority of county boards of taxation includes the responsibility to "secure the taxation of all property in the county at its taxable value as prescribed by law ...". To comply with equalization, the boards are to view and inspect assessed property and make revisions and corrections after inspections. The tax boards, through the tax administrator, supervise municipal assessors. The assessor's statutory duties include determining the taxable value of real property as of October 1 of each year, with the completion and filing of the assessment list by January 10 annually. Assessors are charged with the statutory duty to place added assessments and omitted assessments on property. Additionally, the statutes provide for the Director, Division of Taxation to investigate and reassess property for the purpose of securing uniform taxable valuation of property in accordance with the law. All three levels of government, the state, the county, and the municipality are given statutory authority to assess real property.

REFERENCES:

N.J.S.A. 54:3-13 & 15.
N.J.S.A. 54:4-35.

801.11 Order of Jurisdictional Authority
Following the chain of command for jurisdictional governmental authority allows all three levels of government to fulfill their purpose in an orderly manner. The municipal assessor, under the supervision of the county board of taxation, determines the
assessed value of property in the municipality and records the assessments on the tax list. The tax list is filed with the county board of taxation, where the board exercises their power to “review, revise and correct” before certification of the list. The Director, Division of Taxation exercises an administrative oversight function, interacting when required by statute. Equalization and review of the uniformity of the assessments in each taxing district is ascertained annually, based on ratios developed from the state administered assessment sales ratio database. The database is developed through a cooperative effort coordinated among all three levels of government. The development of the assessment sales ratio database for the Director’s Table of Equalized Valuations is discussed in Chapter 6 of this handbook. The judicial review of the of assessment uniformity is measured in the judgments issued by the county board of taxation and the tax court with the application of relief using Chapter 123, PL of 1973. Appeals and judgments are discussed in Chapter 11 of this handbook.

REFERENCES:

N.J.A.C. 18:12A generally.

801.12 Assessment Changes Permitted

Certain assessment changes are required by statute and may be made based on the authority given to the assessor. Changes in value due to any of the following may be made:

- Corrections due to clerical, typographical, transposition, physical descriptive, or mathematical errors
- Added assessments (section 810)
- Omitted assessments (section 810)
- Omitted added assessments (section 810)
- Exemptions
- Demolitions
- Governmental imposed restrictions
- Approvals granted by a planning board and/or a zoning board
- Approved revaluation and reassessment (sections 807 & 808)
- Site contamination
- Property remediation such as removal of contaminated soil
- Disasters or casualties such as storms, cyclone, tornado, earthquake, fire, flood, hurricane, vandalism
- Qualified farmland
- Subdivisions
- Mergers
- Tax appeals and judicial decisions
- Settlement agreements

If an assessor has made a determination that would result in a change in value for any reason not enumerated above, the change must be implemented under an approved compliance plan.

REFERENCES:

802. Statistics and Standards of Uniformity

802.10 Statutory Standard for Assessments of Real Property
The Constitution and the Statutes of New Jersey require real property to be assessed at true value under general laws and uniform rules. The assessor is to determine the full and fair value of each parcel of real property if it were to sell at a fair and bona fide sale by private contract on October 1 next preceding the date on which the assessor shall complete the assessment list.
REFERENCES:
New Jersey Constitution Article VIII Par. 1
N.J.S.A. 54:4-23.

802.11 Measuring the Level of Assessments
The uniform standard for assessments is 100% of true value which equals market value. This standard has been adopted for every county by the respective county board of taxation. The result of applying the uniform standard to properties sold to measure in each municipality is the ratio promulgated by the Director, Division of Taxation annually on October 1 (Chapter 6). A fifteen percent (15%) deviation from true value is the standard used to determine the need for assessment revision. When it is necessary to revise assessments to bring the level of assessments into compliance with the standard, there are three accepted programs used to implement revisions. Revaluation, reassessment and implementation of a compliance plan may, with authorization, be used to revise assessments.
REFERENCES:
N.J.S.A. 54:1-35.35
N.J.A.C. 18:12A-1.14(b)v.
Measuring the Uniformity of Assessments

Uniformity of assessments is measured through statistical analysis and evaluation of the assessment sales ratio database of usable sales developed for measuring the level of assessments in the municipality. Calculating the central tendency about the mean for the database as a whole or stratified along with other criteria determines the need to revise the assessments in a municipality.

