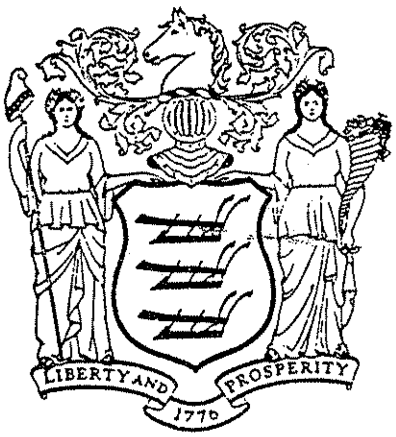
REPORT

OF THE

PROPERTY TAX ASSESSMENT STUDY COMMISSION

STATE OF NEW JERSEY



OCTOBER, 1986

TRENTON, NEW JERSEY

NEW JERSEY PROPERTY TAX ASSESSMENT STUDY COMMISSION

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Office of Legislative Services
State of New Jersey

October, 1986

To His Excellency Governor Thomas H. Kean
and Honorable Members of the Senate and
General Assembly

The Property Tax Assessment Study Commission is pleased to transmit herewith its Report made pursuant to JR 3, approved January 26, 1983, JR 4, approved March 19, 1984 and JR 10, approved January 14, 1986. The Report recognizes the many problems inherent in the imposition and administration of the local property tax. It contains numerous recommendations to alleviate to a large extent the "fiscal shock" to property owners which follows a revaluation in certain municipalities as well as proposals to improve administration of the tax.

The Commission recognizes the fact that there is no simple solution to problems of the property tax which presently raises in excess of $5.5 billion annually. To implement the Commission's recommendations requires the appropriation of substantial revenues. Alternatives would necessitate far-reaching reductions in municipal, county and school costs. The status quo would continue to burden property owners with high taxes and do nothing to alleviate the fiscal shock inherent in some revaluations.

The Commission has worked diligently to uncover those areas in most need of attention. It strongly feels that further monitoring of the property tax and of the recommendations in this report are essential, and that either:

(a) the current Commission should be continued with such modifications as are deemed advisable,

(b) a new Commission should be created of five or seven members, or

(c) the State and Local Expenditure and Revenue Policy Commission should be assigned these responsibilities.[1]

This Commission is not unmindful of the State and Local Expenditure and Revenue Policy Commission and of the fact that, in addition to its many other duties, it plans an analysis of the property tax and a determination of how the tax fits into the overall pattern of state and local taxes, revenue, and expenditures. This Report will be transmitted to that Commission.

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[1]Commissioners Stockman, Harraka, and Ebert dissent from this recommendation; see Appendix F.

Not all commissioners are in agreement with all recommendations of this report. Commissioners who have submitted explanatory statements, or who have concurred in the statements of others, are indicated below by an asterisk, and their statements are included in Appendix F.

Respectfully submitted by the members of the Property Tax Assessment Study Commission.

Sidney Glaser
Chairman

Anthony Andora *

George Harraka *

Daniel J. Aschenbach

Patrick Morrissy

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ACKNOWLEDGEMENTS

The Commission is pleased to acknowledge the invaluable research and assistance provided by its Secretary, Gerald Dowgin, Associate Fiscal Analyst with the Office of Legislative Services and the assistance provided in the preparation of this report by Dr. Ernest C. Reock, and his secretarial staff in the Bureau of Government Research at Rutgers University, Joan Buck and Ruth Gacser. Many agencies and individuals contributed to the Commission's deliberations. In particular, the Commission was greatly assisted by Director John R. Baldwin, and his staff in the State Division of Taxation, both in sharing with the Commission the results of the "Equity 21" project and in providing a variety of special computer tabulations.

The Commission also greatly appreciates the use of meeting facilities provided by the Township of South Brunswick, the City of Newark, the Township of Cherry Hill, the County of Middlesex, Rutgers University, and the State Legislature.

The Commission has called freely upon Albert Porroni, Executive Director of the Office of Legislative Services, and his staff, for statistical data, analyses and reports. Of particular note are the efforts of the following OLS staff members: David L. Sallach, William D. Zuzzio, Stephen L. Kuepper, Maurice S. Shier, Vicky Guo, Louis W. Young, Goldie Garnich, and their secretaries, Sandra Nitzberg and Rita Nutt. The Commission thanks you all.

The Commision also wishes to note that it has enjoyed the full cooperation of the Governor and the Legislature and that the report reflects the input of many other people, too many to acknowledge specifically.

CONCLUSIONS AND RECOMMENDATIONS

1. New Jersey is a high property tax state (p.10).

2. The property tax burden is lower in New Jersey than it was in the early 1970's, but in the last few years the tax, in constant dollars per capita, has increased steadily, and the reliance of counties and municipalities on the property tax has grown (p.28).

3. The property tax is most burdensome in urban areas, where there are concentrations of low income homeowners, and where the largest part of the tax goes for municipal services (p. 38).

4. The property tax is highly regressive (p.47).

5. Significant State action is appropriate and necessary:

   (1) to alleviate the immediate conditions which provide the potential for fiscal shock, and

   (2) to prevent the development of similar conditions in the future (p.67).

6. The present property valuation standard of value should be retained, as well as the State constitutional provisions which require that all property should be assessed uniformly (p.68).

7. Classification of real property is rejected as an approach to the mitigation of fiscal shock (p.69).

8. Site value taxation is rejected as a solution to the immediate problems of fiscal shock (p.70).

9. Every municipality in the state should be given the option of implementing revaluation programs on a four-year schedule, rather than requiring immediate and full implementation (p.71).[1]

10. There should be a limited program of State financial assistance for the purpose of easing the phase-in of a revaluation program for those municipalities which demonstrate the potential for severe fiscal shock (p.75).[2]

11. Any legislation enacted to authorize optional locally-funded phase-ins of a revaluation program should have an effective life of no more than five years, and no municipality should be permitted to implement a phase-in more than once. Application for a State-aided phase-in should be accepted only within a period of two years following enactment of enabling legislation (p.77).

12. No phase-in will provide sufficiently for the property tax relief necessary to mitigate fiscal shock (p.78).

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[1] Commissioner Andora dissents from this recommendation; see Appendix F.

[2] Commissioner Ogden dissents from this recommendation; see Appendix F.

13. As part of an over-all tax reduction program, legislation should be enacted requiring municipalities to impose on all property, taxable and non-taxable, a user fee sufficient to cover taxes levied for public safety purposes, with municipal property taxes paid to be considered a credit against such a fee (p.85).[1]

14. A goal of property tax reduction should be that no property tax exceeding 3% of property value would have to be levied in any community in order to provide adequate public services. This should not be done through a tax rate limit (p.85).[2]

15. A State-funded circuit breaker should be enacted that would insure that no taxpayer in New Jersey need pay more than a reasonable percentage of gross income in property taxes (p.97).[2]

16. The Local Property Branch of the Division of Taxation should be reconstituted as a Division of Local Property Tax Assessment (p.115).

17. A five-member Assessment Administration Review Board should be established within the Division of Local Property Tax Assessment to adopt standards developed by the Division and to hear appeals from actions to remove assessment personnel or to revoke the license of a revaluation firm (p.118).

18. An office of county property assessment supervisor should be established in every county, to be filled by a State employee of the Division of Local Property Tax Assessment, with all costs to be paid by the State (p.119).

19. The Division of Local Property Tax Assessment should develop standards for the minimum size of a tax assessment jurisdiction, and the director of the Division should be empowered to order a consolidation of the tax assessment function in municipalities which do not meet the standard (p.120).

20. A new program of State aid for local assessment administration should be enacted, to cover one-third of the statewide cost of local assessment administration, but with larger amounts of State aid going to places with smaller property tax bases on a per capita basis (p.121).

21. The Division of Local Property Tax Assessment should develop standards for tax assessor salaries and benefits, staff, office space, equipment, and other resources in taxing jurisdictions of varying size (p.122).

22. State aid for local assessment administration should be withheld from any municipality which does not meet specified standards for tax assessor salaries and benefits, staff, office space, equipment, and other resources required by the tax assessor's office (p.122).

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[1]Commissioners Andora, Aschenbach, and Ogden dissent from this recommendation; see Appendix F.

[2]Commissioner Ogden dissents from these recommendations; see Appendix F.

23. Where a municipality fails to meet State standards for salaries, staff, office space, equipment, and other resources for the tax assessment office, and where performance standards are then not met, the director of the Division of Local Property Tax Assessment should be empowered to provide for adequate funding of the tax assessment office, with costs to be covered by withholding any State aid to which the municipality is otherwise entitled (p.123).

24. County boards of taxation should become strictly tax appeal boards, and their administrative duties should be divided between the county property assessment supervisor and the central staff of the Division of Local Property Tax Assessment (p.124.).

25. The CTA certificate should be a requirement prior to appointment for municipal tax assessors and county property assessment supervisors (p.125).

26. New instructional courses should be developed in tax appeal procedure and required of county board of taxation members early in their first term of office (p.125).

27. The CTA certification should be placed on a five-year renewal cycle, with renewal to be based on either the completion of instructional programs or passage of a State examination (p.126).

28. The Division of Local Property Tax Assessment should develop standards of performance for municipal tax assessors, county tax board members, and other assessment personnel, and the director of the Division should be empowered to remove from office a person who does not meet those standards (p.127).

29. The administration of tax deductions and Homestead Rebates should be handled centrally by the Division of Local Property Tax Assessment, but the administration of tax exemptions should remain a duty of the municipal tax assessor (p.127).

30. The Division of Local Property Tax Assessment should provide assistance to municipal tax assessors in the appraisal of complex properties and in the defense of tax appeals (p.128).

31. The Division of Local Property Tax Assessment should develop standards for computer-assisted mass appraisal systems, and all municipalities should be required to obtain permission from the Division before purchasing such a system (p.128).

32. The full responsibility for all equalization of aggregate assessed values should be concentrated in the Division of Local Property Tax Assessment (p.128).

33. The deadline for filing tax appeals with the county board of taxation should be moved up from August 15 to a date in the late Spring of the tax year (p.130).[1]

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[1] Commissioner Glaser dissents from this recommendation.

34. Every property owner should be notified of any change in the assessment on his or her property by mail early in January of the tax year (p.130).

35. Tax assessors should be given the right to file tax appeals to correct errors in assessments (p.130).

36. The Division of Local Property Tax Assessment should be empowered to determine the need for revaluations and to order that they be conducted and implemented, with the cost to be covered, in part, by the new State aid program for assessment administration (p.131).

37. The Division of Local Property Tax Assessment should be empowered to license revaluation firms, establish standards for their performance, monitor their performance, and revoke their licenses if this appears justified (p.131).

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLES

TABLES

CHARTS

MISSION OF THE COMMISSION

The Property Tax Assessment Study Commission was established by Joint Resolution No. 3 of the New Jersey Legislature, approved and effective on January 26, 1983. The Commission was given three major tasks:

a. to devise means to mitigate the impact on sound urban neighborhoods of fiscal shock resulting from massive redistribution of the property tax burden in urban communities where reassessments have been long delayed;

b. to study the current methods of conducting assessments of property and levying taxes for the purposes of local government taxation; and

c. to inquire into the feasibility and practicability of alternative methods of allocating the costs of such assessments to assure regular periodic reassessments.

Originally, the Commission was directed to report its findings and recommendations to the Governor and Legislature within 12 months. Subsequent legislation[1] has extended the reporting date to October 1, 1986.

The Commission consists of 18 members: two State Senators appointed by the President of the Senate; two members of the General Assembly appointed by the Speaker of the General Assembly; three public officials appointed by the Governor; five citizen members appointed by the Governor; three citizen members appointed by the President of the Senate; and three citizen members appointed by the Speaker. No more than half of the legislative members and the citizen members may be of the same political party.

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[1] Joint Resolution No. 4, approved March 19, 1984, and Joint Resolution No. 10, approved January 14, 1986. (See Appendix A)

II

THE PROPERTY TAX IN NEW JERSEY

Use of the Property Tax in Comparison With Other States

Property Tax Per Capita

The New Jersey Tax Policy Committee in 1972, using a variety of measures, concluded that "...it is evident that we are a high property tax state, and one in which the average owner of a one-family house is most heavily burdened by property taxes."[1] Data presented by that committee showed that New Jersey property taxes in 1970 totalled $241.89 per capita and were the third highest in the nation, following California at $262.16 and Massachusetts at $250.08. The national average at that time was $167.59 per capita.[2]

While many attempts have been made in the past decade to reduce property taxes through aid programs for local government and through limitations on local budget increases, New Jersey's position relative to other states has not changed substantially. As of 1984, the state still ranked third in the country in property taxes per capita, this time following only Wyoming and Alaska (See Table 1). The two earlier leaders, California and Massachusetts, in the intervening years had both enacted drastic tax limitation measures. In 1984, the New Jersey average property tax of $680 per capita stood at 166% of the national average, compared with a 1970 level of 149% of the national figure. Thus, the most recent figures indicate that New Jersey now levies a heavier per capita property tax, relative to other states, than it did in 1970.

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[1] The Property Tax, Part II of the Report of the New Jersey Tax Policy Committee, Trenton, New Jersey, February 23, 1972, p. 11.

[2] Ibid., Table 2-11, pp. 23-24.

Table 1. Per Capita State and Local Property Taxes, by State, 1983-84; in Rank Order

Rank	Property Taxes Per Capita	State
1	$1,100	Wyoming
2	873	Alaska
3	680	NEW JERSEY
4	668	Connecticut
5	666	New Hampshire
6	650	New York
7	638	Dist. of Columbia
8	601	Michigan
9	589	Montana
10	571	Oregon
11	561	Rhode Island
12	534	Massachusetts
13	514	Illinois
14	510	Wisconsin
15	507	Nebraska
16	493	Iowa
17	490	Vermont
18	468	Kansas
19	466	Minnesota
20	445	Colorado
21	442	Maine
22	418	Texas
23	406	South Dakota
24	395	Washington
25	385	California
26	380	Maryland
27	371	Ohio
28	350	Arizona
29	350	Florida
30	345	Pennsylvania
31	343	Virginia
32	342	Indiana
33	327	North Dakota
34	316	Utah
35	298	Nevada
36	285	Georgia
37	278	Hawaii
38	256	Idaho
39	240	South Carolina
40	234	Missouri

(continued)

Table 1. Per Capita State and Local Property Taxes, by State, 1983-84; in Rank Order

Rank	Property Taxes Per Capita	State
41	$ 229	North Carolina
42	213	Tennessee
43	200	Oklahoma
44	197	Delaware
45	191	West Virginia
46	189	Mississippi
47	173	Kentucky
48	170	Arkansas
49	166	Louisiana
50	148	New Mexico
51	111	Alabama

Source: U.S. Bureau of Census, Governmental Finances in 1983-84, Series GF, No. 5, United States Government Printing Office, Washington, D.C., Table 24, p. 77.

Property Tax as a Percentage of Personal Income

A second measure of New Jersey's relative position is the percentage which the property tax forms of the total personal income of the state's residents. Since New Jersey is a relatively high-income state, it would be expected to rank lower than in property tax per capita. This is the case, but the position is not much lower. In 1984, New Jersey ranked ninth in the country, with property taxes equal to 4.84% of personal income (See Table 2). The national average at this time was 3.53%.

Total State and Local Taxes as a Percentage of Personal Income

In total State and local taxes as a percentage of personal income, however, New Jersey ranks only 22nd in the country, with a 1984 figure of 11.7%, the same as the national average. While New Jersey is a very high property tax state it is not a particularly high tax state (See Table 3).

Property Tax as a Percentage of Property Value

A third measure of relative property tax level is the percentage which the tax levy forms of the market value of the property taxed. In effect, this is a true value tax rate. National data on this measure are difficult to obtain. Tax assessments are recorded and reported regularly, but the measurement of true property value through assessment-sales price ratios is not determined uniformly throughout the country. The best information probably comes from the 1982 Census of Governments, which reported on the effective tax rate for 229 major jurisdictions, including two in New Jersey. The effective tax rate in this case was defined as the total tax levy on all properties sold, divided by their total sales prices. Of the 229 jurisdictions, 1981 property taxes in Jersey City ranked

Table 2. State and Local Property Taxes as a Percentage of State Personal Income, by State, 1983-84, in Rank Order

Rank	Property Taxes as Percentage of Personal Income	State
1	9.17%	Wyoming
2	5.97	Montana
3	5.65	New Hampshire
4	5.34	Oregon
5	5.30	Alaska
6	5.24	Michigan
7	5.02	New York
8	4.95	Vermont
9	4.84	NEW JERSEY
10	4.84	Rhode Island
11	4.61	Iowa
12	4.55	Nebraska
13	4.53	Maine
14	4.51	Connecticut
15	4.50	Wisconsin
16	4.16	South Dakota
17	4.15	Illinois
18	4.05	Dist. of Columbia
19	4.05	Massachusetts
20	3.93	Minnesota
21	3.84	Kansas
22	3.64	Texas
23	3.59	Utah
24	3.53	Colorado
25	3.39	Arizona
26	3.31	Ohio
27	3.28	Washington
28	3.27	Indiana
29	3.10	Florida
30	3.01	Pennsylvania
31	2.96	California
32	2.95	Maryland
33	2.88	Virginia
34	2.83	North Dakota
35	2.80	Georgia
36	2.71	Idaho
37	2.64	South Carolina
38	2.45	Nevada
39	2.37	North Carolina
40	2.35	Mississippi

(continued)

Table 2. State and Local Property Taxes as a Percentage of State Personal Income, by State, 1983-84, in Rank Order

Rank	Property Taxes as Percentage of Personal Income	State
41	2.33%	Hawaii
42	2.24	Tennessee
43	2.15	Missouri
44	2.08	West Virginia
45	1.92	Arkansas
46	1.85	Kentucky
47	1.82	Oklahoma
48	1.62	Louisiana
49	1.57	Delaware
50	1.56	New Mexico
51	1.22	Alabama

Source: U.S. Bureau of Census, Governmental Finances in 1983-84, Series GF, No. 5, United States Government Printing Office, Washington, D.C., Table 25, p. 81.

Table 3. All State and Local Taxes as a Percentage of State Personal Income, by State, 1983-84, in Rank Order

Rank	All State and Local Taxes as Percentage of Personal Income	State
1	28.6%	Alaska
2	20.9	Wyoming
3	16.5	New York
4	14.6	Dist. of Columbia
5	14.4	Minnesota
6	13.8	Michigan
7	13.7	Wisconsin
8	12.9	Montana
9	12.9	Hawaii
10	12.9	Utah
11	12.9	Vermont
12	12.6	New Mexico
13	12.6	Maine
14	12.4	Oregon
15	12.1	Rhode Island
16	12.1	West Virginia
17	12.0	Arizona
18	11.9	Iowa
19	11.8	Washington
20	11.7	Massachusetts
21	11.7	Maryland
22	11.7	NEW JERSEY
23	11.5	California
24	11.5	North Dakota
25	11.4	Pennsylvania
26	11.3	Illinois
27	11.2	Delaware
28	11.2	Connecticut
29	11.1	Ohio
30	11.1	Nevada
31	11.0	Nebraska
32	10.9	Louisiana
33	10.8	Mississippi
34	10.8	South Carolina
35	10.6	North Carolina
36	10.6	Colorado
37	10.6	Oklahoma
38	10.5	Georgia
39	10.5	Indiana
40	10.3	Kansas

(continued)

Table 3. All State and Local Taxes as a Percentage of State Personal Income, by State, 1983-84, in Rank Order

Rank	All State and Local Taxes as Percentage of Personal Income	State
41	10.2%	Kentucky
42	10.1	Virginia
43	10.1	Idaho
44	10.0	South Dakota
45	10.0	Alabama
46	9.7	Arkansas
47	9.7	Texas
48	9.5	Florida
49	9.3	Missouri
50	9.3	New Hampshire
51	9.3	Tennessee

Source: U.S. Bureau of Census, Governmental Finances in 1983-84, Series GF, No. 5, United States Government Printing Office, Washington, D.C., Table 25, p. 81.

second at 4.40%, while Newark placed seventh at 2.85%. The median figure for all jurisdictions was 1.09%.[1]

Summary

By all three measures, New Jersey property taxes rank among the highest in the nation. There is little doubt that New Jersey is a high property tax state. The major reason for this probably is the heavy emphasis placed on local government in this state. For many years, New Jersey, by most measures, has had one of the smallest state governments in the United States. For example, in 1984 New Jersey ranked only 44th out of the 50 states in the number of state government employees per 10,000 population. On the other hand, New Jersey local governments -- the counties, municipalities, school districts, special districts, and authorities -- when taken together, make up one of the largest local government operations in the country. In 1984, New Jersey ranked eighth in terms of local government employees per 10,000 population. Since the property tax has been the traditional source of most local government revenue throughout the United States, New Jersey's reliance on local government translates into a reliance on the property tax. While this State-local balance is gradually changing, it remains a major factor in the life of New Jersey governments.[2]

Statewide Trends in the New Jersey Property Tax, 1970 to 1985

The fact that New Jersey still ranks as a high property tax state in national comparisons should not obscure the changes which have taken place

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[1]Bureau of the Census, Census of Governments (1982), Vol. 2. Taxable Property Values and Assessment/Sales Price Ratios, U. S. Government Printing Office, Washington, D. C., Table 22, pp. 222-228.

[2]Ernest C. Reock, Jr., "Trends in Allocation of Service and Fiscal Responsibilities in New Jersey State and Local Government," New Jersey: Outlook for the Future: Division of Planning, Office of Management and Budget, State of New Jersey, May, 1985, partially revised February, 1986.

in the past 15 years. A number of factors have combined to limit the real growth of the New Jersey property tax and even to bring decreases in some measures. Among the factors limiting the growth of property taxes are:

(1) Increased State aid for schools under the Bateman-Tanzman Act,[1] which was phased in at 20% of full funding in 1971, 40% in 1972, 66 2/3% in 1973, and 100% in 1974.

(2) Peaking of public school enrollment in 1971-72, followed by a steady decline which is still underway.

(3) The implementation of federal revenue sharing for counties and municipalities in 1972.

(4) Enactment of the Public School Education Act of 1975,[2] which was funded initially for the 1976-77 school year.

(5) State assumption of the cost of veterans' and senior citizens' tax deductions in 1977.

(6) The beginning of State revenue sharing for municipalities in 1977.

(7) Imposition of local budget "caps" on school district budgets in 1976-77 and on county and municipal budgets in 1977.

(8) Substantial growth in tax revenues from public utilities, now a State-collected revenue which is distributed to municipalities.

In addition, a Homestead Rebate Program of direct State payments to residential property taxpayers, which could be considered a negative property tax, was implemented in 1977.

Factors which have caused property tax increases at some time in the past 15 years include:

(1) A State budget shortfall in 1975-76, resulting in State aid cutbacks.

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[1]L. 1970, C. 274.

[2]L. 1975, C. 212.

(2) Delay in the enactment of the State personal income tax in 1976, which resulted in a "freeze" on State aid for schools.

(3) A drop in State revenues in 1981-82 due to the recession, resulting in State aid cuts pending increases in sales and income tax rates.

(4) Limitations in the 1980's placed on the distribution of State-collected, locally-shared taxes on public utilities.

(5) Frequent annual cutbacks or underfunding of the State school aid formulas and other aid formulas, beginning in the late 1970's and continuing generally to the present.

Per Capita Property Tax in Current and Constant Dollars

The total property tax levy has grown in current dollar value every year since 1970, rising from $1.97 billion in that year to $5.58 billion in 1985 (See Table 4 and Chart 1). When expressed as a per capita figure, using New Jersey tax and population data, the growth has been from $274 to $738. However, when adjustment is made for inflation, by using constant 1970 dollars, the picture is quite different.[1] The statewide total of property taxes per capita in constant dollars hit a peak in 1972, moved erratically downward until 1976, and then started a steady decline until 1980 and 1981. Since that time, it has reversed and started an upward trend, but still falling short of the 1972 level.

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[1] Since the emphasis here is on the property tax as a competitor for the taxpayer's dollar, the consumer price index has been used as a price deflator to translate current dollars into constant dollars. If the emphasis had been on the property tax as a generator of dollars with which to purchase governmental goods and services, it would have been more appropriate to use the GNP Implicit Price Deflator for State and Local Government Purchases of Goods and Services. The CPI generally is a more volatile measure of inflation than the GNP deflator. Use of the GNP deflator would have changed the figures shown in Table 4 and Chart 1, but would not have altered the broad patterns described.

Table 4. New Jersey Property Taxes and Taxes Per Capita in Current and Constant Dollars, 1970 to 1985

Tax Year	Total Tax Levy	Estimated July 1 Population	Total Tax Levy Per Capita in Current Dollars	Total Tax Levy Per Capita in Constant 1975 Dollars
1970	$1,967,618,071	7,175,959	$ 274	$ 274
1971	2,222,256,147	7,195,349	309	292
1972	2,441,572,948	7,214,739	338	311
1973	2,584,891,389	7,234,129	357	309
1974	2,761,556,045	7,253,519	381	294
1975	3,021,049,861	7,272,909	415	297
1976	3,345,546,718	7,292,299	447	303
1977	3,257,073,667	7,311,689	445	285
1978	3,327,574,347	7,331,079	454	274
1979	3,492,936,977	7,350,469	475	262
1980	3,793,898,390	7,369,859	515	253
1981	4,191,857,581	7,421,000	565	253
1982	4,558,404,569	7,427,000	614	261
1983	4,915,835,156	7,468,000	658	270
1984	5,241,072,016	7,515,000	697	274
1985	5,582,390,989	7,560,000	738	280

Notes:

1. Tax levy data from State Abstracts of Ratables. Not included are special district taxes levied for fire districts, garbage districts, and similar jurisdictions. While a rapidly-growing portion of the tax levy, special district taxes still constitute a very small proportion of the total, amounting to less than 1% in 1985.

2. Population has been estimated on the basis of a straight-line interpolation between the 1970 and 1980 censuses. Thereafter, estimates by the Division of Planning and Research, Office of Demographic and Economic Analysis, New Jersey Department of Labor have been used, except for 1985, where a growth of +.6% over 1984 has been assumed.

3. Current dollar figures have been converted to constant 1970 dollars by use of the Consumer Price Index as averaged for the Newark-N.E. New Jersey and Philadelphia areas.

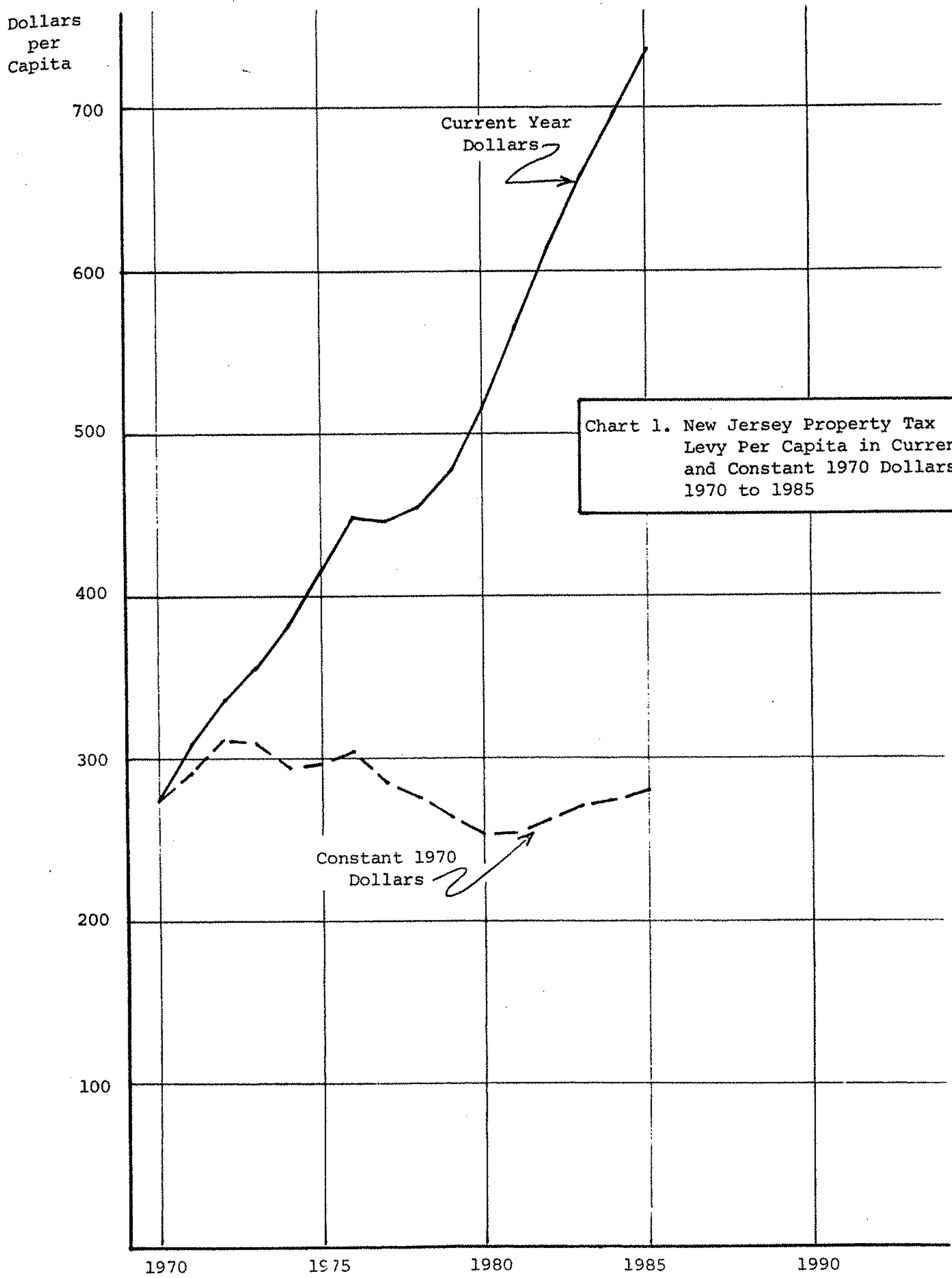

Chart 1. New Jersey Property Tax Levy Per Capita in Current and Constant 1970 Dollars, 1970 to 1985

Property Tax as a Percentage of Property Value

Table 5 and Chart 2 show the trend of New Jersey property taxes as a percentage of property value. In effect, this is a true value tax rate. By this measure, 1971 was the peak year for New Jersey property taxes, with the total tax levy amounting to 3.66% of the net valuation on which county taxes are apportioned.[1] Thereafter, there was an almost uninterrupted decline in taxes as a percentage of market value. State aid cutbacks in 1976 and in the early 1980's have resulted in some variations, but the rapid increase in property values generally has been more influential. By 1985, the property tax levy had dropped to 2.49% of the net valuation on which county taxes are apportioned.

Property Tax as a Percentage of Personal Income

When property taxes are measured against the total personal income in the state there is a similar pattern (See Table 6 and Chart 3). Again, the peak year for New Jersey property taxes came in the early 1970's, with property taxes taking 6.26% of personal income in 1972. The percentage levelled off through 1976, and then a sharp drop occurred during the latter part of the decade. Since 1980, the property tax burden on total personal income in New Jersey has remained fairly stable, with a modest downward tilt, reaching 4.27% in 1985.

Property Tax as a Percentage of All State and Local Taxes

The pattern emerges again when the role of property taxes in the entire New Jersey state-local tax system is examined (See Table 7 and Chart 4). From a high of 57.0% in 1972, the state-wide importance of the property tax has declined to 42.1% in 1985 as new State government

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[1] This is the effective tax rate as calculated by the Division of Taxation. It may be noted that the Division of Local Government Services, in its annual report, also calculates effective tax rates, but uses a method abandoned by the Division of Taxation in the 1970's.

Table 5. New Jersey Property Taxes as a Percentage of the Net Valuation on Which County Taxes are Apportioned, 1970 to 1985

Tax Year	Total Tax Levy in Current Dollars	Net Valuation On Which County Taxes are Apportioned	Total Tax Levy as a Percentage of Net Valuation on Which County Taxes are Apportioned
1970	$1,967,618,071	$ 55,141,945,583	3.57 %
1971	2,222,256,147	60,642,969,747	3.66
1972	2,441,572,948	66,937,287,978	3.65
1973	2,584,891,389	74,752,721,637	3.46
1974	2,761,556,045	84,318,596,657	3.28
1975	3,021,049,861	95,195,559,599	3.17
1976	3,345,546,718	102,617,849,665	3.26
1977	3,257,073,667	108,226,770,725	3.01
1978	3,327,574,347	115,784,484,508	2.87
1979	3,492,936,977	125,265,824,109	2.79
1980	3,793,898,390	141,587,093,849	2.68
1981	4,191,857,581	161,302,973,315	2.60
1982	4,558,404,569	179,864,477,705	2.53
1983	4,915,835,156	193,525,355,300	2.54
1984	5,241,072,016	205,970,010,620	2.54
1985	5,582,390,989	224,464,382,094	2.49

Source: State Abstracts of Ratables

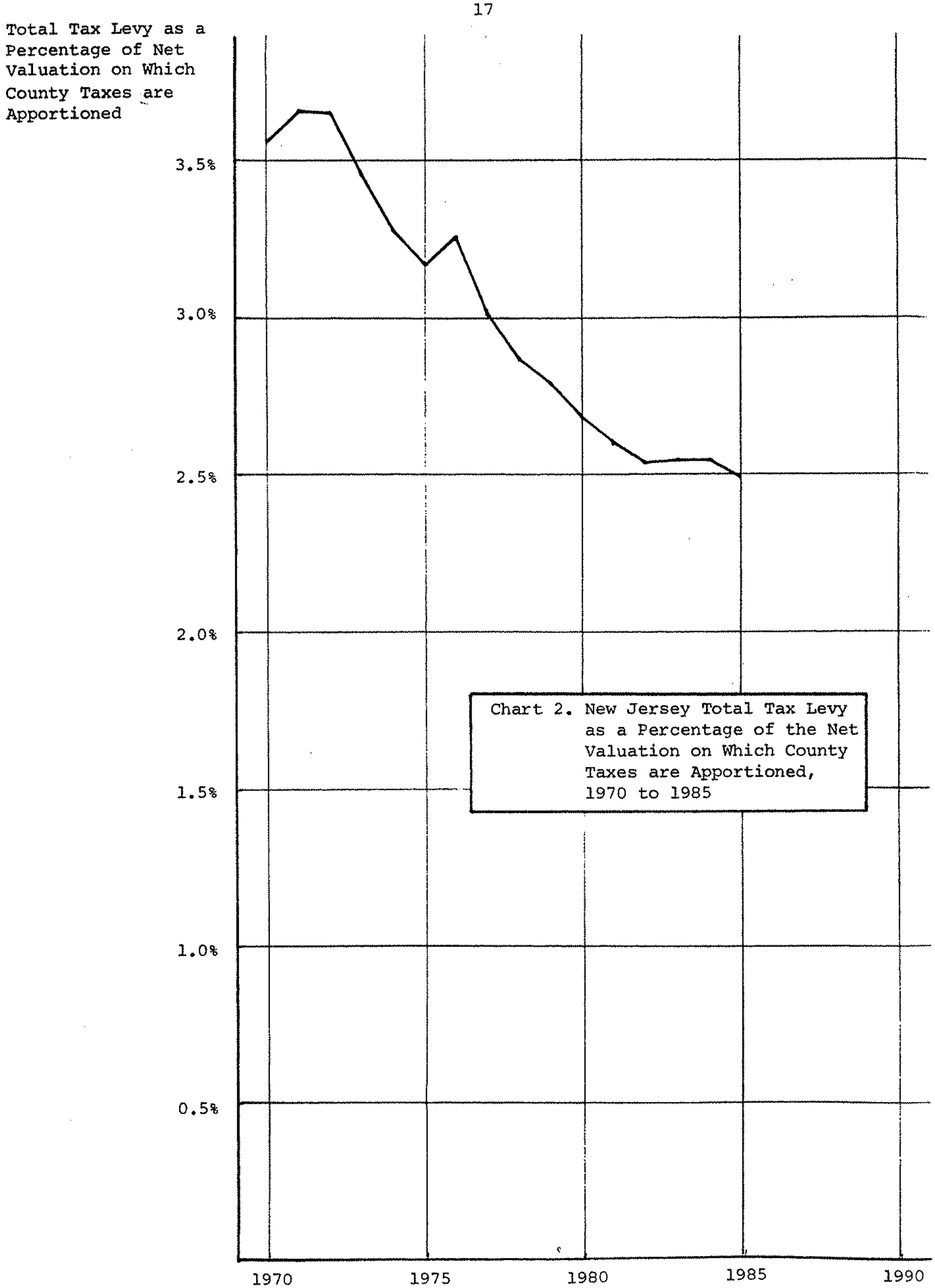

Chart 2. New Jersey Total Tax Levy as a Percentage of the Net Valuation on Which County Taxes are Apportioned, 1970 to 1985

Table 6. New Jersey Property Taxes as a Percentage of Total Personal Income, 1970 to 1985

Tax Year	Total Tax Levy in Current Dollars	Personal Income	Total Tax Levy as a Percentage of State Personal Income
1970	$1,967,618,071	$ 33,085,000,000	5.95%
1971	2,222,256,147	35,825,000,000	6.20
1972	2,441,572,948	39,029,000,000	6.26
1973	2,584,891,389	42,527,000,000	6.08
1974	2,761,556,045	46,321,000,000	5.96
1975	3,021,049,861	49,824,000,000	6.06
1976	3,345,546,718	53,699,000,000	5.97
1977	3,257,073,667	58,112,000,000	5.01
1978	3,327,574,347	64,680,000,000	4.73
1979	3,492,936,977	71,580,000,000	4.50
1980	3,793,898,390	79,753,000,000	4.41
1981	4,191,857,581	89,356,000,000	4.37
1982	4,558,404,569	97,093,000,000	4.40
1983	4,915,835,156	104,823,000,000	4.42
1984	5,241,072,016	116,029,000,000	4.26
1985	5,582,390,989	123,749,000,000	4.27

Notes: 1. Total Tax Levy from Table 3.

2. Total Personal Income from various issues of <u>Survey of Current Business</u>, U. S. Department of Commerce, from April, 1972 (Vol. 52, No. 4, p. 20) through April, 1986 (Vol. 66, No. 4, pp. 62-63).