REFERENCES:

N.J.A.C. 18:12A–1.14(b)1.
803. Statistical Indicators of Inequalities

803.10 Introduction
The three measures of central tendency are the mean, the median and the mode, defined as follows:
- Mean – the average
- Median – the midpoint of the array
- Mode – the ratio that repeats most often
Statistics to measure the level of uniformity can be calculated about both the mean and the median. In New Jersey the statistics used to evaluate the uniformity of assessments in a taxing district are generally calculated about the mean. A general coefficient of deviation, stratified coefficient of deviation, and segmented coefficient of deviation all calculated about the mean are the accepted statistics used to measure uniformity. The accepted deviation is less than fifteen percent (15%). A deviation of greater than fifteen percent (15%) denotes a lack of uniformity. The Division of Taxation annually publishes the coefficients of deviation calculated from the usable sales database for the Director's Table of Equalized Valuations. Consideration should be given to the size of the sample when evaluating statistical result used to determine the need for a revaluation.
REFERENCES:

803.11 General Coefficient of Deviation
The general coefficient of deviation 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 the "usable sales" database of a sampling period. 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. A ratio of greater than 15 percent (15%) generally indicates a lack of uniformity among assessments.

*Exhibit 25 - Coefficient of Deviation - General - Holly Boro*

REFERENCES:

N.J.A.C. 18:12A−1.14(b)1i.

**803.12 Stratified Coefficient of Deviation**

The stratified coefficient of deviation is an average deviation of assessment ratios for all usable 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 among property classes. A ratio of greater than 15 percent (15%) generally indicates a lack of uniformity of assessments within each property class.

*Exhibit 26 - Coefficient of Deviation - Stratified - Holly Boro*

REFERENCES:

N.J.A.C. 18:12A−1.14(b)1ii.

**803.13 Segmented Coefficient of Deviation**

The segmented coefficient of deviation is an average deviation of assessment ratios for all "usable 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, for each property class compared to all other property classes. A ratio of greater than fifteen percent (15%) generally indicates a lack of uniformity of assessments of one property class against the whole.

*Exhibit 27 - Coefficient of Deviation - Segmented - Holly Boro*

REFERENCES:

N.J.A.C. 18:12A−1.14(b)1iii.

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**803.14 Assessment-Sales Ratios**

The assessment-sales ratio database is collected and compiled in the equalization program for the distribution of State School aid; the same database may be analyzed and evaluated to determine the need to revise assessments. 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 an increase in the market value of property in the municipality. However, a declining ratio does not provide any insight into the level of uniformity of assessment; nor does it indicate a lack of uniform assessments, in and of itself.

The database of usable sales used to calculate the Director's Ratio is provided to the county board of taxation and the assessor of the municipality. The sales are arrayed by ratio 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.

*Exhibit 21 - Director's Table - Usable Sales*

**REFERENCES:**

N.J.A.C. 18:12A–1.14(b)1v.
N.J.A.C. 18:12A–1.14(b)1vi.

**803.15 Class Weighted Ratios**

Using the database developed for the Director's Table of Equalized Valuations, 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 the 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.
District Weighted Ratio

Using the Director's Table of Equalized Valuations, 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. The district weighted ratio is shown at the conclusion of step 1. A district weighted ratio, based on usable sales for the most recent sample period, is indicative of compliance with the adopted percentage level of assessment established by a county board of taxation.

REFERENCES:

N.J.A.C. 18:12A-1.14(b)1vii.
804. Additional Indicators Statistical of Inequalities

804.10 Other measures of Uniformity
In NJ, the standards for measuring uniformity are generally calculated about the mean developed from the array of assessment sales ratio data gathered for the promulgation of the Director's Table of Equalized Valuations. (see Chapter 6 and section 803) Additional statistics may be developed from the same sample of assessment sales ratio data. Other statistics include but are not limited to a:

- Coefficient of Dispersion
- Coefficient of Variation
- Standard Deviation
- Price Related Differential

REFERENCE:

N.J.A.C. 18:12A-1.14

804.11 Coefficient of Dispersion
The coefficient of dispersion is measured from the median ratio when the assessment sales ratios are arranged from lowest to highest. Calculate the absolute deviation of each ratio from the median ratio. Sum the absolute values of the deviations calculate and divide the sum by the numbers of ratios. Divide the average deviation by the median ratio and multiply the result by 100 to express the coefficient of dispersion as a percentage. A coefficient of dispersion of less than 15 generally indicates appraisal uniformity.

REFERENCE:
804.12 **Coefficient of Variation**

The coefficient of variation is the standard deviation about the mean expressed as a percentage. Arrange the ratios developed from the assessed value divided by the sales price from lowest to highest. Calculate the mean ratio. Subtract the mean from each ratio and square the results. Sum the squared results and divide by the sample size less one (1) and find the square root of the result. Multiply the calculated square root to develop the coefficient of variation.