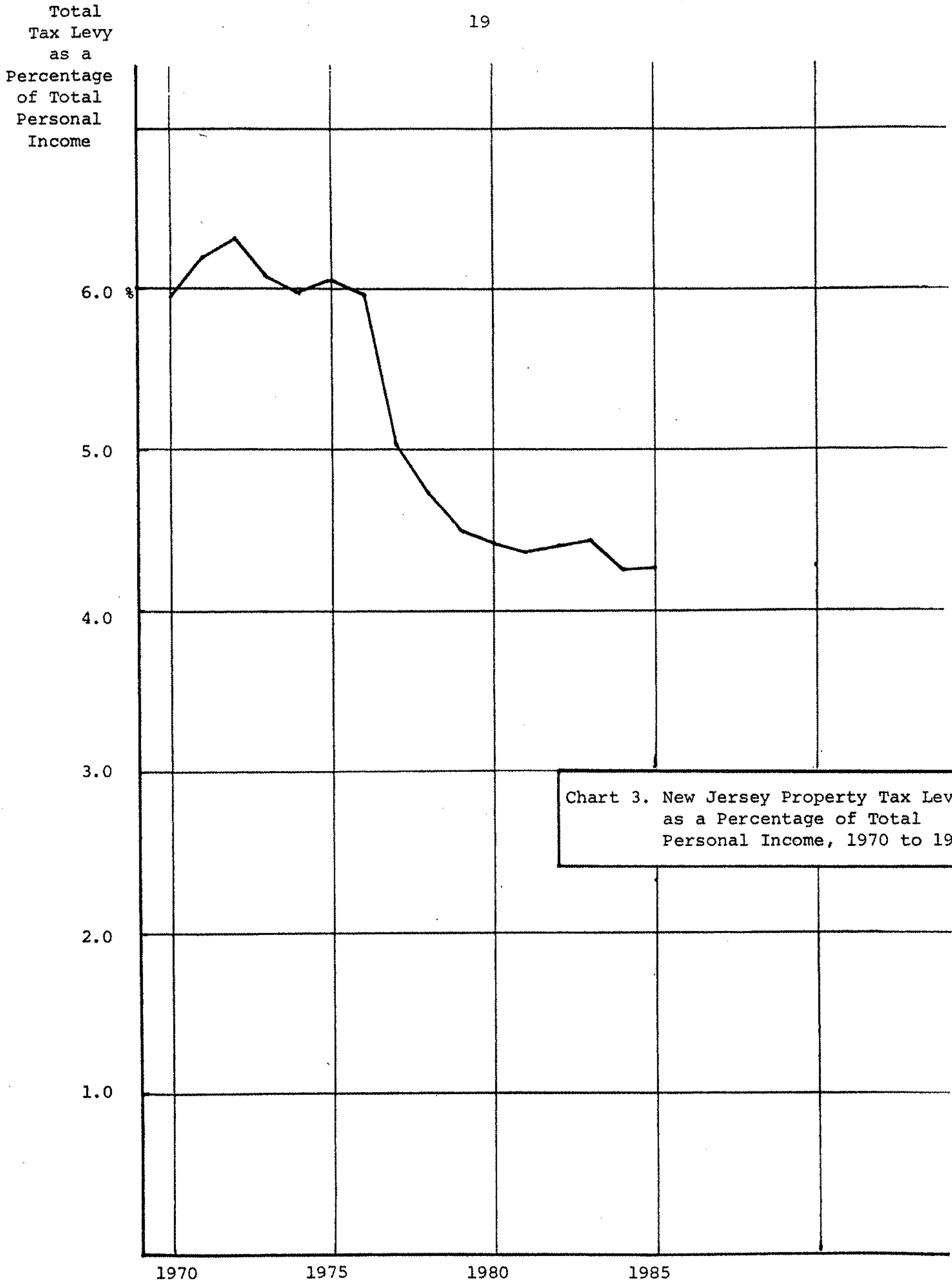

Chart 3. New Jersey Property Tax Levy as a Percentage of Total Personal Income, 1970 to 1985

Table 7. Local Property Taxes as a Percentage of All New Jersey State and Local Taxes, 1970 to 1985

Tax Year	Total State and Local Taxes	Local Property Tax	Local Property Tax as a Percentage of State & Local Taxes
	(In Millions)	(In Millions)	
1970	3,415.5	1,922.3	56.3%
1971	3,833.4	2,176.6	56.8
1972	4,201.0	2,393.8	57.0
1973	4,662.8	2,536.3	54.4
1974	4,995.7	2,712.3	54.3
1975	5,373.5	2,917.1	54.3
1976	6,059.7	3,295.1	54.4
1977	6,787.7	3,205.2	47.2
1978	7,123.2	3,275.3	46.0
1979	7,613.8	3,441.6	45.2
1980	7,950.7	3,743.5	47.1
1981	9,066.6	4,134.8	45.6
1982	9,928.6	4,495.4	45.3
1983	10,804,9	4,848.7	44.9
1984	12,123.7	5,175.0	42.7
1985	13,112.3	5,517.5	42.1

Notes: 1. Source is Annual Reports of Division of Taxation:
1979, Table 3, p. 8; Table 4, p. 17
1982, Table 1, p. 5; Table 3, p. 17
1985, Table 1, pp. 4-5; Table 3, p. 20; p. 82

2. Figure for Local Property Tax omits amounts for Veterans and Senior Citizen Tax Deductions.

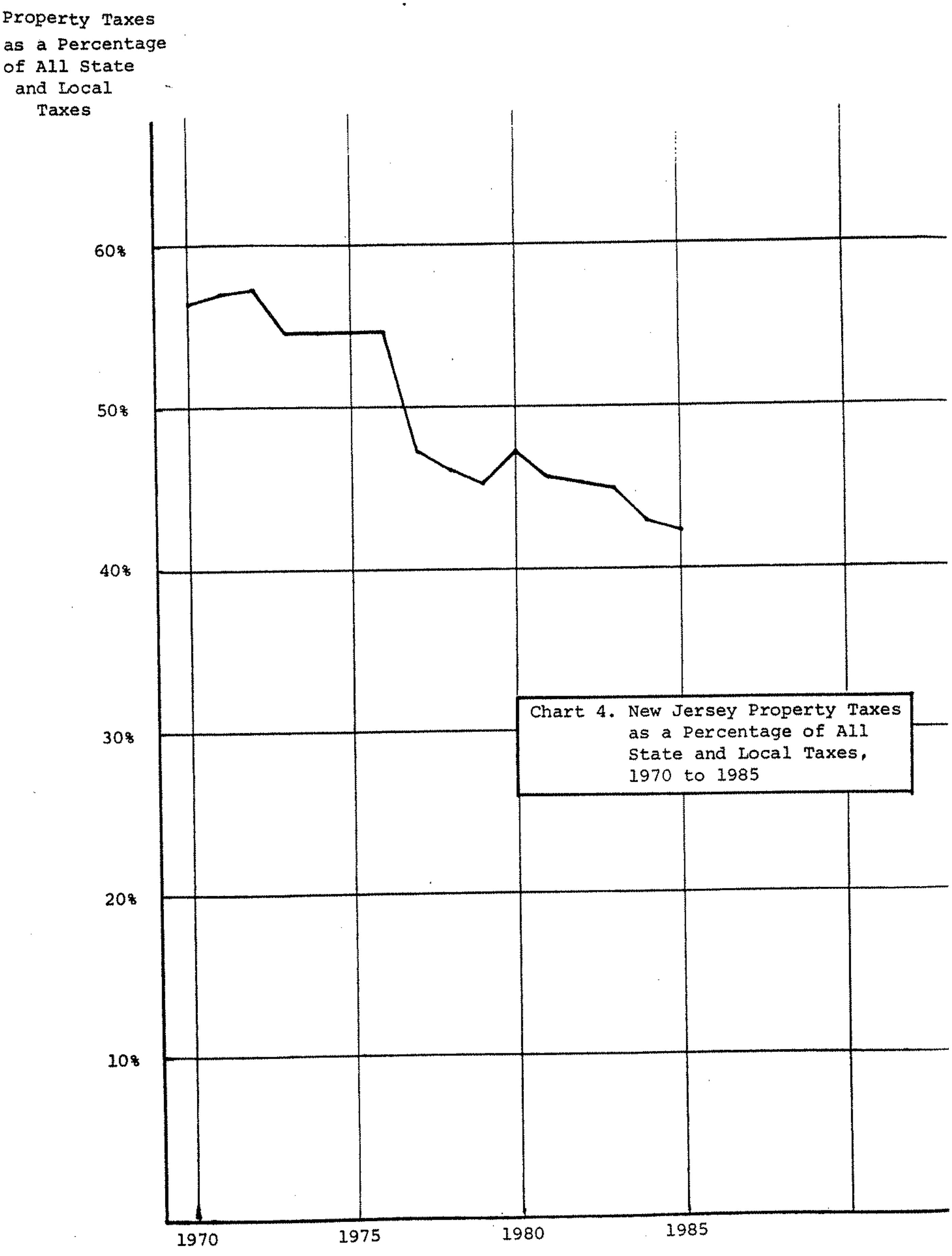

Chart 4. New Jersey Property Taxes as a Percentage of All State and Local Taxes, 1970 to 1985

sources of revenue have been developed. Interruptions occurred in the 1974-76 period, when the Legislature and Governor debated authorization for a State personal income tax, and another jump appeared in 1980, when the recession began to cut into State tax revenues. Otherwise, property taxes have steadily become a smaller part of the New Jersey tax system since 1972.

Despite the reduction in New Jersey's reliance on property taxes over the last decade and a half, there were still, in 1983-84, only five states[1] which placed a greater emphasis on property taxes in their State-local tax structure.

Property Tax as a Percentage of Local Government Revenue

A final statewide measure of the property tax is the part which it plays in financing local government. Property taxes are the single largest source of revenue for New Jersey's local governments. As shown in Table 8 and Chart 5, counties and school districts have relied very heavily on property taxes throughout the period, while municipalities, as a group, have had other sources of revenue covering more than half of their needs.

In 1970, property taxes made up 73.6% of the total revenue of the 21 county governments. The largest factor in reducing this percentage over the next several years was the availability of large amounts of federal CETA[2] and other job-training funds. Beginning in 1972 at $26.3 million, CETA funding grew by 1978 to $324.8 million. At the same time, property taxes declined as a proportion of county revenue to 51.5%. CETA funding began to dry up in 1979 and, by 1984, this type of program funding was

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[1]Montana, New Hampshire, Oregon, South Dakota, and Wyoming.

[2]Comprehensive Employment and Training Act

Table 8. Local Property Taxes as a Percentage of Local Government Revenues, New Jersey Counties, Municipalities and School Districts, 1970 to 1984

Year	Percentage of Total Local Revenue from Property Taxes		
	Counties	Municipalities	School Districts
1970	73.6%	42.9%	
1970-71			72.2%
1971	73.7	41.1	
1971-72			71.9
1972	70.3	41.0	
1972-73			71.2
1973	65.6	35.9	
1973-74			70.2
1974	64.2	35.3	
1974-75			65.5
1975	61.4	36.2	
1975-76			68.6
1976	62.5	39.3	
1976-77			60.0
1977	58.4	35.1	
1977-78			59.0
1978	51.5	33.0	
1978-79			58.0
1979	51.8	31.8	
1979-80			57.0
1980	54.9	32.4	
1980-81			57.8

(continued)

Table 8. Local Property Taxes as a Percentage of Local Government Revenues; New Jersey Counties, Municipalities and School Districts; 1970 to 1984

Year	Percentage of Total Local Revenue from Property Taxes		
	Counties	Municipalities	School Districts
1981	57.7	33.0	
1981-82			57.1
1982	61.8	34.4	
1982-83			57.3
1983	61.4	36.6	
1983-84			56.6
1984	62.0	38.8	

Notes: 1. County and municipal data from Annual Reports of the Division of Local Government Services, Statements of Financial Conditions of Counties and Municipalities, New Jersey Department of Community Affairs.

2. School district data from Annual Report of the Commissioner of Education, Financial Statistics of School Districts, New Jersey Department of Education.

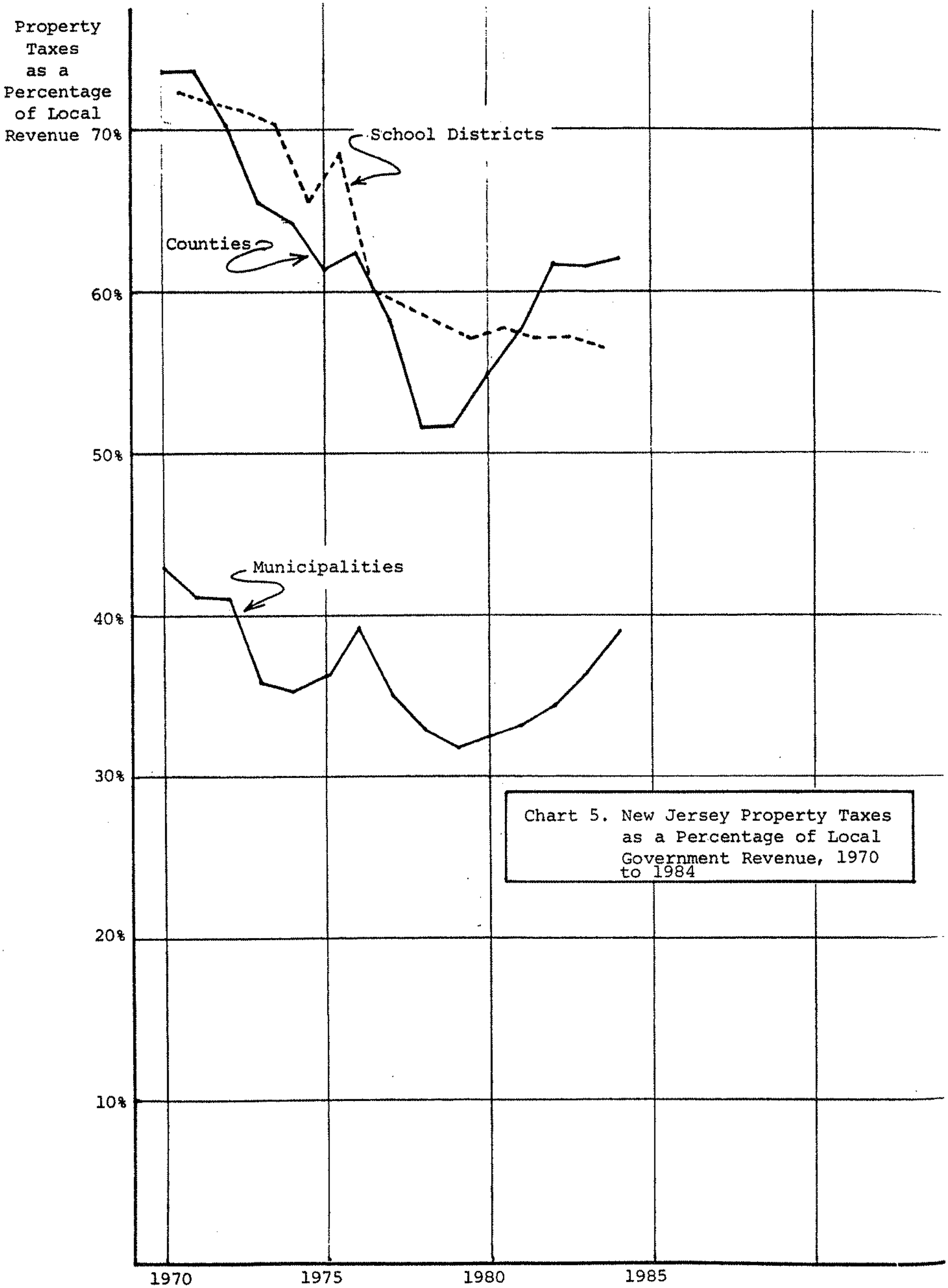

Chart 5. New Jersey Property Taxes as a Percentage of Local Government Revenue, 1970 to 1984

down to only $3.4 million. As a result, the property tax share of county revenues climbed back to 62.0%. If CETA funds are omitted from the county budgets, as a "pass-through" program, funding only extra training activities which the counties in its absence would not have undertaken, the property tax portion of total county revenue would have peaked in 1972 at 75.7% and then would show a gradual decline to a level of 64.7% by 1984. Clearly, except for CETA, the factors listed above as limiting property tax growth have had only a modest effect on the role of that tax in financing New Jersey county government.

School districts also have relied on property taxes in the past for a great deal of their funding, with the percentage standing a 72.2% in 1970-71. The availability of State aid has been the dominant factor in the property tax role for school districts. Already, in 1970-71, the gradual phase-in of additional State support under the Bateman-Tanzman law was reducing the reliance of local school districts on property taxes. This trend continued in the early 1970's as funding under that law was further phased in. This was followed by a sharp increase in property taxes in 1975-76, when State aid was limited. With the implementation of the Public School Education Act in 1976-77, the property tax portion of school district revenue resumed its downward trend, levelling off at about 57% of the total by 1979-80. The nature of the school aid formulas, which are based heavily on State funding of a percentage of each local budget, tends, if fully funded, to keep property taxes at a relatively stable proportion of all school revenues. Since 1979-80, there have been only minor fluctuations, depending on the degree to which the aid formulas have been funded.

Municipalities have depended much less on property taxes in recent decades than counties and school districts. A variety of factors have influenced municipal reliance on property taxes. The rise and fall of CETA was a factor, though never reaching the same magnitude as in the county governments. State aid programs, never as large in the aggregate as those for school districts, have had an influence. State-collected and locally-shared taxes have become particularly important. All of these factors combined to reduce the proportion of municipal revenue derived from the property tax from a high of 42.9% in 1970 to a low of 31.8% in 1979. Since that time there has been a steadily rising trend as CETA, State aid, and State-collected taxes have all declined in importance.

Summary

Using statewide data, the property tax burden has been somewhat alleviated in New Jersey over the past 15 years. While the current dollar figure for taxes levied rises each year, the per capita constant-dollar levy in 1985 was about 10% less than at its peak in 1972. In relation to the true value of taxable property, the tax burden in 1985 was 32% below its top in 1971. As a percentage of total personal income, the property tax was 32% below its high point in 1972. The property tax has declined from 57.0% of all New Jersey State and local revenue in 1972 to 42.1% in 1985. Reliance by local governmental units on the property tax has decreased between 1970 and 1984 from 73.6% to 62.0% for counties and from 42.9% to 38.8% for municipalities. For school districts, the decline has been from 72.2% in 1970-71 to 57.3% in 1982-83.

On the other hand, data for the most recent years show a reverse trend for some of these measures. In the 1980's the constant dollar per capita property tax has increased steadily, and the reliance of counties and municipalities on the property tax has grown.

The Commission concludes that the property tax burden is lower in New Jersey than it was in the early 1970's, but in the last few years the tax, in constant dollars per capita, has increased steadily, and the reliance of counties and municipalities on the property tax has grown.

Distribution of the Property Tax in New Jersey

Although the statewide data just presented show some reductions in New Jersey property tax levels, this does not mean that the effect has been felt uniformly throughout the state. As the New Jersey Tax Policy Committee noted in 1972, "...the property tax is not a single property tax, but rather 567 different property taxes -- one for each municipality in the State."[1] Actually, there may well be more than 567 different property taxes, since the impact of the tax may vary among different taxpayers in a single municipality.

Distribution of the Property Tax by Type of Governmental Jurisdiction

The most obvious breakdown of the property tax is by the governmental jurisdictions which use it. Property taxes finance major shares of the cost of New Jersey's counties, municipalities, school districts, and special districts. Table 9 shows the portion of the property tax levied by each of these types of governmental jurisdiction from 1970 to 1985. Throughout this period, school district taxes have constituted over half of the statewide total levy. However, the public school share of the tax reached its highest point in 1973 and has declined since then as a result of increased State aid and the decline in student enrollment. Property taxes for municipal purposes started the period in second place at 23.4% of the total and have retained a relatively constant share, amounting to 23.7% in 1985. The county portion of the tax levy has grown slowly, but

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[1] *The Property Tax*, *op. cit.*, p. 9.

Table 9. New Jersey Property Tax Levy and Percentages Levied by Counties, Municipalities, School Districts, and Special Districts, 1970 to 1985

	Total Tax Levy	Percentage of Total Levied By:			
		Counties	Municipal-ities	School Districts	Special Districts
1970	$ 1,940,965,343	19.0 %	23.4 %	57.3 %	0.4 %
1971	2,196,401,013	19.8	21.2	58.6	0.4
1972	2,415,725,198	19.8	21.7	58.1	0.4
1973	2,560,431,451	19.7	20.5	59.3	0.4
1974	2,738,297,295	20.2	21.3	58.1	0.5
1975	2,998,172,516	20.7	22.4	56.5	0.4
1976	3,323,051,281	21.1	23.6	54.9	0.4
1977	3,273,420,235	22.6	22.5	54.5	0.5
1978	3,346,140,893	23.3	22.3	53.9	0.6
1979	3,514,331,424	23.6	21.5	54.3	0.6
1980	3,819,857,759	23.4	21.7	54.2	0.7
1981	4,223,006,197	23.4	21.9	54.0	0.7
1982	4,594,210,457	23.5	22.4	53.3	0.8
1983	4,956,185,485	23.7	23.1	52.4	0.8
1984	5,284,668,730	23.9	23.3	51.9	0.8
1985	5,631,236,095	24.3	23.7	51.1	0.9

Source: Data developed from State Abstracts of Ratables for the New Jersey Local Expenditures Limitations Advisory Commission.

Notes: (1) Levy omits pre-1977 taxes levied to cover veterans' and senior citizens' tax deductions.

(2) County levy includes Net County Taxes [Col. 12A III], County Library Taxes [Col. 12B (a)], Local Health Service Taxes [Col. 12B (b)], and County Vocational School Budget [Col. 12C (d)]

Table 9. (continued)

(3) Municipal levy is the Local Municipal Purposes Levy [Col. 12C II].

(4) School District levy includes levies As Required by District School Budget [Col. 12C I (a)], Regional, Consolidated and Joint School Budgets [Col. 12C I (b)], and As Required by Local Municipal Budget [Col. 12C I (c)].

(5) Special District levy is as reported in Annual Reports of Division of Local Government Services through 1983, plus individual county abstracts for 1984 and 1985.

(6) Since the municipality is the tax collector for other units of local government, the Reserve for Uncollected Taxes is included as part of the municipal tax levy. This sum amounts to 0.5 to 1.5% of the total tax levy.

steadily, during the period and now outranks the municipal share at 24.3%. Special district taxes, mostly for fire and garbage districts, make up the balance of the tax levy. This is a very small part of the total -- less than 1% -- but a rapidly-growing part, as municipalities have attempted both to avoid the budget caps and to keep municipal tax rates down by shifting services to special districts.

Impact of the Property Tax on Different Types of Community

Another way of looking at the distribution of the property tax is in terms of its varying impact on different types of community. After the 1970 Census, the New Jersey Division of State and Regional Planning prepared a classification plan for municipalities based on their degree of urbanization.[1] This plan was used by the Department of Education to report student test scores, and it has been modified by the Rutgers University Bureau of Government Research to analyze school budgets and property taxes. As it now stands, the classification plan divides the 567 municipalities of the state into nine major groups:

1. Major Urban Centers - Densely-populated communities with extensive commercial and industrial development, which now or at some time in the recent past have had 100,000 or more population.
2. Other Urban Centers - Densely-populated communities with extensive commercial or industrial development, which have not attained a population of 100,000 persons.
3. Urban-Suburban Communities - Communities located near an urban center but not as highly developed, with larger residential areas.

[1] New Jersey Municipal Profiles: Intensity of Urbanization, Division of State and Regional Planning, New Jersey Department of Community Affairs, January, 1972.

4. Suburban Communities - Predominantly single-family residential communities within a short distance of an urban center.

5. Suburban-Rural Communities - Rapidly-developing communities within a short distance of an urban center.

6. Rural Centers - Small high-density communities surrounded by other communities which are rural.

7. Rural Center-Rural Communities - Communities which include a small developed core area and surrounding rural areas.

8. Rural Communities - Areas of scattered small communities and isolated single-family dwellings.

9. Seashore Resorts - Communities located on or near the Atlantic coast and having a low ratio of year-round population per dwelling unit.

Table 10 shows the average true value property tax rates for the different types of community in 1984.[1] True value tax rates clearly are the highest in the six major urban centers, with the largest part of the levy being devoted to municipal purposes. Both county and school taxes in these centers also are well above the state average. The 26 Other Urban Centers exhibit the same pattern, though in lesser degree. For all other types of community, school taxes take the bulk of the levy, county taxes are second, and municipal purposes taxes are the smallest. The lowest true value tax rates are found in the Seashore Resorts, where large amounts of resort property are combined with a relatively small year-round population.

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[1] These tax rates are calculated by dividing the tax levy by the Equalized Valuation minus Class II Railroad Property, as shown in the Table of Equalized Valuations issued each October 1 by the Division of Taxation. They are similar to, but not exactly the same as, the effective tax rates calculated by the Division.

Table 10. Average True Value Property Tax Rates in Selected Types of New Jersey Communities, 1984

Type of Community	Number	Average 1984 Tax Levy as a Percentage of Modified Equalized Valuation			
		County	Municipal	School	Total
Major Urban Center	6	.886	2.541	1.779	5.206
Other Urban Center	26	.664	1.429	1.382	3.475
Urban-Suburban	124	.639	.611	1.312	2.562
Suburban	159	.565	.537	1.285	2.387
Suburban-Rural	63	.612	.334	1.389	2.335
Rural Center	43	.602	.443	1.596	2.641
Rural Center-Rural	9	.579	.378	1.411	2.368
Rural	108	.653	.147	1.341	2.141
Seashore Resort	29	.448	.411	.638	1.497
Total	567	.608	.502	1.315	2.425

Notes: 1. Tax levy allocated to county, municipal, and school categories as outlined in Notes to Table 8.

2. Modified Equalized Valuation is Equalized Valuation from Table of Equalized Valuations minus Class II Railroad Property.

3. Average is the unweighted mean of individual community tax rates, treating all communities as equals, regardless of size.

Average county property tax rates are fairly uniform across the different kinds of community, primarily because each county levy is spread over different kinds of community in the county. With the exception of the Major Urban Centers, the Rural Centers, and the Seashore Resorts, average school property tax rates also are fairly uniform by type of community, largely due to the nature of the State aid formulas, which are intended to compensate for low tax ratables. In contrast, municipal true value tax rates vary widely, depending on the degree of urbanization and the different levels of services which this demands. The average municipal purpose true value tax rate in the Major Urban Centers is almost twenty times the average rate in the Rural communities. State aid programs for municipalities apparently lack the magnitude and the equalizing design of the school aid formulas.

While true value property tax rates vary considerably among different types of community, the property tax burden on homeowners' gross income may follow different patterns. A series of reports started by the Research and Statistics Section of the Division of Taxation after the enactment of the New Jersey personal income tax law now makes it possible to relate property taxes to gross income.[1] Every year, State income tax returns are matched with applications for the Homestead Rebate, and various statistical analyses are made of the matched returns for well over a million homeowners. While the data have not been tabulated in exactly the same way as the true value tax rates shown in Table 10, it is possible to demonstrate the relationship between property taxes paid and gross

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[1] Owner Occupied Housing Statistics from Homestead Rebate and Income Tax Data Match, Research and Statistics Section, Division of Taxation, Department of the Treasury, issued annually.

personal income on a county-by-county basis. This has been done in Table 11. Two factors appear to be of importance in determining this measure of property tax burden: the geographic location of the county -- north, central, or south -- and the population density of the county. Densely-populated counties in the northern part of the state, Hudson, Essex, and Passaic, head the list, with high percentages of homeowner gross income going for property taxes. Lightly-populated southern counties -- Cape May, Cumberland, Gloucester, Burlington, Atlantic, and Salem -- have the lightest property tax burdens on homeowner gross income.

The high true value property tax rates found in the urban centers are of particular concern, because these communities include large numbers of low-income homeowners. Table 12 shows, for the six Major Urban Centers, the 26 Other Urban Centers, and for the state as a whole, the distribution of homeowners by gross income level. Statewide, about one-quarter of the state's homeowning taxpayers may be considered as having low gross incomes -- below $20,000 per year. Another one-quarter could be considered as high-income -- receiving over $50,000 per year. The remaining half of the homeowners would then be categorized as medium-income. Interestingly, using this classification of income, the urban places come very close to matching the state average in terms of the proportion of medium-income homeowners -- about 50%. The differences are at the extremes. Urban places have far fewer high-income homeowners and far more low-income persons. While the concentration of low-income homeowners in these communities may result in particular problems, the large proportion of medium-income persons who also reside in these communities means that there cannot be a simple solution to the problem of high property taxes.

Table 11. Property Taxes Paid by New Jersey Homeowners as a Percentage of Gross Income, in Rank Order by County, 1984

Rank	Property Tax as a Percentage of Gross Income	County	Population Density by Region		
			North	Central	South
1	5.96%	Hudson	12,034	-	-
2	5.15	Essex	6,603	-	-
3	5.11	Passaic	2,384	-	-
4	4.74	Sussex	226	-	-
5	4.53	Middlesex	-	1,986	-
6	4.50	Bergen	3,600	-	-
7	4.45	Union	4,918	-	-
8	4.42	Ocean	-	583	-
9	4.35	Monmouth	-	1,108	-
10	4.25	Camden	-	-	2,185
11	4.21	Hunterdon	214	-	-
12	4.19	Warren	236	-	-
13	4.18	Somerset	-	684	-
14	4.14	Morris	888	-	-
15	4.12	Mercer	-	1,399	-
16	4.09	Cape May	-	-	338
17	4.05	Cumberland	-	-	267
18	3.95	Gloucester	-	-	626
19	3.89	Burlington	-	-	462
20	3.86	Atlantic	-	-	354
21	3.30	Salem	-	-	190

Notes: 1. Source: Owner-Occupied Housing Statistics from Homestead Rebate and Income Tax Data Match, Research and Statistics Section, Division of Taxation, New Jersey Department of the Treasury, February, 1986.

2. Population density in persons per square mile from 1986 New Jersey Legislative District Data Book, Bureau of Government Research, Rutgers University, April, 1986.

Table 12. Percentage of New Jersey Homeowners in Urban Communities at Selected Gross Income Levels, 1984

	Low Income Below $20,000	Medium Income $20,000 to $49,999	High Income $50,000 and Over
6 Major Urban Centers	40.8%	50.6%	8.6%
26 Other Urban Centers	33.7	50.0	16.4
Rest of State	24.3	48.3	27.4
State Total	25.8	48.6	25.6

The Commission concludes that the property tax is most burdensome in urban areas, where there are concentrations of low income homeowners, and where the largest part of the tax goes for municipal services.

An interesting aspect is the level of the property tax burden on homeowner gross income in Seashore Resorts. These are the communities with very low true value property tax rates, when the tax levy is compared with the value of the property. When this same tax levy is compared with the gross personal income of the resident homeowners, however, it is relatively heavy -- 4.53%. The explanation is that these places contain large amounts of rather expensive property, but the few homeowners who live there year-round have low gross incomes and must pay a substantial share of that income in property taxes. If any changes are made in tax policy to tap the true value of the resort property by raising true value property tax rates, provision must be made to avoid taxing the year-round residents out of their homes.

Distribution of the Property Tax Base by Class of Property

Property taxes are paid by the owners of different kinds of property. The State Division of Taxation has defined six classes of property for purposes of the assessment-sales ratio studies which it conducts to calculate equalized valuation. Table 13 shows assessed values according to this breakdown over the years from 1970 through 1984, demonstrating the statewide composition of the tax base. Definition of the classes are:

Vacant Land - Idle land not actively used for agricultural or any other purpose.

Residential - A property including a dwelling house designed for use by not more than four families and the land on which it is situated.

Table 13. Distribution of New Jersey Property Tax Assessments Among Classes of Property, 1970 to 1984

	Percentage of Statewide Assessed Valuations					
	Vacant Land	Residential	Farmland	Commercial	Industrial	Apartments
1970	4.6%	63.0%	1.5%	14.4%	10.2%	6.3%
1971	4.5	63.0	1.6	14.2	10.7	6.0
1972	4.49	63.06	1.50	14.48	10.36	6.11
1973	4.66	62.87	1.50	14.15	10.67	6.15
1974	4.57	62.66	1.40	14.23	10.96	6.18
1975	4.60	62.68	1.39	14.48	10.78	6.07
1976	4.65	62.77	1.38	14.61	10.60	5.99
1977	4.49	63.39	1.34	14.52	10.33	5.93
1978	4.38	63.87	1.33	14.42	10.33	5.67
1979	4.29	64.38	1.27	14.55	10.04	5.47
1980	4.17	64.98	1.28	14.44	9.86	5.27
1981	4.05	65.60	1.27	14.56	9.57	4.95
1982	3.99	66.44	1.26	14.41	9.22	4.68
1983	3.86	66.80	1.28	14.60	9.08	4.38
1984	3.92	67.33	1.19	14.83	8.63	4.10

Notes 1. Source is Annual Reports of the Division of Local Government Services, New Jersey Department of Community Affairs, Statements of Financial Condition of Counties and Municipalities.

Farmland - Land and buildings being used for agricultural purposes and the farm houses and land associated with the agricultural land. This classification may be further broken down (not shown in Table 13) into qualified farm property, which is assessed under the Farmland Assessment Act, and regular farm property.

Commercial - Improvements designed for commercial use and the land on which they are situated.

Industrial - Improvements designed for industrial use and the land on which they are situated.

Apartments - Apartments designed for use by five or more families and the land on which they are situated.

The composition of the statewide property tax base, as shown in Table 13, has been remarkably stable over the last 15 years. Residential property forms the largest part - about two-thirds of the total in assessed value -- followed by commercial, industrial, and other classes of property Since about 1976, there has been a slow, but steady, increase in the residential share, accompanied in the last few years by a slower increase in commercial property assessments. All other classes of property have dwindled as shares of the statewide property tax base.

There are two aspects of the property tax base which Table 13 does <u>not</u> show. First, the table indicates only <u>assessed</u> values, not <u>true value</u> for each class of property. Assessment-true value ratios may well vary from class to class and place to place. Second, the table does <u>not</u> necessarily show the distribution of the property tax burden by class of property. Tax rates and distribution of assessments by class of property vary from place to place. Therefore, a statewide tabulation of assessments, as shown in Table 13, does not reflect a true statewide distribution of the property tax burden.

Distribution of the Property Tax by Income Level of Homeowners

Thus far, most of this analysis has dealt with governmental jurisdictions, rather than with individual taxpayers or kinds of taxpayer regardless of where they live. Table 14 shows the percentage of gross income which is paid in property taxes by New Jersey homeowners each year from 1977 through 1984 as broken down by income level of the taxpayers. The bottom line on the table supports a conclusion drawn from Table 6: that New Jersey property taxes have generally declined in recent years as a percentage of gross income. Another immediate conclusion is that the property tax is very regressive. In any given year, low income homeowners pay a much larger share of their gross income in property taxes than other persons with higher incomes. In 1984, homeowners with gross incomes below $5,000, for example, paid 52.0% of this income in property taxes; for homeowners with gross incomes over $50,000, the property tax bill came to 2.8% of their income. Chart 6 shows this relationship.

The data in Table 14 appear to contain a contradiction. While the bottom line, for "All Taxpayers", shows a declining property tax burden on gross income, every sub-group shown in the table has a higher or equal burden in 1984, when compared to the burden in 1977. The answer is that gross incomes in 1984, as a whole, are much higher than in 1977. For example, the $50,000-and-over group in 1977 had 52,000 homeowners; in 1984 it had 309,000. Many more taxpayers are in the higher-income groups and, thus, in dealing with such a regressive tax, they pay a lower share of their gross income than in the past. The concern must be for those home-

Table 14. Property Taxes as a Percentage of Gross Income for New Jersey Homeowners by Dollar Ranges of Gross Income; 1977 to 1984

Gross Income Range of Taxpayers	Percentage of Gross Income Paid in Property Taxes							
	1977	1978	1979	1980	1981	1982	1983	1984
Below $5,000	35.5%	35.4%	37.2%	39.6%	42.8%	47.7%	49.7%	52.0%
$5,000 to $9,999	13.8	14.1	14.7	15.9	17.1	18.8	19.7	20.6
10,000 to 14,999	8.4	8.6	9.0	9.7	10.5	11.5	12.2	12.8
15,000 to 19,999	6.2	6.3	6.5	7.0	7.7	8.3	8.9	9.3
20,000 to 24,999	5.3	5.2	5.3	5.6	6.1	6.5	7.0	7.4
25,000 to 34,999	4.7	4.5	4.5	4.6	4.9	5.2	5.4	5.6
35,000 to 49,999	4.2	4.1	4.0	4.0	4.1	4.2	4.4	4.4
50,000 and Over	2.8	2.8	2.7	2.6	2.8	2.8	2.8	2.8
All Taxpayers	5.4	5.0	5.0	4.6	4.6	4.6	4.6	4.4

Notes:

1. All data from Owner-Occupied Housing Statistics from Homestead Rebate and Income Tax Data Match, Research and Statistics Section, Division of Taxation, New Jersey Department of the Treasury, published annually.

2. Taxpayers reporting property taxes, but no gross income, eliminated from data.

3. Property tax data are net figures after veterans' and senior citizens' tax deductions.

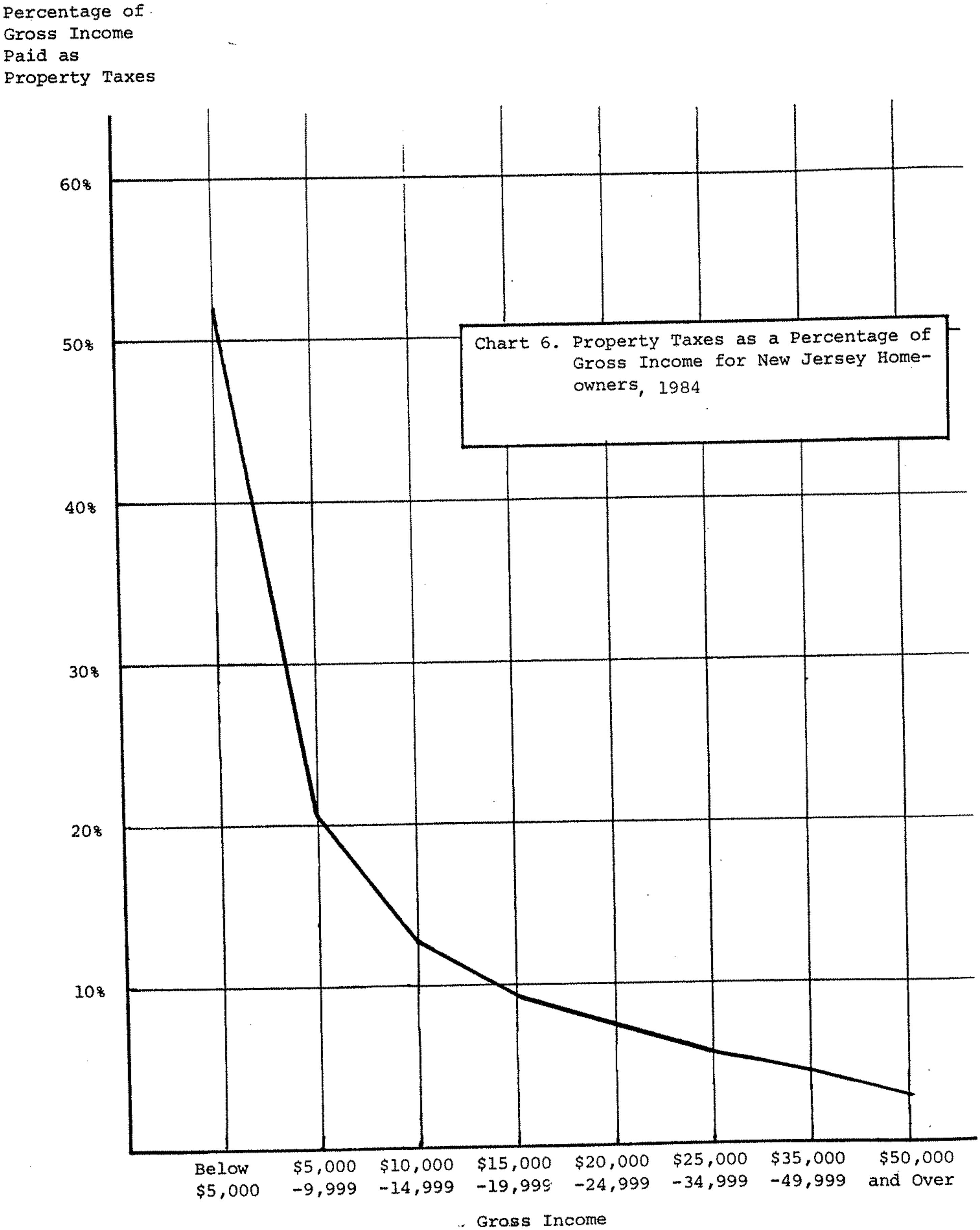

Chart 6. Property Taxes as a Percentage of Gross Income for New Jersey Homeowners, 1984

owners who have been left behind on either fixed or slow-growing gross incomes. For them, the property tax burden continues to increase.