REFERENCE:


804.13 **Price Related Differential**

The price related differential shows the assessment progressivity or regressivity. The price related differential is calculated by dividing the mean ratio of a data set (the sum of assessment sales ratios developed by the number in the sample) by the weighted mean (calculated by dividing the total assessed value of the properties in the data set by the total sales prices of the properties in the data set). A price related differential close to 1.00 generally shows no bias. A price related differential under 1.00 shows progressive assessments with high value properties over appraised and a price related differential over 1.00 shows regressive assessments with high value properties under appraised.

REFERENCE:

805. Reasons for Assessment Inequities

805.10 Zoning Changes
The need for assessment revisions may be indicated following zoning changes that affect value in part or all of a taxing district. Changes in use may substantially increase or decrease the value of property. Stratifying the assessment sales database, developed subsequent to zoning changes by neighborhoods, and zoning may delineate the areas that need to be adjusted.

REFERENCES

N.J.A.C. 18:12A-1.14(b)1ix.

805.11 Lack of Adequate Records
A lack of adequate records (such as property record cards electronic and/or hardcopy) that creates assessment inequities must be remedied. The inequities would be apparent in the assessment sales ratio study, along with follow up investigation by the county board of taxation and/or the Division of Taxation.

REFERENCES:

N.J.A.C. 18:12A–1.14(b)1x.

805.12 Lack of Information to Update Assessment Records
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.

REFERENCES:

N.J.S.A. 54:63.1 to 63.3.
N.J.S.A. 54:63.12 to 63.15.
N.J.A.C. 5:23–4.5.
805.13 Frequency of Assessment Adjustments
When analyzing the statistics developed to evaluate uniformity to determine the need for a revaluation, the county board of taxation should consider the time lapse from the previous revaluation. A lapse of ten (10) years or more can be a factor in the evaluation process when determining the need to order a revaluation.
REFERENCES:

N.J.A.C. 18:12A-1.14 1xi.

805.14 Revenue Lost Due to Appeals
The amount of revenue a municipality loses due to assessment reductions in tax appeal judgments may indicate the need for a revaluation.
REFERENCES:

N.J.A.C. 18:12A-1.14 1xii.

805.15 Market Appreciation and Neighborhood Changes
The real estate market is a reflection of the principals of supply and demand. Properties in a municipality do not all appreciate at the same level. Demand is based on the preference of buyers while supply is based on production. The market is always changing. The assessment sales ratio database provides a picture of the action occurring in the real estate market over a twelve-month period. If the assessment – sales ratio database is stratified by neighborhoods, the statistics will show the areas of change.
REFERENCES:

806. Correction of Assessment Inequities

806.10 Correcting Assessment Inequities

Assessment inequities are one indication of the need for revaluation or reassessment. Failure by a municipality to take corrective action on its own initiative necessitates an order from the county board of taxation for revaluation. Except for changes referenced in paragraph 801.12, all other changes should be implemented under an approved plan. Each county board of taxation should adopt standards for ordering revaluations. The standards promulgated by the Director, Division of Taxation are in N.J.A.C. 18:12A-1.14. County boards of taxation may find it necessary to apply additional standards.

The terms "revaluation program" and "reassessment program" were, at one time, used interchangeably. However, these terms have taken on separate meanings, and the actions of the county board of taxation with regard to each action are different. Both of these assessment programs seek the same goal: an equitable distribution of the tax burden within a taxing district by appraising each individual parcel of real property according to its true value, and assessing it based upon such value.

If the inequities are limited to certain areas, an assessor may choose to implement a compliance plan. The total of all changes in assessments as a result of the implementation of a compliance plan must not exceed twenty-five percent (25%) of the line items in the municipality.

A revaluation or any program undertaken to update values, when the county board of taxation orders the program, may be financed with special emergency appropriations. The specifics for authorizing emergency appropriations are found in

Exhibit 28 - Standards for ordering revaluations - Winterberry County

REFERENCES:

N.J.S.A. 54:1-35.35 et seq.
N.J.A.C. 18:12A-1.14(i).

806.11 Revaluation Program

A revaluation program is the mass appraisal of all real property in a taxing district, carried out by an outside professional revaluation firm approved by the Division of Taxation. A revaluation may be ordered by the county board of taxation or may be initiated by a municipality. A revaluation program includes a contract between the outside firm and the municipality. A contract between the municipality and a revaluation firm must be approved by the Director, Division of Taxation and the county tax administrator must be afforded the opportunity to review and comment on the contract. (section 807)

REFERENCES:

N.J.S.A. 54:1-35.35.