The regressivity of the property tax appears, at least superficially, to have increased over the years. For example, the homeowners with gross incomes below $5,000 paid 35.5% of their gross income in property taxes in 1977, but 52.0% in 1984. This comparison may be misleading, however, because gross incomes, in general, have risen substantially since 1977. The below-$5,000 group in 1984 is much smaller than it was in 1977. A more valid comparison may be to compare the property tax burden in those two years for various percentile rankings of all homeowners, rather than using fixed dollar ranges. This has been done in Table 15. There are two major observations to make from this table. First, property taxes have decreased at virtually all percentile levels as a percentage of gross income. Second, the property tax does, indeed, appear to have become more regressive between 1977 and 1984, because the tax as a percentage of gross income, has declined more for high income taxpayers than it has for those with less income. In 1977, the ratio between the property tax as a percentage of income at the 10th and 90th percentiles was 4.5 to 1. By 1984, despite a general lowering of taxes, the ratio between the 10th and 90th percentiles had increased to 7.0 to 1. Chart 7 shows this result graphically.

<u>Summary</u>

The property tax still is dominated by the school tax levy, although the school district share of the total has declined in the last 15 years, while the county government share has increased. Property taxes, especially the municipal levies, are highest in the urban communities of North Jersey. South

Table 15. Property Taxes as a Percentage of Gross Income for New Jersey Homeowners by Percentiles of Total Homeowner Population, 1977 and 1984

Homeowners Ranked by Percentiles of Gross Income	Average Property Tax as a Percentage of Gross Income Gross Income		
	1977	1984	Change
10th (Lowest)	18.9%	18.3%	-0.6%
20th	10.0	10.0	-
30th	7.5	7.2	-0.3
40th	6.2	5.9	-0.3
50th	5.7	5.2	-0.5
60th	5.2	4.6	-0.6
70th	4.9	3.9	-1.0
80th	4.6	3.3	-1.3
90th (Highest)	4.2	2.6	-1.6

Notes: 1. All data from Owner-Occupied Housing Statistics from Homestead Rebate and Income Tax Data Match, Research and Statistics Section, Division of Taxation, New Jersey Department of the Treasury, published annually.

2. Taxpayers reporting property taxes, but no gross income, eliminated from data.

3. Property tax data are net figures after veterans' and senior citizens' tax deductions.

4. 90th percentile data for 1984 based on extrapolation.

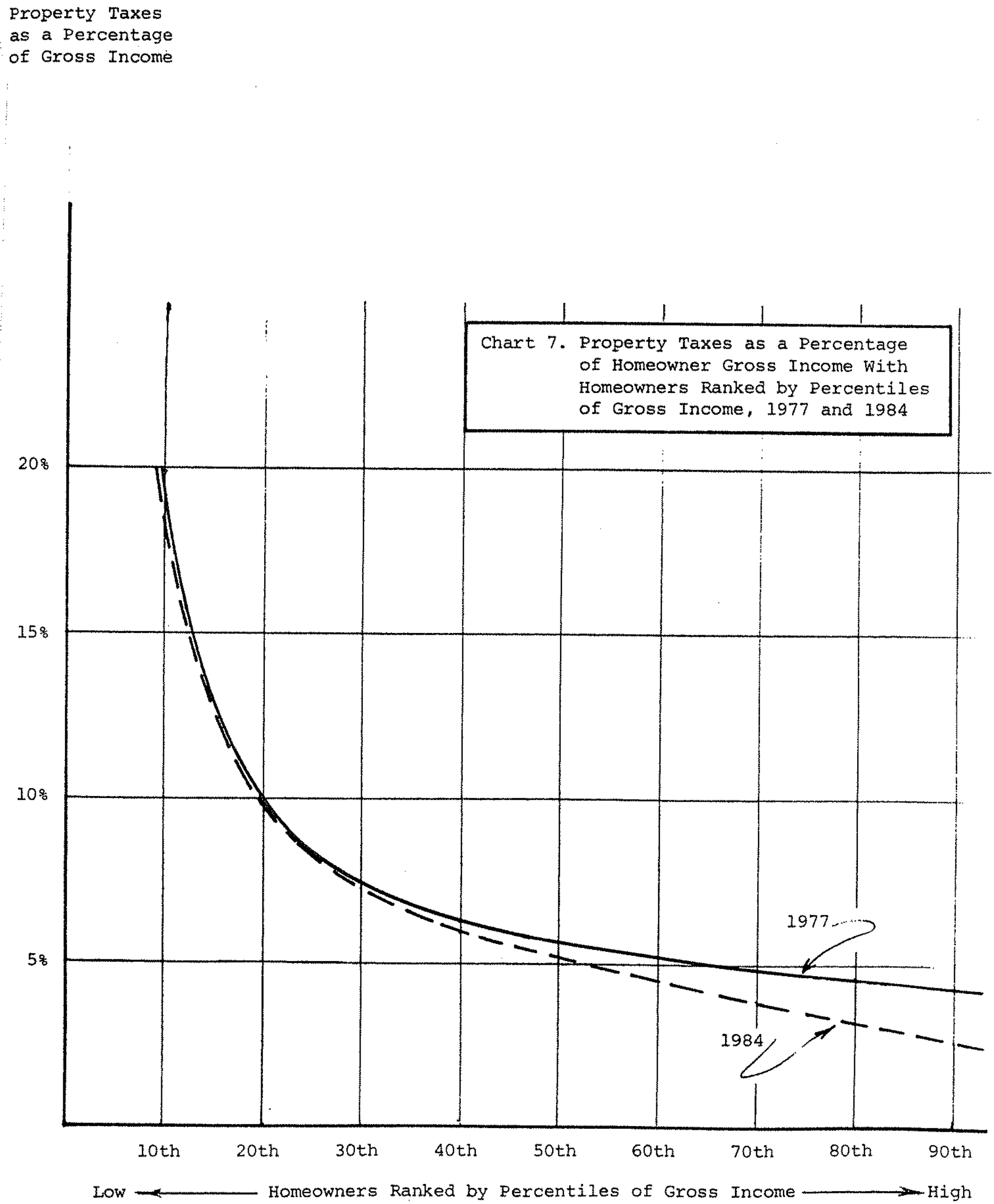

Chart 7. Property Taxes as a Percentage of Homeowner Gross Income With Homeowners Ranked by Percentiles of Gross Income, 1977 and 1984

Jersey, with lower population densities, also has lower tax levels. Residential property makes up about two-thirds of the tax base and the percentage of the total is increasing slowly. It is clear that the property tax is highly regressive, and there is some evidence that it is becoming more regressive.

Administration of the Property Tax in New Jersey

The property tax is administered in New Jersey by agencies at the municipal, county, and state level.[1]

Municipal Taxing Districts

The primary administrative jurisdictions for the property tax in New Jersey are the state's 567 municipalities, which range in size from the Borough of Tavistock, with a 1984 population of 9 persons, to the City of Newark, with 318,098. In numbers of line items[2], the range is from 1 to 51,266.

In each municipality, which is also known as a "taxing district", the municipal tax assessor is appointed for a four-year term of office by either the municipal governing body or the chief executive, depending on the form of government in use in that municipality. Municipal tax assessors need not be residents of the municipality. The appointing authority may also appoint deputy tax assessors. The number of persons serving as tax assessors is substantially less than the number of municipalities because many persons serve more than one municipality.

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[1]Unless otherwise indicated, information in this section is based on the Handbook for New Jersey Assessors and the Handbook for County Boards of Taxation, both prepared by the Local Property Branch, Division of Taxation, New Jersey Department of the Treasury, supplemented by data gathered by Equity 21, a research project on assessment administration sponsored by the Division of Taxation from 1984 through 1986.

[2]A line item is a single property, as listed in official tax records.

Six individuals are tax assessors in as many as five different municipalities. Since only about 30% of the taxing districts have assessors serving on a full-time basis, the full-time equivalent of tax assessors is estimated at about 350. The total number of staff members in all of the assessor's offices is not firmly established, but probably totals around 600.

Prior to appointment as a tax assessor, a person must receive a Tax Assessor Certificate issued by the Director of the Division of Taxation after satisfactory completion of a State examination. A few persons still serve as tax assessors who held office under earlier laws in effect before the Tax Assessor Certificate became a requirement. A person holding a Tax Assessor Certificate, after four years of continuous services as a tax assessor, acquires tenure in that position upon reappointment to a second term of office.

Salaries for municipal tax assessors and their staffs and all operating expenses for the assessors' offices are paid from funds appropriated by the municipal governing body in the annual budget. The total cost of municipal assessors' offices was reported for 1984 at $33,590,650.[1] While the largest part of this expenditure probably was for recurring annual costs of administration, a smaller portion represents occasional revaluation costs in some municipalities.

The municipal tax assessor is responsible for the following major tasks:

(1) Discovery and identification of every parcel of potentially taxable real property within the boundaries of the municipality.

(2) Official listing of each property in the records of the municipality.

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[1] Forty-seventh Annual Report of the Division of Local Government Services, 1984, Statements of Financial Condition of Counties and Municipalities, New Jersey Department of Community Affairs, p. 51.

(3) Determination of the legal taxability of each property.

(4) Determination of the true value and taxable value of every property every year, as of the official valuation date.

(5) Determination during the year of the true value and taxable value of every property which changes status.

(6) Filing of required assessment lists and other reports indicating property values and related data.

(7) Defense of assessments against tax appeals filed with various appellate bodies by taxpayers and other taxing districts.

(8) Review and processing of sales data used in the assessment-sales ratio studies administered by the State Local Property Branch.

(9) Processing of Homestead Rebate forms to assist the State in determining the eligibility of taxpayers for direct payment of a tax rebate.

County Boards of Taxation

Each of the state's 21 counties has a county board of taxation. Bergen, Essex, and Hudson, as first class counties, have five-member boards with members serving five-year terms; all other counties have three-member boards, with members appointed for three years. County tax board members are appointed by the Governor with the advice and consent of the State Senate. They must be residents of the county for which they are appointed. No more than three members of the five-member boards and no more than two members of the other boards may be of the same political party.

Within 24 months of appointment, members of county boards of taxation must either qualify for a Tax Assessor Certificate or must complete a series of training courses offered by Rutgers University. Failure to meet this requirement entails forfeiture of office.

Salaries of county board of taxation members are paid by the State of New Jersey, but all other personnel and operating costs are the responsibility of the county governing body --the board of chosen freeholders. In 1984, total county expenditures for this purpose were $2,368,038. County tax board members frequently serve on a part-time basis.

In addition to the board of taxation, each county has a county tax administrator, appointed by the board of taxation for a three-year term. Persons must hold a valid Tax Assessor Certificate to be appointed to the office and, with some exceptions, are expected to serve full time. After two consecutive three-year terms, a county tax administrator acquires tenure in the office. The county tax administrator is the chief administrative officer for the county board of taxation. Appointment of support staff for the board's activities may be delegated to the county tax administrator, depending upon the personnel policies in effect in the county. The most recent count indicates a staff of 94 persons statewide, to assist the 69 county tax board members and 21 county tax administrators.

The county board of taxation has the following major responsibilities:

(1) Supervision of municipal tax assessors. The board may remove an assessor from office for failure to file the annual tax list and may recommend removal to the Director of the Division of Taxation in other cases.

(2) Establishment of the official percentage of true value at which all real property in the county is to be assessed.

(3) Review and possible revision of all assessments filed by the municipal tax assessor.

(4) Equalization of all tax assessments in the county, in the aggregate for each municipality, for the purpose of apportioning county govern-

ment, regional school district, county library, and county health district tax levies among the municipal taxing districts concerned.

(5) Calculation of municipal tax rates and certification of them to each municipality.

(6) Hearing and determination of taxpayer appeals of assessments as the primary appellate agency.

(7) Review and processing of sales data used in the assessment-sales ratio studies administered by the State Local Property Branch.

Many of the functions of the county board of taxation are carried out by the county tax administrator, operating under the general supervision of the board.

<u>State Division of Taxation</u>

The Director of the Division of Taxation in the New Jersey Department of the Treasury has general power to investigate, revise and equalize assessments so as to conform to law and, in general, to supervise the activities of local tax officials. These responsibilities are carried out through the Local Property Branch of the Division. Major responsibilities of the Local Property Branch may be summarized as follows:

(1) Development of the Table of Equalized Valuations for use in distributing State aid to local school districts. This is done through the administration of a comprehensive assessment-sales ratio study made of all property transactions in the state every year.

(2) Acting as technical advisor to the Legislature and the Governor's Office regarding property tax legislation.

(3) Providing for the training, certification, and technical support of county and municipal tax assessment personnel.

(4) Administration of railroad property taxes.

(5) Administration of qualified farmland assessments, homestead rebates, and realty transfer fees.

(6) Apportionment to taxing districts of State revenue sharing, personal property tax replacement, and in lieu-of-tax payments for State-owned property.

The Local Property Branch has 129 full-time positions and operating costs in 1985 of $5,568,113.

Tax Court

Appeals from judgements of a county board of taxation may be taken to the Tax Court of New Jersey, which has been established as an inferior court of limited jurisdiction within the Civil Courts of the state. The Tax Court may have from six to twelve judges, appointed by the Governor with the advice and consent of the State Senate. All judges must have been admitted to the practice of law for at least 10 years prior to their appointment.

In addition to appeals of local assessments, the Tax Court may hear appeals of State railroad assessments, sales, franchise, gross receipts, and all other taxes levied by the State, appeals of homestead rebate denials, and appeals of both the Table of Equalized Valuations prepared by the Local Property Branch of the Division of Taxation and of the county equalization tables prepared by the county boards of taxation.

Initial Assessments

The Constitution of New Jersey provides general guidelines for property taxation, stating:

> "Property shall be assessed for taxation under general laws and by uniform rules. All real property assessed and taxed locally or by the State for allotment and payment to taxing districts shall be

> assessed according to the same standard of value, ...and such real property shall be taxed at the general tax rate of the taxing district in which the property is situated, for the use of such taxing district."[1]

Statutes further define the assessment process, requiring that all real property should be assessed each year on the basis of what it would sell for on October 1 of the year before the tax year.[2]

County boards of taxation are permitted to establish the percentage of market value at which assessments in the county are to be made at any multiple of 10 between 20% and 100%. In practice, all county boards have now set the level at 100%.

Assessment lists, identifying each property and its owner, and showing the assessed value based on the property's estimated market value as of the prior October 1, must be filed by each municipal tax assessor with the county board of taxation on January 10 of each year.

Equalization Among Taxpayers

All assessments in a taxing district are to be made by uniform rules and according to the same standard of value, which is the market price as of the official assessing date. However, only a small proportion of all properties are sold each year, and the market value of other properties must be estimated by different means. Moreover, even an actual sale may not be representative of the true market value of a property. Inevitably, from one year to the next inaccuracies and inequities will develop in the assessment list. It is necessary, therefore, to review and update assessments periodically if individual taxpayers within a taxing district are to bear their legal share of the property tax burden. Existing statutes indicate that this should be done annually.

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[1] Constitution of New Jersey, Art. VIII, Section I, par. 1 (a).

[2] See Appendix E.

Where such updating is done by the municipal tax assessor on a broad basis involving all or most properties, the process generally is described as a reassessment. Where the task has been deferred for so long that it is beyond the capability of the municipal tax assessment staff, and the municipality must contract with a private appraisal organization to do the job, it is known as a revaluation.

Data gathered by the Equity 21 project indicate that annual updating of assessments is a rarity in New Jersey. In 1985, only 17 taxing districts, with 2.6% of the state's line items, implemented reassessment programs. Another 42 taxing districts, with 6.5% of the line items, put revaluation programs into effect. Records for reassements and revaluations over a period of time show that the average municipality implements such a program about every 7.6 years. The normal practice, in the absence of a reassessment or revaluation program, is for the municipal tax assessor to place new assessed values on the record only where changes have been made in the property, such as through building additions. Otherwise, most assessed values stay the same from year to year while the market value of the property may change constantly and at varying rates for different properties. This can lead to considerable inequality of tax burden among individual taxpayers in the same taxing district.

The most common device used to define the degree of inequality is known as the coefficient of deviation.[1] This term measures the degree of dispersion among the ratios between the assessed value and the sales price for properties which have been sold during a given period of time. Generally, a coefficient of deviation of 15% or less is considered acceptable.[2]

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[1] See Appendix B for a description of the calculation of the coefficient of deviation.

[2] Handbook for New Jersey Assessors, p. VIII-6.

Data for 1984 show 242 New Jersey taxing districts, with almost half of the total equalized valuation in the state, having coefficients exceeding the 15% level. At least one coefficient exceeded 60%, this for a taxing district that had not reassessed or revalued in 21 years.

The coefficient of deviation may not be an ideal statistical device for evaluating the degree of assessment inequality. However, since it has rather wide acceptance and data are readily available for all municipalities, it has been used by the Commission in this report as a rough indicator of assessment quality. It is hoped that more sophisticated measures can be developed and applied in the future.

Equalization Among Taxing Districts

While equalization among taxpayers in a single taxing district is important, there is also the problem of equalizing aggregate assessments among taxing districts. Since the initial assessments are placed on properties by tax assessors operating independently within municipal boundaries, there is always the possibility that different municipal tax assessors will apply different standards and obtain different results. Two separate, but related, equalization programs are in operation to correct for this possibility.

The Local Property Branch of the Division of Taxation, in cooperation with the county boards of taxation and the municipal tax assessors, administers an extensive annual study of all sales which take place in order to establish the true property tax resources of each school district for purposes of distributing State school aid. A school district with greater local resources will receive a smaller amount of State support.

On October 1 of each year the Director of the Division certifies a Table of Equalized Valuations, which lists for every municipality:

(1) the aggregate assessed value of real property,

(2) the average ratio of assessed to true value (which is estimated from the sales ratio studies and which has come to be known as the "Director's ratio"),

(3) the aggregate true value of real property, (estimated from the sales ratio studies),

(4) the assessed value of Class II railroad property,

(5) the assessed value of all personal property (mainly property of communications companies) and

(6) the equalized valuation, which is the sum of (3), (4), and (5), and which forms the estimate of property tax resources used in the State school aid formulas.

The second equalization program is administered by the 21 county boards of taxation for the purpose of apportioning the county tax levy and the levies for regional school districts, county health districts, and county libraries among the taxing districts within the county. This is done in a county equalization table prepared by March 10 of each year. Most county boards use the "Director's ratio" from the Table of Equalized Valuations in order to convert the aggregate assessed values in each taxing district to an estimated true value figure. A few counties, however, use the same raw data as that on which the Director's ratio is based, but treat those data by different statistical approaches; this practice has been upheld by the courts upon challenge. No county boards conduct completely independent assessment-sales ratio studies. The county equalization table, by law, deviates from the State Table of Equalized Valuations in several other ways:

(1) by including an equalized valuation for locally assessed personal property owned by communications companies,

(2) by including a capitalized value of State funds paid to municipalities as replacement for revenue from business personal property no longer taxed at the local level, and

(3) by deducting the equalized value of property on which taxes are in default and cannot be collected due to State or Federal court liens.

When all of these adjustments are made, the county board of taxation arrives at a net valuation used for the apportionment of county taxes.

Tax Appeals

Taxpayers and taxing districts have the right to appeal the assessments placed on their properties or on any other property in the county if they believe that these do not represent true value or if they believe that they are being discriminated against by assessments on other properties.

The initial appeal -- an informal process -- begins with the municipal tax assessor who is required, on or before December 31 of the pre-tax year, to advertise where and when any taxpayer may examine the assessment which the assessor intends to place on his or her property.

The more formal appeal process follows by August 15 of the tax year, the deadline date for the filing of tax appeal petitions with the county board of taxation. Filing fees at the county level are nominal, and petitioners, unless they are a corporation or a municipality, may represent themselves before the board. The county board of taxation must complete its work by November 15 of the tax year.

Appeals from judgements of the county board of taxation may be made to the Tax Court, where procedure becomes more formal and time restrictions less demanding. Tax appeals on properties exceeding $750,000 in assessed value may be made directly to the Tax Court, bypassing the county board of taxation. Further appeals from judgements of the Tax Court may be taken to the Appellate Division of the Superior Court and then to the New Jersey Supreme Court.

III

FISCAL SHOCK

"Fiscal shock" is the term which has been applied to the impact on individual taxpayers when their tax assessments are raised sharply as a result of a revaluation or reassessment program which attempts to apply equal treatment to an unequal set of assessments. If all properties in a community were assessed for taxation at the same standard of value, and if economic conditions were to impact on all properties equally, there would be no danger of fiscal shock. Or, <u>if all properties were to be reassessed uniformly, regularly, and frequently, the potential for fiscal shock would be minimized.</u>

The Potential for Fiscal Shock

The potential for fiscal shock is drastically increased under two circumstances:

(a) where revaluations and assessments have been long delayed, so that economic factors having disproportionate impact on different properties have had time to operate;

(b) where the property tax level is particularly high, so that a change in tax assessment translates into a substantial change in the actual tax bill.

Delay in Revaluations and Reassessments

Where changes in property values are caused by changing and variable economic conditions, delays in adjusting tax assessments to reflect these changes increase the severity of potential fiscal shock. Frequently, the assessments on residential properties are found to be at a lower ratio to sales prices than the ratios found for other kinds of properties. A study made for the Commission shows that the average statewide assessment-sales ratio for residential properties in 1982 was 63%, compared with an average of 70% for all classes of property.[1] There are multiple reasons for this. In recent years, the value of residential property has increased rapidly, in many cases at a faster rate than the value of commercial and industrial properties. If assessments are not adjusted regularly, the older assessments on the residential property will lag far behind the market, resulting in low assessment-sales ratios. Secondly, the tax appeal process may inadvertently contribute to the phenomenon. Municipal governing bodies may be hesitant to defend relatively modest tax appeals on residential properties owned by their constituents, where an appeal of a large industrial or commercial assessment may be defended vigorously. In an urban area where revaluations and reassessments are long delayed, the differences in assessment ratio can be substantial. In Newark, the average residential assessment-sales ratio in 1982 was 29.7%, compared with 45.8% for all properties.

The lag in residential assessments may serve to protect homeowners from the full impact of very high effective tax rates in some cases. In Newark, for example, while the overall impact of the property tax on personal income is somewhat higher than the state average -- 5.6% to 4.4% -- the impact at each income level actually is less (See Table 16). The two, seemingly contradictory, results are caused by the fact that Newark, like other urban

[1] New Jersey Revaluations: Property Tax Equity and Tax Bill Change, A Staff Study Prepared for New Jersey Property Tax Assessment Study Commission, August, 1985. The averages used here are unweighted; that is, every municipality is given equal weight, regardless of size or number of properties, in calculating the averages.

Table 16. Percentage of 1984 Homeowner Gross Income Paid in Property Taxes, Newark and State Average, by Gross Income Levels

Gross Income Level	1984 Percentage of Gross Income Paid in Property Taxes	
	State	Newark
Below $5,000	52.0%	50.7%
5,000-9,999	20.6	18.9
10,000-14,999	12.8	11.1
15,000-19,999	9.3	8.0
20,000-24,999	7.4	6.4
25,000-34,999	5.6	5.0
35,000-49,999	4.4	3.7
50,000 & over	2.8	2.5
All Taxpayers	4.4%	5.6%

Notes 1. Source is Owner Occupied Housing Statistics..., *op. cit.*, February, 1986

places, has a concentration of low-income homeowners, who pay large portions of their gross income in property taxes because of the regressivity of the tax. A revaluation which would impose uniformity among all property assessments could cause severe fiscal shock in such circumstances.

One way of measuring the degree of inequality among assessments in a community is the coefficient of deviation.[1] The higher the coefficient, the greater the variation in assessment-sales price ratios. The 15 municipalities in New Jersey with the highest coefficients of deviation, on average, have not had a revaluation or reassessment for 13 years. Of this group, only Atlantic City, where substantial change in property value has occurred, has had a revaluation or reassessment since 1980. In contrast, 18 places having revaluations in 1983 and 1984, which were studied by the Commission, showed a reduction in the average coefficient of deviation from 19% before revaluation to 11% after the program was implemented.[2] It would appear that implementation of a revaluation is an effective way of reducing the variation in assessment-sales ratios and improving the quality of the assessment list. Conversely, delay in implementing a reassessment or revaluation causes that quality to deteriorate. An important corollary is that a revaluation program must be maintained effectively, or non-uniform assessments will quickly develop again.

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[1]See p. 26 and Appendix B.

[2]New Jersey Revaluations, op. cit.

High Effective Property Tax Rates

If the effective tax rate is generally low, a sharp change in the tax assessment will have limited impact. However, given New Jersey's high property taxes, the fiscal shock potential is considerable. Moreover, the actual situation is that many of the municipalities which have a high coefficient of deviation and, thus, a high fiscal shock potential by that measure, are also high-tax-rate places. The 15 communities with the highest coefficients of deviation had an average 1984 effective tax rate[1] of \$4.50 and a range from \$2.55 to \$10.71, compared with a statewide average of \$2.54. The higher the effective tax rate, the greater the impact of a change in tax assessment.

A Fiscal Shock Index

For purposes of estimating the extent of the fiscal shock potential, the Commission has devised a simple fiscal shock index which recognizes the combination of high coefficients of deviation and high tax rates. It is calculated for each municipality by averaging the coefficient of deviation, expressed as a ratio to the state average coefficient of deviation, and the effective tax rate, expressed as a ratio to the state average effective tax rate. Thus, Camden, the highest-potential community, with a coefficient 3.31 times the state average coefficient and an effective tax rate 2.60 times the state average tax rate, would have a fiscal shock index of 2.96. The 15 municipalities with the highest index numbers are shown in Table 17, and a full listing in rank order is given in Appendix C.

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[1] Effective tax rate here is calculated according to Division of Taxation procedures, and is the Total Tax Levy on Which the Tax Rate is Calculated (Col. 12D of Abstract of Ratables), divided by the Net Valuation on Which County Taxes are Apportioned (Col. 11 of Abstract).

Table 17. New Jersey Municipalities With Highest Potential for Fiscal Shock, 1985

Rank	Municipality	Coefficient of Deviation		Effective Tax Rate		Fiscal Shock Index
			As Ratio to State Average		As Ratio to State Average	
1	Camden	56.35%	3.31	$6.39	2.60	2.96
2	East Orange	37.72	2.22	7.55	3.07	2.65
3	Newark	55.58	3.27	4.92	2.00	2.64
4	Trenton	50.79	2.99	5.02	2.04	2.52
5	Jersey City	46.13	2.71	4.95	2.01	2.37
6	Lawrence (Cumb.)	58.96	3.47	2.91	1.18	2.33
7	Hoboken	55.13	3.24	3.40	1.39	2.32
8	Atlantic City	38.45	2.26	5.80	2.36	2.31
9	Chesilhurst	55.43	3.26	3.32	1.35	2.31
10	Orange	41.84	2.46	5.19	2.11	2.29
11	West New York	37.76	2.22	5.21	2.12	2.17
12	Bayonne	46.88	2.75	3.81	1.55	2.16
13	Winfield	0	0	10.25	4.17	2.09
14	Passaic (Pas.)	41.95	2.47	4.04	1.64	2.06
15	Asbury Park	29.47	1.73	5.63	2.29	2.02

Notes: 1. Effective tax rates from Annual Report of the Division of Taxation, 1985.

2. Coefficients of Deviation supplied by Local Property Branch, Division of Taxation, New Jersey Department of the Treasury.

The Impact of Fiscal Shock

The 15 places shown in Table 17 include four of the state's major urban centers; seven other urban centers; one urban-suburban place; a rural township and a tiny suburban borough where very high coefficients of deviation are combined with fairly moderate effective tax rates; and Winfield, an unusual community where properties are not normally sold and the tax rate is artificially high. Extreme fiscal shock potential is essentially an urban phenomenon, although it could develop in lesser degree in any community of the state.

A Commission study of 18 non-urban[1] municipalities which implemented revaluation programs in 1983 and 1984 showed that two-thirds of all residential taxpayers experienced an increase in taxes after revaluation, with a total tax bill increase on residential properties of 10.5%. However, the results of the study are complicated by the fact that the total tax levy increased by 9.7% in the same period. When an allowance is made for this, the actual shift of tax burden to residential properties in these 18 places appears minimal. This is not to say that there was no fiscal shock for individual taxpayers. In fact, the study found that redistribution of the property tax burden was greater within property classifications than any shift which took place between classes of property.

This was not the case when a similar analysis was made of the potential shift of burden which would have taken place if a 1979 revaluation had been implemented in Newark. There, the condition was so extreme that substantial changes in tax burden would have taken place both within property classes and between property classes. The average residential

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[1]Two urban-suburban, six suburban, four suburban-rural, two rural centers, three rural, and one seashore resort; New Jersey Revaluations, op. cit., Table 2, p. 20

property tax bill would have increased by $507, or 37%, without <u>any</u> increase in the tax <u>levy</u>. The residential share of the property tax burden would have increased from 32.8% of the total to 44.9%, with the impact being particularly heavy in the city's more stable residential neighborhoods. All other classes of property -- vacant land, commercial, and industrial -- would have received a reduction in property tax burden.

Thus, the apparent fiscal shock impact following revaluation in many municipalities is caused to a large extent by budget increases. However, in the heavily urban places, where high coefficients of deviation are combined with high effective tax rates, fiscal shock really is traceable to the effect of the revaluation itself. If the Newark analysis is representative, and the Commission believes this to be the case, the urban communities with high fiscal shock potential require assistance of some sort in order to conform with the state's property tax laws without imposing devastating burdens on residential taxpayers.

Not specifically analyzed in these Commission studies is a further impact of fiscal shock. This is the effect on property values of a sharp increase or decrease in the taxes levied on particular properties. When a revaluation program results in increased taxes on a property, the attractiveness of that property for potential purchasers is reduced, and the value placed on the property by the revaluation program may turn out to be inflated in the future market. Conversely, a significantly lowered tax bill can increase the value of a property. Values placed on properties by a revaluation program, therefore, are not final, fixed true value figures, but are merely one step in a dynamic process of change in value which must be constantly monitored, with appropriate adjustments being made in assessments.

The State's Responsibility

The State of New Jersey must accept some responsibility for the situation which has developed. The local property tax is administered under the Constitution of the State and the laws which have been enacted. County tax board members, who have supervisory authority over local assessors, are appointed by the Governor with the advice and consent of the State Senate. Local tax assessment personnel function under the general supervision -- not always clearly delineated -- of State officials. The revaluation of property values, on which equitable assessments might be based, has on occasion been placed under a moratorium by State legislation, thus contributing to the delays which have increased the potential of fiscal shock.[1] Budget caps -- limitations placed on municipal expenditures by the Legislature -- have contributed to the development of fiscal shock by forcing personnel cutbacks, reducing the staff required to maintain local tax assessments on a fair and equal basis. The heavy reliance on property taxes in a state where the limited geographical extent of urban taxing jurisdictions leads to stagnant urban tax bases, makes high effective tax rates an almost inevitable consequence. Finally, the State, in establishing this Commission, has acknowledged the importance of devising some means to mitigate the impact of fiscal shock on sound urban neighborhoods.

The Commission concludes, therefore, that significant State action is appropriate and necessary:

(1) to alleviate the immediate conditions which provide the potential for fiscal shock, and

(2) to prevent the development of similar conditions in the future.

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[1] See Laws of 1983, Chapter 30 and Laws of 1985, Chapter 152.

Rejected Approaches

The Commission has explored various steps to eliminate or reduce the impact of fiscal shock.

Changes in the Standard of Value

The property tax traditionally and at present in New Jersey is an ad valorem tax; that is, a tax based on value. Statutes fix the value according to the willing buyer-willing seller concept of market value.[1] The Commission has reviewed other standards as the sole criterion, such as reproduction cost less depreciation, but has rejected any single standard as the sole criterion. The adoption of any other standard would result in interminable litigation before definitive guidelines for property owners and tax officials could be established.

The Commission recommends that the present property valuation standard of value should be retained, as well as the State constitutional provision which requires that all property should be assessed uniformly.

Classification of Real Property

A second approach to the problem of fiscal shock might be the adoption of property classification. Some types of real property might be assessed at one percentage of market value and other types at a different percentage. Or, alternatively, different tax rates might be applied to different classes of real property. In effect, either of these devices could recognize and validate the existing pattern of assessments in those communities where some classes of property are substantially under-assessed.

This Commission has examined the reasoning of the New Jersey Tax Policy Committee in rejecting classification in 1972 and agrees with the

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[1] R.S. 54:4-1

analysis made at that time. Currently, the Commission finds no substantial basis for departing from the Tax Policy Committee's conclusions. Classification of real property would create an unfavorable economic environment by advertising higher tax burdens for industrial and commercial taxpayers, and would subvert the major steps taken by New Jersey to attract and hold commercial and industrial enterprises. It would increase taxes on the capital investments of business, rather than on their income and profits. Administratively, real property classification for property tax purposes would lead to endless debates about the proper property classifications to apply, especially for multiple-use properties. And it would encourage the manipulation of classifications and rates as an annual political contest. Moreover, in the specific context of this Commission's charge, classification of property would not address the potential for fiscal shock caused by non-uniform assessments _within_ property classifications.

The Commission rejects property classification as an approach to the mitigation of fiscal shock.

Site Value Taxation

Site value taxation is a form of property classification in which land is taxed at a higher percentage of market value than improvements. In use in some other countries and in some cities in this country, the idea of site value taxation has been advanced as a means for promoting more coherent patterns of land development. It also has the advantage of not penalizing improvements in buildings. The New Jersey Tax Policy Committee gave a partial endorsement to the plan by suggesting its optional use to promote development in central cities. The Committee's proposal, however, ran into constitutional questions and was never enacted. Site value taxation, if applied at all extensively, might well have substantial impacts on the economy and taxpayers of the state which this Commission is unable to predict. For example, there is some evidence that it might result in a significant shift of the tax burden away from business properties and toward residential taxpayers, in the overdevelopment of vacant land, and in a shift of tax burden toward farmland. The analysis of such changes should be considered within the context of the entire tax structure of the state, rather than a study dealing primarily with property tax assessments.

The Commission rejects site value taxation as a solution to the immediate problems of fiscal shock.

Phase-in of Revaluations

Under present conditions, the major impact of a revaluation is felt in the first year that the program is implemented. The impact is exacerbated by the fact that county, municipal, and school tax increases are felt by the property owner at the same time as the revaluation. A number of states have instituted phase-in programs of one sort or another. Maryland has a six-year phase-in for homeowners only. New Mexico has a limit on the percentage by which a homeowner's tax bill may increase. In New York, assessments cannot change by more that 6% per year. West Virginia has a 10-year phase-in for new assessed values. Other states have resorted to some form of property classification to ease the impact of a revaluation program.

A phase-in program in New Jersey would assist local communities in alleviating the initial fiscal shock which accompanies many revaluation programs. The program should be of fairly limited duration, since the property owners who have been over-assessed in the past are deserving of property tax relief without undue delay.

This approach is consistent with the precedent established by the New Jersey Supreme Court in Switz v. Middletown (1957).[1] In that case, the court held that an order requiring assessment of township land at full and fair value would be modified so that it would not apply to the ensuing two tax years, in order to afford the Legislature an opportunity to provide the administrative procedures required and to afford the township time to fulfill the project.

The Commission recommends that every municipality in the state be given the option of implementing revaluation programs on a four-year schedule, rather than requiring immediate and full implementation.[2]

One method of phasing in a revaluation is based on the idea of spreading the tax impact of the revaluation credits. This approach is illustrated in Tables 18 and 19, which use for demonstration purposes a hypothetical municipality having only three taxable properties. Property A has been assessed in the past at $20,000, Property B at $28,000, and Property C at $40,000. Upon revaluation, the full market value of these properties has been found to be $40,000 for A, $30,000 for B, and only $20,000 for C. Obviously, if the revaluation is implemented fully at one, there will be a substantial shift in the tax burden from Property C to Property A and a more modest shift to Property B. This alternative is shown in Table 18, assuming a total tax levy of $6,000 for both years. Property A's tax bill would go from $1,364 in the year before revaluation (Base Year) to $2,667 in the Revaluation Year, while there would be a small increase for Property B, and a substantial reduction for Property C. Fiscal shock certainly would be probable for the owner of Property A, where taxes would increase by almost 100%.

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[1]Switz v. Middletown, 23 N.J. 580.

[2]Commissioner Andora dissents from this recommendation; see Appendix F.

Table 18. Impact of Revaluation on Tax Bills in Hypothetical Municipality With No Phase-In.

	Property A	Property B	Property C	Total
Base Year				
Assessment	20,000	28,000	40,000	88,000
Total Tax Levy	-	-	-	6,000
Tax Rate	-	-	-	6,000/88,000= .0682
Annual Tax Bill	.0682 x 20,000= 1,364	.0682 x 28,000= 1,909	.0682 x 40,000= 2,727	6,000
Revaluation Year				
Assessment	40,000	30,000	20,000	90,000
Total Tax Levy	-	-	-	6,000
Tax Rate	-	-	-	6,000/90,000= .0667
Annual Tax Bill	.0667 x 40,000= 2,667	.0667 x 30,000= 2,000	.0667 x 20,000= 1,333	6,000

Table 19. Calculation of Tax Bills in Hypothetical Municipality With Four-Year Phase-in of Revaluation.

	Property A	Property B	Property C	
Revaluation Year				
Revaluation Relief Factor	$\dfrac{1,364 + .25\,(40,000)\,\dfrac{(6,000)}{(90,000)} - 1,364}{40,000}$	$\dfrac{1,909 + .25\,(30,000)\,\dfrac{(6,000)}{(90,000)} - 1,909}{30,000}$	$\dfrac{2,727 + .25\,(20,000)\,\dfrac{(6,000)}{(90,000)} - 2,727}{20,000}$	
Revaluation Tax Rate	= .04225	= .06440	= .11895	
General Tax Rate	.11895 .11895	.11895 .11895	.11895 .11895	.11895 .11895
Preliminary Tax Bill	.11895 x 40,000 = 4,758	.11895 x 30,000 = 3,569	.11895 x 20,000 = 2,379	10,706
Revaluation Credit	40,000 x (.11895 - .04225)= -3,068	30,000 x (.11895 - .06440)= -1,637	20,000 x (.11895 - .11895) = - 0	- 4,705
Final Tax Bill	1,690	1,932	2,379	6,001
Revaluation Year + 1				
Revaluation Relief Factor	$\dfrac{1,364 + .50\,(40,000)\,\dfrac{(6,000)}{(90,000)} - 1.364}{40,000}$	$\dfrac{1,909 + .50\,(30,000)\,\dfrac{(6,000)}{(90,000)} - 1,909}{30,000}$	$\dfrac{2,727 + .50\,(20,000)\,\dfrac{(6,000)}{(90,000)} - 2,727}{20,000}$	
Revaluation Tax Rate	= .05038	= .06517	= .10150	
General Tax Rate	.10150 .10150	.10150 .10150	.10150 .10150	.10150 .10150
Preliminary Tax Bill	.10150 x 40,000 = 4,060	.10150 x 30,000 = 3,045	.10150 x 20,000 = 2,030	9,135
Revaluation Credit	40,000 x (.10150 - .05038)= -2,045	30,000 x (.10150 - .06517) = -1,090	20,000 x (.10150 - .10150) = - 0	-3,135
Final Tax Bill	2,015	1,955	2,030	6,000
Revaluation Year + 2				
Revaluation Relief Factor	$\dfrac{1,364 + .75\,(40,000)\,\dfrac{(6,000)}{(90,000)} - 1,364}{40,000}$	$\dfrac{1,909 + .75\,(30,000)\,\dfrac{(6,000)}{(90,000)} - 1,909}{30,000}$	$\dfrac{2,727 + .75\,(20,000)\,\dfrac{(6,000)}{(90,000)} - 2,727}{20,000}$	
Revaluation Tax Rate	= .05853	= .06590	= .08410	
General Tax Rate	.08410 .08410	.08410 .08410	.08410 .08410	.08410 .08410
Preliminary Tax Bill	.08410 x 40,000 = 3,364	.08410 x 30,000 = 2,523	.08410 x 20,000 = 1,682	7,569
Revaluation Credit	40,000 x (.08410 - .05853)= -1,023	30,000 x (.08410 - .06590) = - 546	20,000 x (.08410 - .08410) = - 0	-1,569
Final Tax Bill	2,341	1,977	1,682	6,000

Table 19 illustrates the suggested phase-in program over a four-year period. A constant total tax levy of $6,000 is assumed, and no further changes in assessed values are anticipated in the hypothetical example. The phase-in program operates through the calculation of a revaluation credit, to be applied to the tax bill of every property.