806.12 Reassessment Program

A reassessment program is also the mass appraisal program of all real property in a taxing district. Rather than being conducted by an appraisal firm under contract with the municipality, the reassessment program is carried out under the direct supervision of the tax assessor. A reassessment program is subject to the approval of the county board of taxation and the Director, Division of Taxation. (section 808)

REFERENCES:

Compliance Plan

A Compliance Plan is a voluntary action that allows for the correction of assessment inequities as long as the corrections implemented do not exceed more than 25% of the line items. Changes made under a Compliance Plan can bring both over-assessed properties and under-assessed properties to a uniform taxable value. The Compliance Plan requires notification to the mayor and municipal governing body, and the approval of both the county board of taxation and the Division of Taxation before implementation. (section 809)

REFERENCES:

N.J.S.A. 54:4-23.
N.J.A.C. 18:12A-1.14(i).
807. Revaluation Programs

807.10 Scope of a Revaluation
A revaluation program is a contracted program undertaken by a municipality for the appraisal of all the real property within a taxing district. The contract is between a municipality and a revaluation firm. The standard of value sought is the “full and fair” market value of the property as of October 1 next preceding the tax year of implementation. Interior and exterior inspections of 100% of the properties are required. No less than three attempts shall be made to gain entry to each property.

The qualifying statistics used to evaluate the completion of a revaluation are:

- 80% of the line items are reviewed
- At minimum, 50% of the line items are revised

REFERENCES:

N.J.S.A. 54:4-2.25.
N.J.A.C. 18:12-4.
Atlantic City v Atlantic County Board of Taxation, 2 NJ Tax 20 (1980).

807.11 Notification of a Voluntary Revaluation
When a taxing district, by its own volition proposes to revalue real property within its boundaries, it must notify the assessor and the county board of taxation in writing. Written approval of the revaluation contract must be obtained from the Director, Division of Taxation, as required by law.

Upon approval of a revaluation contract by the Director, Division of Taxation, the assessor must complete, and submit to the county tax administrator, a plan and schedule of work within 30 days prior to the actual undertaking of the revaluation.
Plan and Schedule of Work for a Voluntary Revaluation

The plan of work and revaluation progress reports shall be submitted on Form POW/RSR. The plan and progress reports shall include the same information that is included for an ordered revaluation.

Ordering a Revaluation

When a county board of taxation determines that it is necessary to order a taxing district to revalue its real property, the board must submit the proposed order and accompanying justification to the Director, Division of Taxation for approval. The Board must utilize standard criteria when they consider a proposal to order a taxing district to carry out a revaluation. The standard reasons for assessment inequities are listed in sections 802, 803, and 804. The results of the board's findings with respect to the standard criteria, as well as any other basis for issuing a revaluation order must be attached to the proposed order when it is submitted to the Director, Division of Taxation for approval.

Displaying the facts and data used to determine the need for ordering revaluation in summary for allows for a comparative review. Some information that should be reviewed includes:

- Date of last revaluation
- Date of last reassessment
- Total number of line items
- Total number of line items in each property class
- Percentage of each type of line item against the whole
- Total ratables
- Total ratables in each property class
- Percentage of each class rable against the whole
- The past 3 or 4 years of Coefficients
- General
- Stratified
- Segmented
- Number of each sales used stratified by property class
- Director’s Ratio
- District weighted Ratio
- Class weighted ratio

Upon approval of the order by the Director, Division of Taxation, the board must take appropriate action to implement the order.

Exhibit 29 - Revaluation Order - Pine Borough, Winterberry County
Exhibit 56 - Summary Statistics for Revaluation Order

REFERENCES:

Essex County Board of Taxation v. Town of Belleville et al s, 92 NJ Super. 258.

807.14 Municipal Notification of Revaluation Order

Upon receipt of approval to order a revaluation, the county board of taxation must notify the municipality. A copy of the fully signed executed revaluation order should be submitted to the clerk of the municipality with a cover letter submitted by certified mail, return receipt requested. A copy of the same should be sent to the
assessor. The proper procedure for challenging the revaluation order should also be included.

REFERENCES:

N.J.S.A. 54:1-35.36.
Rules of the Tax Court R8:4-1(2).

807.15 Challenging an Order for Revaluation

To challenge the order for revaluation, an appeal must be filed with the clerk/administrator of the tax court within 45 days of the notice date of the order.

REFERENCES:

Rules of the Tax Court 8:4-1(2).

807.16 Assessor's Procedures Following a Revaluation Order

Within 30 days of receipt of an order for revaluation, the assessor of the municipality shall submit to the county tax administrator a written plan to demonstrate compliance with the terms of the revaluation order. A Revaluation Compliance form has been issued by the Director, Division of Taxation for reporting the plan and actions necessary to undertake a revaluation. The form shall be updated and submitted the first of each month until an approved contract is obtained from the Director, Division of the Division of Taxation.

Form 18 - Revaluation Compliance Report

REFERENCES:

N.J.A.C. 18:12-1.14(b)2.