The steps in the process each year are:

(1) For each property, list:

(a) the Base Year Tax Bill (that is, the taxes levied on the property in the last year before the revaluation program is implemented), and

(b) the current year Assessed Value.

(2) For each property, calculate the Revaluation Relief Factor, as follows:

$$\text{Revaluation Relief Factor} = \frac{\begin{matrix}\text{Base Year}\\\text{Tax Bill}\\\text{on the}\\\text{Property}\end{matrix} + X \left[\left(\begin{matrix}\text{Current Year}\\\text{Assessed Value}\\\text{of the}\\\text{Property}\end{matrix}\right) \left(\dfrac{\begin{matrix}\text{Base Year}\\\text{Total Tax Levy}\\\text{in the}\\\text{Taxing District}\end{matrix}}{\begin{matrix}\text{Current Year}\\\text{Total Assessed}\\\text{Value in the}\\\text{Taxing District}\end{matrix}}\right) - \begin{matrix}\text{Base Year}\\\text{Tax Bill}\\\text{on the}\\\text{Property}\end{matrix} \right]}{\begin{matrix}\text{Current Year}\\\text{Assessed Value}\\\text{of the}\\\text{Property}\end{matrix}}$$

where X = 0.25 in the year in which the revaluation is implemented
0.50 in the revaluation year +1
0.75 in the revaluation year +2

(3) Establish the Revaluation Tax Rate for the taxing district at the level of the largest Revaluation Relief Factor for any property in the district.

(4) Establish the General Tax Rate for the district at the Revaluation Tax Rate plus the amount found by dividing any change in the total tax levy since the base year by the current year total of all assessed values.

(5) For each property, calculate the Preliminary Tax Bill by multiplying the current year Assessed Value by the General Tax Rate.

(6) For each property, calculate the Revaluation Credit by multiplying the current year Assessed Value by the difference between the Revaluation Relief Factor and the Revaluation Tax Rate.

(7) For each property, calculate the Final Tax Bill by subtracting the Revaluation Credit from the Preliminary Tax Bill.

The results, as shown in Table 19, are a substantially reduced first year impact on Property A and a reduced immediate benefit for Property C. Instead of a 100% increase in taxes, Property A would have only a 25% increase, but similar increases would occur in the second, third, and fourth years. At the same time, the benefits for Property C would be received in more gradual steps.

Table 20 shows the annual change in the tax bills of the three properties both with and without a phase in. The phase-in clearly provides for the most gradual impact.

State-Assisted Phase-in

The Commission anticipates that the proposed optional phase-in will be sufficient to allow each municipality to bring its assessments into full compliance with the Constitution and the laws of the state within a reasonable time. However, the approach demonstrated above may not provide sufficient tax relief during the phase-in period for high tax communities. In order to meet this need, the Commission believes that a program of State financial assistance is necessary in those municipalities which have a particularly high fiscal shock potential because of the combination of high coefficients of deviation and high effective tax rates.

The Commission proposes that there be a limited program of State financial assistance for the purpose of easing the phase-in of a revaluation program in those municipalities which demonstrate the potential for severe fiscal shock.[1]

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[1]Commissioner Ogden dissents from this recommendation; see Appendix F.

Table 20. Comparison of Annual Changes in Tax Bills Without and With Phase-in in a Hypothetical Municipality

	Property A		Property B		Property C	
	No Phase-in	With Phase-in	No Phase-in	With Phase-in	No Phase-in	With Phase-in
Revaluation Year	+1,303	+326	+91	+23	-1,394	-348
Reval. Year + 1	-	+325	-	+23	-	-349
Reval. Year + 2	-	+326	-	+22	-	-348
Reval. Year + 3	-	+326	-	+23	-	-349

The receipt of State aid by any municipality for a revaluation phase-in should place a special responsibility on that municipality to maintain the revaluation effectively, so that inequalities among assessments do not recur. Recommendations of this Commission for improved assessment administration are detailed in Chapter IV and should apply with particular rigor to municipalities participating in a stated-assisted phase-in program.[1]

Limitations on Phase-ins

Phase-in programs should be regarded as short-term temporary adjustments where tax assessments have been permitted to become inequitable. The long-term solution must be sought in changes which will enable the state's tax assessors to maintain the effectiveness of a revaluation program.

The Commission recommends that any legislation enacted to authorize optional phase-ins of a revaluation program should have an effective life of no more than five years, and no municipality should be permitted to implement a phase-in more than once. Application for a State-aided phase-in should be accepted only within a period of two years following enactment of enabling legislation.

Property Tax Reduction

Authorization of an optional phase-in of a revaluation program will help to ease the initial shock of the program. But this device is at best a short term solution. It does nothing to assist taxpayers burdened under one of the highest property taxes in the country. While a phase-in may reduce the annual percentage increases in the tax bill in the first year, it will be of little assistance if the taxpayer cannot afford the taxes which ultimately will be imposed. This is particularly important because of the regressive nature of the tax and because of the concentration of low to moderate income homeowners in those places where effective property tax rates are very high.

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[1]See pages 116-117.

<u>The Commission concludes that no phase-in will provide sufficiently for the property tax relief necessary to mitigate fiscal shock.</u>

Admittedly, New Jersey is a high property tax state. Whether to alter this characterization is a matter for the people through the Legislature to decide. A simplistic solution lies in the overall reduction of the property tax and an increase in the State's broad-based taxes and corporate franchise taxes. To do this all at one time might have severe repercussions and would be strenuously opposed by the business community and by individual non-property taxpayers. Even property owners might object where the changes would result in a significantly greater overall tax liability.

It seems advisable, therefore, for the state to adopt a long range plan whereby property taxes would be reduced over a period of years and other revenue sources, plus the greater revenue yields produced as a result of inflation, would be used to replace lost property tax revenues. At the same time, local governments should be subjected to review of spending policies to the extent of determining the needs of various functions.

Property tax reduction can be achieved through three approaches:

(1) Costs, and perhaps the responsibility for providing services, can be transferred from local governments, which depend heavily upon the property tax, to other levels of government having broader resources;

(2) Additional State aid programs can be developed for local governments on an equalized basis; that is, with the aid being distributed in inverse relationship to the property tax resources of each local government;

(3) Additional local revenue sources can be authorized by the State Legislature.

Transfer of Costs

One recurrent proposal is for the transfer of judicial costs from county governments to the State government. Proposed at least as far back as 1972 by the New Jersey Tax Policy Committee,[1] the idea has received a thorough analysis and substantial endorsement more recently from the New Jersey County and Municipal Government Study Commission.[2] Other county functions which have been suggested for transfer to the State include various aspects of welfare programs and the costs of the county boards of taxation. Transfer of the cost of county functions to the State makes considerable sense because many of what are generally considered county activities are really State government functions which are run on a decentralized basis with the costs mandated on the county budget. Moreover, the counties are the units of local government most dependent on the property tax (See Table 8 and Chart 5).

State Aid

State current expense aid for local school districts, the largest single component of State aid for schools, is distributed on an equalized basis, and this has resulted in considerable stablilization of the schools' dependence on property taxes (See Table 8 and Chart 5). There is no similar general support program for county governments, and municipal aid is limited and subject to frequent manipulation in the annual State budget process. As a result, local government fiscal crises and State emergency actions have become common occurrences. Consideration

[1] State Aids and Service Levels, Part III of the Report of the New Jersey Tax Policy Committee, Trenton, New Jersey, February 23, 1972, pp. 8-9.

[2] County Mandates: The State Judicial System and Human Services, New Jersey and Municipal Government Study Commission, October, 1984.

should be given to broadening the State aid approach through a general support program for both county and municipal governments, as well as through aid programs to promote specific program objectives. To be effective, however, this must be accompanied by a firm commitment to appropriate sufficient funds to meet the fiscal obligations which are incurred by the State.

Additional Local Revenues

In contrast to the practice in many other states, there has always been some reluctance in New Jersey to authorize optional local tax sources, such as payroll or sales taxes, because the densely populated nature of the state and the limited geographic boundaries of most communities might make the use of such taxes by individual communities self-defeating. If the resource to be taxed is mobile, communities may be placed in a destructive tax competition to retain or attract taxpayers. One possible new revenue source is the collection of fees from developers of new property. Another is the imposition of user fees for services rendered to exempt properties. It may be possible to broaden the base of local revenues through service charges on relatively fixed property which is now exempt from property taxation.

User Fees on Exempt Property

Many municipalities are troubled by the location of substantial numbers of exempt properties within their boundaries. The cost of services to such properties is borne by all taxable property. In 1977, legislation was enacted to provide State aid in those municipalities where State-owned property is located. This is only a beginning. It is believed that greater efforts at reimbursement should be made. One way of doing this is through a user fee.

Almost $28 billion of tax exempt property is found in the municipalities of New Jersey, an amount which is about 18.4% of the total assessed value of taxable property in the state. A breakdown of this figure by type of ownership is shown in Table 21. Many of the high-fiscal-shock communities have huge amounts of tax exempt property (See Table 22).

Virtually all exempt properties receive some public services from local government agencies. If the owners of exempt property were required to pay some fee for the services received, municipalities would have an additional source of revenue which would enable them to reduce the property tax. The way in which this might be done is through a user fee which would be imposed with respect to all properties -- taxable and exempt -- for municipal use. Property taxes then would be counted as a credit against the user fees charged. A report prepared for the Commission shows that the amount of new revenue which this plan could generate is considerable. Table 23 provides a breakdown of the revenue which might be realized, based on 1984 data, from a "public safety" user fee on different kinds of exempt property, based on the requirements of only the police and fire portion of the municipal budget. If this approach were taken, the municipalities would gain an additional $51.5 million, using 1984 data.[1] Use of the public safety user fee probably can be sustained more easily than a user fee based on the full array of municipal services, since all properties benefit from police and fire protection, while they may not use some other municipal services.

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[1] Exempt Property 'User Fees': A Compilation of Basic Data, A Working Paper Prepared for the New Jersey Property Tax Assessment Study Commission, July 7, 1986. Exempt property owned by the Federal government and by the municipalities has been excluded from these totals. No deduction has been made for in-lieu of tax payments now being made by the State government.

Table 21. Type and Amount of Tax Exempt Property in New Jersey, 1984

Exempt Property By Ownership	1984 Amount (In Millions)
Federal Government	$ 2,194.2
State Government	3,175.4
County Government	2,493.0
Municipal Government	9,655.0
State Authorities, Agencies, Commissions	2,279.5
Charitable and Non-Profit	2,212.1
Religious Organizations	3,322.6
Fraternal Organizations	100.9
Veterans Organizations	58.9
Other	2,502.5
Total	$27,994.2

Source: Exempt Property 'User Fees': A Compilation of Basic Data, A Working Paper Prepared for the New Jersey Property Tax Assessment Study Commission, July 7, 1986, Table A.

Table 22. Exempt Property as a Percentage of Taxable Property in High-Fiscal-Shock Municipalities, 1984

	Assessed Value of Taxable Property	Reported Value of Exempt Property	Exempt Property as a Percentage of Taxable Property
Camden	261,219,114	166,141,778	63.6%
East Orange	369,313,800	192,643,100	52.2
Newark	1,023,476,000	1,758,109,600	171.8
Trenton	321,743,286	390,439,619	121.4
Jersey City	768,200,170	426,325,729	55.5
Orange	120,623,900	63,983,300	53.0
West New York	176,246,729	76,171,206	43.2
Passaic	271,756,048	121,881,500	44.8

Source: County Abstracts of Ratables

Table 23. Potential Yield of User Fees Applied to Tax Exempt Property, 1984

Type of Exempt Property	Public Safety User Fee (In Millions)
State Government	$ 8.7
County Government	5.7
State Authorities, Agencies, Commissions	5.8
Charitable and Non-Profit	7.0
Religious Organizations	11.6
Fraternal Organizations	.4
Veterans Organizations	.2
Other	12.2
Total	$ 51.5

Source: Exempt Property 'User Fees': A Compilation of Basic Data, A Working Paper Prepared for the New Jersey Property Tax Assessment Study Commission, July 7, 1986, Table C. Table C was revised July 14, 1986 to reflect a complete "fair share" approach.

Notes: 1. Current State In-Lieu of Tax payments for services to state properties, totalling $13.5 million, have not been deducted from the above totals.

A user fee on exempt properties, however, cannot stand alone as a solution to the property tax problems of local communities. Such an approach should only be considered within the context of an overall property tax reduction program based on some combination of cost transfer, State aid, and additional local revenue sources.

The Commission recommends that, as part of an overall property tax reduction program, legislation be enacted requiring municipalities to impose on all property, taxable and non-taxable, a user fee sufficient to cover taxes levied for public safety purposes, with municipal property taxes paid to be considered a credit against such fee.[1]

If this recommendation is implemented, the legislation should include provisions to save harmless any municipality from the loss of any State or other funds now being received in lieu of tax payments.

A Property Tax Reduction Goal

While the Commission has made a specific recommendation only in the area of new local revenue sources, all three approaches to property tax reduction -- transfer of local costs, additional State aid, and new local revenue sources -- should be explored.

The Commission recommends that a goal of property tax reduction should be that no property tax exceeding 3% of property value would have to be levied in any community in order to provide adequate public services. It should be noted that the Commission is not calling for a tax rate limit, but urges a combination of transfer of functions, State aid, and new local revenue sources which will permit property tax reduction without placing municipalities in a financial straitjacket where public services must be curtailed.[2]

This proposal would require efforts aimed at a minority of New Jersey's communities where the property tax is most burdensome. Table 24 indicates that all but 80 municipalities are already under the $3.00 goal so far as 1985 effective tax rates are concerned.

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[1]Commissioners Andora, Aschenbach, and Ogden dissent from this recommendation; see Appendix F.

[2]Commissioner Ogden dissents from this recommendation; see Appendix F.

Table 24. Distribution of Municipalities According to Effective Tax Rates, 1985

1985 Effective Tax Rate	Number of Municipalities
Above 4.00	18
3.51 - 4.00	8
3.01 - 3.50	54
2.51 - 3.00	154
2.01 - 2.50	208
1.51 - 2.00	82
1.01 - 1.50	28
.51 - 1.00	15
.01 - .50	0
Zero	0
Total	567

Source: Annual Report of the Division of Taxation, New Jersey Department of the Treasury, 1985, pp. 216-221

Relief for Individual Taxpayers

A phase-in program will ease the immediate shock of a revaluation program, and general property tax reduction will lower the tax burden across entire local government jurisdictions. However, because of the regressivity of the property tax, there will always be some low- or moderate-income taxpayers for whom the property tax may be an excessive burden.

Many states have taken steps to provide for some tax relief for individual taxpayers. This has been done in some cases through homestead exemptions or credits and sometimes through the device of a circuit breaker. Table 25 shows the types of tax relief programs in effect as of 1983.

New Jersey now has two programs in place which attempt to address the problem of the heavily-burdened individual property taxpayer. One is the Homestead Rebate Program, authorized in 1976.[1] The other is the Homestead Tax Relief Act, enacted in 1985.[2] In addition, the idea of a circuit breaker has been proposed. The circuit breaker is a device which places some limit on the burden which the property tax places on the income of the taxpayer. Circuit breakers come in many shapes and sizes. Table 26 gives some of the details of the circuit breakers in use among the states in 1983. While most states which use this device apply it mainly to elderly taxpayers, a significant number now make all property taxpayers eligible for the circuit breaker.

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[1]L.1976, c.72

[2]L.1985, c.304

Table 25. Individual Property Tax Relief Mechanisms Employed by the States, 1983

	Homestead Exemption or Credit				
	All Ages	Seniors Only	Circuitbreaker	Renter Credit	Deferral[a]
New England					
Connecticut			S		
Maine			S		
Massachusetts	X	X		A	X
New Hampshire		X			X
Rhode Island			S		
Vermont			A		
Mideast					
Delaware		X			
District of Columbia	X		S/A		X
Maryland	X		A		
New Jersey	X	X		S/A	
New York		X	A		
Pennsylvania			S		
Great Lakes					
Illinois	X	X	S		X
Indiana	X	X		A	
Michigan			A		
Ohio	X		S		
Wisconsin	X		A	A[b]	
Plains					
Iowa	X		S		X
Kansas			A		
Minnesota	X		A		
Missouri			S		
Nebraska			S		
North Dakota			S		
South Dakota			S		
Southeast					
Alabama	X	X			
Arkansas			S		
Florida	X	X			X
Georgia	X	X			X
Kentucky		X			
Louisiana	X				
Mississippi	X	X			
North Carolina		X			
South Carolina		X			
Tennessee		X			X
Virginia		X			X
West Virginia		X	S		

(continued)
Table 25. Individual Property Tax Relief Mechanisms Employed by the States, 1983

	Homestead Exemption or Credit				
	All Ages	Seniors Only	Circuitbreaker	Renter Credit	Deferral[a]
Southwest					
Arizona			S		
New Mexico			S		
Oklahoma	X		S		
Texas	X	X			X
Rocky Mountain					
Colorado			S		X
Idaho			S		
Montana		X	S		
Utah		X	S	A	X
Wyoming	X	X			
Far West					
Alaska	X	X		S	X[c]
California	X		S	A	X
Hawaii	X	X		A	
Nevada			S		
Oregon	X		A	S/A	X
Washington		X			X

[a]All deferral programs, except those in the District of Columbia and Florida, are limited to senior citizens.

[b]Wisconsin: The Wisconsin renter credit is designed to complement its homestead credit program. The homestead credit reimburses homeowners 10 percent of property taxes accrued, and the renter credit reimburses tenants 10 percent of the property tax equivalent paid in rent.

[c]Alaska: Senior citizens may defer special assessments. They are exempt from all property taxes.

Source: National Conference of State Legislatures

Table 26. Use of Circuit Breakers by State Governments, 1983

State	Property Tax Rent Equivalent	Income Ceiling	Average Benefit	Cost Per Capita[a]	Percentage of Households Receiving Benefits
All ages, homeowners, and renters					
District of Columbia[b]	(15%)	$20,000	$318	$13.57	7
Kansas	(15%)	12,800	144	3.41	N/A
Michigan	(17%)	None	370	58.16	41
Minnesota[c]	(23%)	39,999	620	45.17	66
New York	(25%)	16,000	74	1.33	N/A
Oregon	(17%)	17,500	205	32.35	60
Vermont	(20%)	24,999	248	10.66	23
Wisconsin	(25%)	15,500	318	17.44	15
All ages, homeowners, only elderly renters:					
Maryland[b]	(15%)	None	351	8.77	6
Only elderly, homeowners, and renters					
Arizona[e]	(5%)	5,500	327	5.76	N/A
California[b,e]		12,000	92	.36	25
Colorado	(20%)	11,200	262	4.98	44
Connecticut	(20%)	12,000	256	4.44	50
Illinois[b,f]	(30%)	12,000	246	6.75	55
Iowa[b]	(25%)	11,999	181	3.27	35
Maine[b]	(25%)	7,400	270	5.32	22
Missouri	(20%)	10,000	138	1.21	14
Montana	(15%)	None	119	2.30	N/A
Nevada	(17%)	14,000	168	2.03	27
New Mexico	(6%)	16,000	74	1.48	19
North Dakota[b]	(20%)	10,000	126	2.75	21
Pennsylvania[b,c]	(20%)	11,999	215	8.16	46
Rhode Island	(20%)	12,500	159	.33	N/A
Utah[g]		9,999	106	.68	16
West Virginia	(12%)	5,000	16	N/A	1

(continued)
Table 26. Use of Circuit Breakers by State Governments, 1983

State	Property Tax Rent Equivalent	Income Ceiling	Average Benefit	Cost Per Capita[a]	Percentage of Households Receiving Benefits
Elderly homeowners only:					
Arkansas		$12,000	$ 81	$ 1.13	5
Idaho[b]		11,900	177	3.24	33
Nebraska		10,400	463	16.08	N/A
Ohio		15,000	153	5.01	47
Oklahoma[b]		7,200	90	.06	2
South Dakota[b,d]		7,375	113	1.08	27

N/A Not Available

Note: When there are separate maximum income levels for single persons and married couples,the amount stated in this table is for married couples.