807.17 Revaluation Compliance Report Form (6-90)

The Revaluation Compliance Report form is a listing of tasks that have to be accomplished before a revaluation program can begin. The municipality must have an approved, current tax map before a
contract will be approved. Additionally, the municipality must draft bid specifications and draft and approve a bonding ordinance before awarding the revaluation contract. After the municipality chooses a revaluation firm and awards a contract, the contract must be submitted to the Director, Division of Taxation for approval. Every revaluation contract must be approved and signed by the Director, Division of Taxation before work can commence.

REFERENCES:

N.J.A.C. 18:12A–(b)2.

807.18 County Tax Board Review of Revaluation Contracts

Every executed revaluation contract must be approved by the Director, Division of Taxation, and both the contract and the revaluation firm must meet standards set forth in regulation by the Director. A revaluation contract is subject to review by the county tax administrator. To facilitate the review, a copy of the revaluation contract is forwarded by the Director to the county tax administrator. The administrator must submit recommendations and comments to the Director within two weeks from the date specified in a notice by the Director. If an administrator fails to respond within the prescribed period, the Director will proceed with review without the administrator’s comments, and indicate approval or disapproval of the contract as provided by law.

REFERENCES:

N.J.S.A. 54:1-35.35.
N.J.A.C. 18:12-4.
Rules of the Tax Court R8:4-1(2).
807.19 Procedure After Approval of a Contract for Revaluation

Within 30 days of the approval of a contract for revaluation, a plan of work must be developed and submitted to the county tax administrator. A Revaluation/Reassessment Report Plan of Work/Status Report form (POW/RSR) has been issued by the Director, Division of Taxation for preparing a revaluation/reassessment plan of work and for reporting the status of the revaluation/reassessment. The form allows both the county tax administrator and the assessor to review the progress of the revaluation. A revaluation POW should be developed jointly by the tax assessor and the project manager of the revaluation firm. Most of the functions that are typically performed during a revaluation/reassessment are listed on the form. In circumstances where an assessor needs to add a function not listed, a blank form may be used. After the plan of work has been filed, a status report must be prepared and submitted by the assessor to the county tax administrator every 30 days until the project is complete.

The municipality is to facilitate the performance of the revaluation firm by providing an up-to-date tax map, letters of introduction, current mailing addresses, and informational letters.

The project is complete when the tax list has been filed with the county board of taxation.

Form 20a-e - Plan of Work Revaluation Status Report

REFERENCES:

N.J.S.A. 54:3-16.
N.J.A.C. 18:12-4.

807.20 Extending the Deadline for Completion of a Revaluation

The Director, Division of Taxation is authorized to extend the deadline for completion of a revaluation. The completion date is included as a requirement in the revaluation contract. A request to
extend the deadline for completion of a revaluation should be submitted by the county board of taxation along with supportable data.

REFERENCES:

N.J.S.A. 54:3-16.
N.J.S.A. 54:1-35.35 & 35.36.
Revaluation—Reassessment 5 - November 16, 1986 DAG Letter: Authority of the Director to extend the deadline for finalizing a municipal revaluation program.

807.21 Completion of a Revaluation
The results of a revaluation are submitted on the tax list filed by the assessor on January 10 following the completion of the revaluation process. The county board of taxation then completes a review of the tax list before county equalization.

REFERENCES:

N.J.S.A. 54:4-35.
N.J.A.C. 18:12-4.

807.22 Recognizing the Revaluation in County Equalization
The Page 8 Formula is used to develop a county equalization ratio for the first year after the implementation of an approved revaluation program. (paragraphs 702.14 – 702.16).

REFERENCES:

Township of Willingboro v Burlington County Board of Taxation, 62 NJ 203 (1973).
Town of Bloomfield, et als v Essex County Board of Taxation, Division of Tax Appeals, May 6, 1957.

807.23 Recognizing a Revaluation in the Director's Ratio
The database of usable sales is adjusted for the first year of implementation of a recognized revaluation or reassessment. The non-usable category 27 is applied to the usable sales database by

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the Division of Taxation. Application of non-usable category 27 eliminates all the sales occurring within the sampling period prior to the change in the assessments that resulted from a recognized revaluation or reassessment in the first year that it is placed on the tax list.

REFERENCES:
N.J.A.C. 18:12-1.1.
808. Reassessment Program

808.10 Scope of a Reassessment Program

To be recognized as a reassessment or revaluation the minimum requirement is to review 80% of the line items and to revise 50% of the line items.

A reassessment program includes an analysis of all recent sales of real property occurring within a taxing district, including:

- A comparison of sales with the assessed values of the properties sold
- An identification of real property value trends occurring within the taxing district
- A review of all real property values, parcel by parcel, within a taxing district
- A review and revision of all unit land values, with revisions placed on a land value map as well as on individual property record cards
- Gathering of pertinent income data and utilization of such data where applicable
- Testing of the State developed cost conversion factors and if necessary development of local cost conversion factors, for application of these factors to improvements contained in the taxing district, with adjustments reflected on individual property record cards
- A review and adjustment of depreciation and obsolescence factors with changes reflected on individual property record cards
- A reconciliation and revised true value developed for each property, the revised true value to be noted on the property record card for each property
Carrying forward revised taxable values to the tax list for the year in which the reassessment will become effective.

Notification to taxpayers, by the assessor, of the revised values developed for their properties, with an opportunity for taxpayer review, is considered good practice.

Reassessments are taxing district-wide in scope.

Many assessors find a need to hire additional personnel to assist in the fieldwork for the implementation of a reassessment; however, the assessor manages the reassessment project and is responsible for the completion of the project. (see paragraph 808.11)

REFERENCES:

N.J.A.C. 18:12A-1.14(c).
Atlantic City v Atlantic County Board of Taxation. 2 NJ Tax 30.

808.11 Application for a Reassessment Program

When an assessor proposes to revise and update his assessment list, he must submit an application to the county board of taxation on form “Application for Reassessment” (AFR June, 90) as prescribed by the Director. The county board of taxation shall review the application within 30 days of its submission and forward a copy to the Director, Division of Taxation with a recommendation of approval or disapproval. In case of a recommendation of disapproval, the Director shall be advised of the reason within 30 days of receipt of the application and the board’s recommendation.

Section III Hybrid Reassessment must be checked if the assessor wishes to employ staff not on the municipal payroll. If the box for “Hybrid” is checked, a copy of the proposal contract must be attached to the AFR form. The contract is subject to review and approval by the Director, Division of Taxation.
The Director shall advise the county tax administrator of his determination as to whether the assessor may proceed with the reassessment program. In the case of disapproval, the Director shall specify the reason for his determination.

Form 21 - Application For Reassessment

REFERENCES:

N.J.A.C. 18:12a-1.14(c).

808.12 Procedure Following Approval for a Reassessment

The assessor of a district that has received approval of an application to perform a reassessment shall submit a plan of work to the county tax administrator within 30 days of such approval. The plan of work and reassessment progress report shall be completed on form POW/RSR as prescribed by the Director, Division of Taxation.

The Plan of Work/Status Report should include the following information:

- A listing of all major activities and functions to be performed during the course of the reassessment;
- The overall anticipated starting and completion date of each listed activity or function;
- The breakdown of units, portions or percentage of work activities or functions that are targeted to be started and completed during each month of the reassessment program;
- The breakdown of units, portions or percentage of work activities or functions actually completed during the month;
- Any revision or change in schedule from the previously submitted Plan of Work or Progress Reports.

After the Plan of Work has been filed, a status report (using the same form) must be prepared and submitted by the assessor to the county tax administrator every 30 days until the project is complete.
The project is complete when the tax list has been filed with the county board of taxation.

*Form 20a-e - Plan of Work Revaluation Status Report*

REFERENCES:


808.13 Hybrid Reassessment Using Non-Municipal Employees

When an assessor engages the services of an outside appraisal firm or individual to assist in performing fieldwork and/or revising all or a portion of the properties situated within the municipality, it is regarded as a Hybrid Reassessment. The contract for services must be submitted with the AFR form. The contract is subject to the review and approval of the Director, Division of Taxation.

REFERENCES:

N.J.S.A. 54:1-35.35.
N.J.S.A. 54:1-35.36.
N.J.S.A. 54:4-23.
Revaluation – Reassessment 4 - November 19, 1986 DAG Letter: Whether the utilization of an outside revaluation firm to assist in the reassessment of a municipality requires compliance with the standards applicable to the implementation of revaluation, M81-4977

808.14 Completion of a Reassessment

The results of a revaluation are submitted on the tax list filed by the assessor on January 10 following the completion of the reassessment process. The county board of taxation then completes a review of the tax list before county equalization. The qualifying statistics used to evaluate the completion of a revaluation are:

- 80% of the line items are reviewed
- At minimum, 50% of the line items are revised

REFERENCES:

N.J.S.A. 54:4-35.
808.15 Recognizing the Reassessment in County Equalization
The Page 8 Formula is used to develop a county equalization ratio for the first year after the implementation of an approved reassessment program. (paragraphs 702.14 – 702.15).
REFERENCES:


808.16 Recognizing a Reassessment in the Director's Ratio
The database of usable sales is adjusted for the first year of implementation of a recognized revaluation or reassessment. The non-usable category 27 is applied to the usable sales database by the Division of Taxation. Application of non-usable category 27 eliminates all the sales occurring within the sampling period prior to the change in the assessments that resulted from a recognized revaluation or reassessment in the first year that it is placed on the tax list.
REFERENCES:

N.J.A.C. 18:12–1.1.
809. Compliance Plan

809.10 Scope of a Compliance Plan
A compliance plan involves changes to no more than 25% of the line items in a municipality. The approval for use of a compliance plan is restricted by the following statistics. As of October 1 of the pretax year the municipality must have a:

- Director’s Ratio not less than 75% (.7500)
- General Coefficient of Deviation not greater than 15% (.15)

The application to implement assessment changes using a compliance plan includes an analysis of all recent sales of real property occurring within a taxing district, including a comparison of sales with the assessed values of the properties sold, identification of real property value trends occurring within the taxing district and a review of all real property values, parcel by parcel, within a taxing district. If the value changes necessary to bring about uniformity involve fewer than 25% of the line items; the assessor may submit a compliance plan to the Division of Taxation and the county board of taxation for approval to make the changes. However the changes are strictly limited to no more than 25% of the line items in the municipality.

REFERENCES:

N.J.S.A. 54:4-23.
N.J.A.C. 18:12A-1.14(i).

809.11 Notification of Need for Assessment Maintenance
When an assessor determines the need for assessment maintenance, which can be accomplished using a compliance plan, the assessor must notify the mayor, the municipal governing body, the county board of taxation, the county tax administrator and the Division of Taxation of his intent to implement changes.
REFERENCE:

N.J.A.C. 18:12A-1.14(i)1.

809.12 Application and Deadline for a Compliance Plan
A Compliance Plan form has been promulgated by the Division of Taxation. The form is updated annually. Completed Form CP and all supporting documentation must be submitted by November 1 to the county board of taxation and the Division of Taxation, simultaneously, for their approval.

Form 22 - Compliance Plan

REFERENCE:

N.J.A.C. 18:12A-1.14(i)2.

809.13 Extension of the November 1 Deadline
For good cause shown, the November 1 deadline may be extended by the Director, Division of Taxation. However, no deadline may be extended beyond December 31 of the pretax year.

REFERENCE:

N.J.A.C. 18:12A-1.14(i)2.

809.14 Approval of a Compliance Plan
Both the county board of taxation and the Division of Taxation have 45 days from the receipt of the compliance plan to approve or disapprove the submitted plan. If either entity denies the compliance plan, the proposed action cannot be undertaken by the assessor.

REFERENCE:

N.J.A.C. 18:12A-1.14(i)2.

809.15 Failure to Respond Within the 45 Day Period
Failure of the county board of taxation or the Division of Taxation to respond to the submitted compliance plan within the 45 day period is deemed to be an approval. However approvals must be given
from both entities for the assessor to proceed with the assessment changes.

REFERENCES:


809.16 Criteria Used to Evaluate a Compliance Plan

The following criteria are to be considered by the county board of taxation and the Division of Taxation in determining whether to approve a compliance plan application:

- Director’s Ratio should be greater than 75%
- General Coefficient of Deviation should be less than 15%
- Neighborhoods with average weighted ratios in the common level range should not be adjusted unless the coefficient of deviation is over 15%
- Changes cannot exceed 25% of the line items

The criteria stated above may be relaxed by the county board of taxation or the Division of Taxation if the circumstances are warranted and documented by the assessor. Uniform standards must be applied when selecting areas in the municipality that need to be adjusted.

REFERENCES:


809.17 Request to Change More Than 25% of the Line Items

Under extraordinary circumstances, a municipality may request to change a greater number of line items than the accepted 25%. Extraordinary circumstances may include, but are not limited to, natural disasters.

REFERENCES:

809.18 Completion of a Compliance Plan
The results of assessment changes implemented through a compliance plan approval are submitted on the tax list filed by the assessor on January 10 following the completion of the compliance plan process. The county board of taxation then completes a review of the tax list before county equalization.
REFERENCES:

809.19 No Recognition in Equalization of Assessment Changes
There is NO recognition in the county equalization process of the assessment changes implemented with compliance plan approval. The Director’s ratio from the preceding October 1 or a county equalization ratio developed by the county tax administrator and approved by the county board of taxation is used for county equalization purposes. The Page 8 Formula is NOT utilized for county equalization following the implementation of assessment changes made as a result of an approved compliance plan.
REFERENCES:
Atlantic City v Atlantic County Board of Taxation 2 NJ Tax 30.

809.20 No Recognition in the Director's Ratio of Assessment Changes
Non-usable category 27 specifically limits the elimination of sales due to a change in assessment practices to those changes implemented through an approved revaluation or reassessment. Non-usable category 27 is NOT applicable for assessment changes made under approvals to implement a compliance plan.
REFERENCES:
N.J.A.C. 18:12A-1.14(i).
810. Assessment Changes Permitted by Statute

810.10 Purpose of the Added Assessment Law

The purpose of the added assessment law is to tax real property that becomes taxable during the year following the regular assessment date of October 1 of the pre tax year. If there were no such law, many properties would escape taxation for a period of several months until the next regular assessment date arrived. The added assessment law covers two situations:

- **Structural changes** - New structures, additions to existing structures, and improvements of existing structures are taxable under the added assessment law if they are completed during the year.

A structure is considered completed when it is ready for the purpose for which it was intended. This does not mean that the structure actually must be in use; it does not have to have a certificate of occupancy; it is taxable when it is ready for use. New construction or structural changes which qualify for limited exemptions and abatements under N.J.S.A. 40A: 21-1 are subject to the added assessment law. New construction and structural changes to exempt property should be carefully researched to determine the applicability of the added assessment law. (New construction or structural changes which qualify for limited exemptions and abatements under N.J.S.A. 4-3.139 as UEZ residential abatements are NOT subject to the added assessment law). The added assessment list also accommodates the following:

- **Property that was formerly exempt** - All real property which ceases during the year to be exempt is taxable under the added and omitted assessment laws.
A sale or lease to a non-exempt owner, change in use, or any other occurrence during the year which alters the basis upon which the exemption was granted, may make the property subject to the added assessment law. Exempt property which ceases to be exempt becomes taxable the first of the month following the change and is recorded on the added assessment list.

Added Assessment Lists are filed with the county board of taxation on or before October 1 of the tax year.

REFERENCES:

N.J.S.A. 54:4-63.1 to 54:4-63.3.
N.J.S.A. 54:4-63.26 to 54:4-63.30.
Added and Omitted Assessments – 2
September 17, 1996 DAG Letter 96-0127:
Whether certain added or omitted assessments may be used in the Township of Livingston.
Certification 2 -September 20, 1988
DAG Letter: Timely Certification of Added and Omitted Tax Lists.
American Hydro Power Partners v City of Clifton 11 NJ Tax 12

810.11 Purpose of the Omitted Assessment Law

The purpose of the omitted assessment law is to provide for the taxation of real and personal property that, through error, has been omitted from assessment. The statutes provide two methods for levying an omitted assessment:

- The regular omitted assessment procedure is initiated with a complaint filed with the county board of taxation. The omitted assessment is imposed following a hearing with a judgment issued by the tax board.

- The alternate omitted assessment procedure enables the assessor to provide for the taxation of property that, through error, has been omitted from assessment. The assessor places the assessment on the property, enters the assessment in the NJ Property Tax System, and sends the
owner a certified letter advising him that an omitted assessment has been placed against his property. The property owner may appeal after the receipt of the tax bill. The regular omitted assessment procedure shall be used for the assessment and collection of rollback taxes due under the Farmland Assessment Act (paragraph 810.13). Omitted Assessment Lists are filed with the county board of taxation on or before October 1 of the tax year.

REFERENCES:


810.12 Purpose of the Omitted Added Assessment Procedure

The Omitted Added Assessment Procedure may be implemented using either the Omitted Assessment Procedure - Regular Method, (Paragraph 810.11) or the Omitted Assessment Procedure - Alternate Method (Paragraph 810.11). However, an omitted added assessment may only be placed against a property for the year in which the improvement occurred. Omitted Added Assessment Lists are filed with the county board of taxation on or before October 1 of the tax year.

REFERENCES:

Added and Omitted Assessments – 2 September 17, 1996 DAG Letter 96-0127: Whether certain added or omitted assessments may be used in the Township of Livingston. Appeal of the New York State Realty & Terminal Co., 21 NJ 90 (1956), 121 A.2d 21.
Omitted Assessment - Farmland Rollback Assessment

When land which has been in agricultural and horticultural use and has been valued and assessed under provisions of the Farmland Assessment Act changes to a use other than agricultural or horticultural, it is subject to additional taxes known as "roll-back taxes". The purpose of roll-back taxes is to recapture some of the tax that would have been paid upon the subject land if it had been taxed on the same basis as all other property. Roll-back taxes are levied under regular omitted assessment procedures. Any land which fails to continue to meet the criteria for qualifications under the Farmland Assessment Act is subject to roll-back taxes. Roll-back taxes may be assessed for the current year (the year of the change) and the two years immediately preceding, if the land was assessed as qualified under the Farmland Assessment Act.

Omitted Assessment List for Farmland Rollback are filed on October 1 of the tax year next succeeding the judgment issued.

REFERENCES:

N.J.S.A. 54:4-23.8.