[a]Per capita cost was determined by dividing total benefits distributed by the total state population.

[b]Disabled persons receive the same benefits as senior citizens.

[c]Minnesota: The amount of the circuitbreaker benefit is reduced by the amount of the homestead credit benefit. Data are for 1981.

[d]South Dakota: Cost figures also include state's sales tax refund to the elderly.

[e]California: Property tax equivalent is $250, regardless of amount of rent paid.

[f]1982 data.

[g]Utah: For elderly renters, from 5 to 95 percent of rent paid is reimbursed, with a decreasing portion of rent paid reimbursed as income increases.

Source: NCSL survey and ACIR, Significant Features of Fiscal Federalism, 1982-83 Edition. The" percentage of households receiving benefits column" is from Steven D. Gold, The Changing Shape of Property Tax Relief Since the Late 1960s, National Conference of State Legislatures, September 1983. These data are approximations based on the number of households in the Spring of 1976 and program statistics for fiscal year 1977. Estimates for elderly programs do not consider that some programs include participation by nonelderly persons such as the blind or disabled.

Homestead Rebate Program

Originally enacted as part of the tax reform program of 1975-76, the Homestead Rebate has become an accepted part of the New Jersey tax structure. The rebate is calculated in two parts. The first is found by multiplying $10,000 or two-thirds of the equalized valuation of the property, whichever is less, by $1.50 per hundred dollars of value. To this is added a figure found by multiplying $10,000 by 12 1/2% of the effective tax rate of the taxing district. For an $80,000 homestead in a taxing district with a tax rate of $2.00, the calculation would be:

$$(\$1.50/100 \times \$10,000) + (\$10,000 \times .125 \times 2.00/100) = \$175$$

Senior citizen homeowners, disabled persons, and surviving spouses receive an additional $50 rebate.

Coupled with the Homestead Rebate is a credit of $65 for renters against the State gross income tax. Senior citizens, disabled persons and surviving spouses are eligible for an additional $35 credit.

As shown in Table 27, the benefit of the Homestead Rebate is relatively constant across income groups. Since the formula for calculating the rebate has no income component, the only factor which reduces the rebate's value gradually as income rises is the fact that higher income persons tend to live in places with lower effective property tax rates.

The annual cost of the Homestead Rebate has remained fairly stable, rising only from $274 million in 1977 to $300 million in 1985. As a result, the constant-dollar value of the rebate has declined and its impact on tax relief has dwindled.

Homestead Tax Relief Act

New Jersey now has legislation resembling a circuit breaker in the Homestead Tax Relief Act. This law provides that, in figuring the State

Table 27. Comparison of Benefits to Homeowners Under Various Property Tax Relief Programs, 1984

Gross Income Range	Average Gross Income	Average Property Tax	Property Tax Benefits for Average Taxpayer: Homestead Rebate	Homestead Tax Relief Act	N.J. Commission on Government Costs and Tax Policy	S.2081
Under $5,000	$ 2,830	$ 1,471	$ 217	$ 57	$ 1,221	$441
$5,000 - 9,999	7,466	1,539	213	65	939	462
10,000 - 14,999	12,535	1,609	205	65	559	483
15,000 - 19,999	17,531	1,633	199	65	33	490
20,000 - 24,999	22,550	1,658	194	65	-	497
25,000 - 34,999	30,087	1,695	190	65	-	509
35,000 - 49,999	41,960	1,863	187	65	-	373
50,000 and over	93,477	2,619	186	92	-	131

Notes: 1. Average gross income, average property tax, and average Homestead Rebate are actual figures from <u>Owner Occupied Housing Statistics</u>..., <u>op</u>. <u>cit</u>.

2. All other data developed by applying benefit rates in text to taxpayer data in above source.

gross income tax, deductions may be made from a taxpayer's gross income for the property taxes paid. The amount of the deduction is:

For taxable incomes of:	The deduction is the greater of actual property taxes paid or:
Not over $20,000	$3,250
Over $20,000 but not over $50,000	$2,600
Over $50,000	$1,857

Renters are entitled to a deduction from income of 18% of their annual rent as follows:

For taxable incomes of:	The deduction is the greater of 18% of rent or:
Not over $20,000	$1,750
Over $20,000 but not over $50,000	$1,400
Over $50,000	$1,000

Again, as shown in Table 27, the net effect of the law is rather modest, and is spread quite evenly among taxpayers at all income levels. A true circuit breaker would be targeted more heavily at the lower-income taxpayer. In order to do this, it probably would be necessary to structure the tax relief as a credit against the tax liability, rather than merely a deduction from gross income.

The cost of the Homestead Tax Relief Act was originally estimated before enactment at from $140 to $160 million, to be felt as a reduction in State revenue from the gross income tax. In 1985, its first year, the actual cost came to about $132 million, apparently because of the failure by many eligible persons to claim its benefits.

New Jersey Commission on Government Costs and Tax Policy

A purer form of circuit breaker was described in 1977 by a subcommittee of the New Jersey Commission on Government Costs and Tax Policy.[1] This suggested plan would have reimbursed all property taxes above a designated percentage of gross income by a credit against the income tax. If the credit were to exceed the income tax due, there would be a direct payment to the taxpayer. The cut-off points for property tax as a percentage of income and the maximum property tax payable are shown below:

Gross Income	Circuit Breaker Activated At	Maximum Property Tax
Under $5,000	5% of Income	$ 250
$5,000 to $10,000	6% of Income	600
$10,000 to $15,000	7% of Income	1,050
$15,000 to $20,000	8% of Income	1,600
$20,000 to $25,000	9% of Income	2,250
$25,000 and Over	10% of Income	2,500 +

The cost of this plan in 1984 dollars is estimated at about $210 million for homeowners, without any provision for renters.[2] If a provision were added to this plan for tenants, similar to the $65 credit provided against the gross income tax in connection with the Homestead Rebate program, an additional cost of $50 million would be anticipated. The circuit breaker as proposed, had no limitation on the maximum benefit that could be received. If one were to be imposed, it could change the benefits and costs substantially.

The subcommittee of the Commission which analyzed this plan did not recommend its implementation in 1977, because only 40% of the state's

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[1] Summary Recommendations and Subcommittee Reports, New Jersey Commission on Government Costs and Tax Policy, December, 1977, p.A-26.

[2] The 1975 cost was estimated in the subcommittee report at $253.7 million, but a smaller number of low income homeowners by 1984 accounts for the drop in cost estimate.

homeowners would have received any benefit and because there was some fear that a credit system against the income tax would endanger $18 million in Federal revenue-sharing funds. As can be seen in Table 27, the plan is targeted very heavily to the lower income homeowners of the state.

Senate Bill 2081

Another form of circuit breaker is contained in Senate Bill 2081 (1986). Here, rather than an absolute cut-off of all property taxes above a given level, the State would grant credits of a percentage of the local property taxes paid on a sliding scale of gross income:

Gross Income	Credit as a Percentage of Property Taxes
Under $30,000	30%
$30,000 to 34,999	25%
$35,000 to 39,999	20%
$40,000 to 44,999	15%
$45,000 to 49,999	10%
$50,000 and Over	5%

In this case, there is a limit of $1,000 on any credit allowed, and tenants receive a flat $100 credit. The total cost of S.2081 has been estimated at $589 million, more than the 1977 proposal because taxpayers at all income levels would receive some benefits. About $120 million of this total would be obtained by repeal of the Homestead Tax Relief Act, bringing the net amount of "new" money required down to $469 million. As with many circuit breakers, taxpayers whose credit exceeds their tax liability would receive a direct payment from the State. As shown in Table 27, the benefits of S.2081 are spread more widely than under the 1977 plan, and therefore they have a higher cost. This proposal contemplates that it would replace the Homestead Tax Relief Program, but not the Homestead Rebate.

Comparisons and Recommendations

Table 27 shows a comparison of the four existing or proposed plans for relief of individual New Jersey property taxpayers. Data in the table deal only with homeowners because comparable information for tenants are not readily available. Neither of the plans now in effect are targeted to any degree toward very low income homeowners. Their impact is spread across all income levels where it may or may not be needed. In contrast, both of the other plans do have a more targeted impact, which is a major characteristic of the circuit breaker.

A circuit breaker might be designed so that 10% is the limit beyond which property taxes should not go as a percentage of any taxpayer's gross income. While the particular details of a circuit breaker which are most appropriate for New Jersey at this time have not been determined, the Commission recommends that a State-funded circuit breaker be enacted to ensure that no taxpayer need pay more than a reasonable percentage of gross income in property taxes.[1]

It is obvious that circuit breakers are not cheap. One of the great virtues of the property tax is that, as a very broad-based tax, it generates huge amounts of tax dollars. This virtue, however, means that any substantial reduction in the property tax, either across-the-board or for the benefit of individual taxpayers, will also require large amounts of money. One possible way in which some of the money might be acquired is through the repeal of the Homestead Tax Relief Act (L.1985, c.304). Tables included in this report provide data on which cost estimates may be made for circuit breakers of various kinds.

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[1]Commissioner Ogden dissents from this recommendation; see Appendix F.

Summary of Recommendations

In summary, the Commission believes that fiscal shock is a real and potentially destructive fact, particularly in New Jersey's urban communities. Several steps should be taken quickly to mitigate fiscal shock. They include:

(a) Authority for municipalities, once in the next five years, to phase in a revaluation program over a four-year period.

(b) Establishment of a State-aided phase-in program to be limited to one occasion in the first two years after enactment for the most heavily-impacted municipalities.

(c) Development of a long-range program to reduce property taxes to no more than 3% of property value.

(d) Authority for municipalities to collect user fees for police and fire protection costs from tax-exempt properties.

(e) Enactment of a circuit breaker provision in the gross income tax to limit property tax liability to no more than a reasonable percentage of a taxpayer's gross income.

IV

ASSESSMENT ADMINISTRATION AND FINANCING

Recommendations made in the last chapter have dealt mainly with the short-term problems and possible solutions for fiscal shock. These steps, however, will be ineffective if action is not taken to insure that assessments are reviewed and adjusted periodically to maintain the equality created by a revaluation program. Effective assessment administration is a necessity in every community of the state if the burden of the property tax is to be distributed fairly among all owners of taxable property.

Many steps have been taken in the past 35 years to improve the quality of assessment administration in New Jersey. Training programs for tax assessors were instituted in the early 1950's and have been greatly expanded. In the mid-1950's, a unit then known as the Local Property Tax Bureau was established in the Division of Taxation of the New Jersey Department of Treasury to assist local assessors. This is now the Local Property Branch of that division. A certification requirement for tax assessors, based on satisfactory completion of a State examination, was established in the 1960's, and provisions were made for granting tenure in office to qualified tax assessors. The local election of tax assessors was replaced by appointment in the 1970's, and boards of assessors were abolished in favor of single assessors in the 1980's.

All of these developments have contributed to the effectiveness of the assessment system in the state. Nevertheless, much remains to be done. A large number of taxing districts still have coefficients of deviation exceeding the accepted standard of 15%. Substantial sums of money are appropriated every year for revaluation programs, where outside consultants must be hired to restore some equity to assessment lists which have drifted away from that goal.

While there are no nationwide data against which performance can be measured easily, it is significant that other states are now requiring assessments to meet standards which exceed the performance in many New Jersey communities. In Massachusetts, municipal assessment rolls must have a coefficient of deviation of less than 10% in order to be certified by the State. The same standard is to be applied this year in Wisconsin. In Maryland, no county assessment district in 1984 had a coefficient exceeding 21%, a level of equality exceeded by 69 of New Jersey's 567 taxing districts.[1]

Causes of Assessment Deficiencies

Discussions with local tax assessors and data gathered in the Equity 21 project indicate at least ten major causes of deficiencies in New Jersey assessment administration:

(1) the cost of modern technology,

(2) the cost of sufficient qualified personnel,

(3) the cost of revaluations,

(4) small assessment jurisdictions,

(5) political interference,

(6) lack of accountability,

(7) lack of expert assistance,

(8) inability of the tax assessor to file appeals,

(9) rapidly-changing property values,

(10) an unwillingness to disturb the status quo.

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[1] *Equity* 21, Vol. III, P. 37.

The Cost of Modern Technology

New Jersey statutes provide for the annual assessment of real property:

> "All real property shall be assessed to the person owning the same on October 1 in each year. The assessor shall ascertain the names of the owners of all real property situate in his taxing district, and after examination and inquiry, determine the full and fair value of each parcel of real property situate in the taxing district at such price as, in his judgment, it would sell for at a fair and bona fide sale by private contract on October 1 next preceding the date on which the assessor shall complete his assessments, as hereinafter required;...[1]

While the substance of this law has been in the New Jersey statutes for almost 70 years, annual review and revision of tax assessments has been very rare. In the past, it has been generally acknowledged that determination of the value of every property every year, while theoretically possible, would be prohibitively expensive. Instead, New Jersey settled for a system which, at best, resulted in revised assessments on new or changed property and occasional updates of all property assessments. This would take place only when assessment equity became so bad that there was a justification for spending the money to provide for a full revaluation by outside consultants or for a reassessment by an augmented local tax assessor's staff.

In recent years, advances in technology have made annual review and updating of assessments more feasible. A few communities in New Jersey have provided their tax assessors with the equipment and training necessary to use this new technology, primarily known as "computer-assisted mass appraisal" systems. A wide variety of computer software is now

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[1] R.S. 54:4-23

becoming available for this purpose. However, costs are high, especially for small taxing jurisdictions; the knowledge required to make intelligent decisions on sophisticated and complex systems is not wide-spread; and the training to make full use of such systems is lacking. Moreover, leaving the acquisition of computer systems entirely to local initiative may lead to the selection of incompatible hardware and software in different communities, thus sacrificing a major advantage of modern data processing -- the easy interchange of information among multiple users. Other states have done more than New Jersey in providing for a coordinated approach to computer-assisted appraisal technology and for its use throughout the state.

The Cost of Sufficient Qualified Personnel

Technology can never completely eliminate the informed judgment of a trained and experienced appraiser. The qualifications and, probably, the number of personnel participating in the tax assessment function must be upgraded, not only to make use of modern technology, but also to provide competent personnel to handle all of the specialized types of property now found in a densely-populated state.

While virtually all of the persons presently functioning as tax assessors in New Jersey hold Tax Assessor Certificates, many earned these credentials many years ago. There has been no program required for updating the knowledge of such persons over the years. Recertification is a growing trend among many professions. In New Jersey local government, periodic renewal of certification is well-established in the code enforcement field and probably is coming in other areas. Such a requirement is well worth considering for tax assessors.

The present costs for tax assessment personnel are fairly low, but an adequate staff, probably operating on a full-time basis and equipped with modern technology, may cost significantly more. If New Jersey is to have a system which makes effective annual assessments a reality, these costs will have to be met. A part of this new cost will be balanced by reduced expenses for revaluation programs. In the long run, other savings will occur because State appropriations will not be needed to ameliorate fiscal shock situations described in Chapter III. State financial input on a regular, but predictable, basis is much preferable to the larger sums needed sporadically to solve local fiscal crises. State financial input to assist in covering regular administrative costs may also be a useful device in encouraging local communities to meet acceptable standards for the administration of the property tax.

The Cost of Revaluations

When a list of assessments develops substantial inequalities, the only way to restore the fairness of the assessments is to contract for a major revaluation or reassessment program. Such a program is costly and has the potential to cause political problems for elected officials since some tax bills inevitably will be increased. As a result, municipal governing bodies frequently seek to avoid or delay authorizing the revaluation program. This only makes the situation worse, for economic trends probably will magnify the inequalities among the assessments.

Small Assessment Jurisdictions

New Jersey has numerous tax assessment jurisdictions which have only a handful of taxable line items, but are faced, potentially, with the possibility of having very specialized and complicated properties located within their borders. Table 28 shows the distribution of taxing districts

Table 28. Distribution of New Jersey Taxing Districts According to Number of Taxable Line Items, 1985

Number of Line Items	Number of Districts	Cumulative Number
Below 500	34	34
500 to 999	50	84
1,000 to 1,499	67	151
1,500 to 1,999	67	218
2,000 to 2,499	65	283
2,500 to 4,999	146	429
5,000 to 9,999	91	520
10,000 to 19,999	33	553
20,000 and over	14	567

Source: Equity 21, Vol. III, Appendix A.

by number of line items. Thirty-four places have less than 500 taxable properties, while 84, almost 15% of the total, have less than 1,000. The number of line items is not a perfect measure of the work load involved; some properties may be far more difficult to appraise than others. But, the line item count certainly has some significance.

Small taxing districts not only have difficulty paying for adequate staff and new technology, they also can rarely provide for a full-time office operation necessary so that individual taxpayers may obtain information on their assessments without making special arrangements to meet tax personnel, sometimes at inconvenient hours.

Political Interference

Almost every meeting of tax assessors includes discussion about incidents of political interference. The assessor should be able to set assessed values on all taxable properties in a fair and objective manner. Elimination of the election of tax assessors, the requirement for State certification, and the granting of tenure to qualified assessors have gone a long way to removing the assessor from local politics. On the other hand, the costs of the assessor's salary and office are still a municipality responsibility, and special costs, such as for revaluations and tax appeals, must be authorized by the municipal governing body. Many municipal governing officials fear the political backlash from actions of the assessor which may be unpopular with some voters. Inevitably, there will be some unhappiness when an elected local governing body is told to pay for an office and take any political heat which it generates, but keep hands off in terms of how the office operates.

Political pressures also may be felt at the county level in the selection of county tax board members and in budget negotiations for the county government's share of the costs of the county board of taxation.

At the State level, politically-oriented actions by the Legislature in responding to crisis situations in some communities -- such as moratoriums on revaluations -- have an impact well beyond the boundaries of the municipality being aided.

Lack of Accountability

Local tax assessors now are appointed by the municipal governing body or chief executive, and are funded by the municipality, but they are supervised by the county boards of taxation and, from a distance, by the director of the State Division of Taxation. Once certified and appointed, the standards of performance demanded of an assessor are vague or lacking entirely. While it is possible to remove a tax assessor from office, the procedures are involved and the grounds for removal poorly defined. In fact, it rarely happens.

Similarly, while county tax board members can be removed from office by the Governor for willful failure to comply with the Constitution or laws of the state, there are no standards for performance, and such a removal practically never happens.

Assessors, county tax boards, and all other personnel engaged in assessment administration should be accountable to someone for effective performance, and the standards of performance required must be clearly stated in advance.

Lack of Expert Assistance

The establishment, 30 years ago, of the present Local Property Branch in the Division of Taxation, was a major step forward in assisting local tax assessors. The LPB has provided aids, such as the Handbook for New Jersey Assessors, the New Jersey Handbook for County Boards of Taxation, and the New Jersey Real Property Appraisal Manual, and regularly provides advice and information on tax matters. However, the Commission believes that the LPB cannot achieve its full potential within a Division of State government which has as its primary task the collection of State taxes. The LPB has a low priority in the activities of the Division of Taxation. The elevation of the LPB to Division status, its adequate staffing, and its assignment to coordinate and assist the full property tax system would show a State commitment to improving the property tax which is fully justified by the importance of that tax to New Jersey.

Tax Assessor Appeals

Mistakes do occur in the filing of assessment lists. The right of a tax assessor to file a tax appeal is severely limited, however. Informal appeals for corrections may be made to the county board of taxation prior to formal certification of the tax list. Thereafter, all tax appeals must be authorized by the municipal governing body. Some governing bodies are reluctant to do this, since substantial costs sometimes are possible for special tax counsel or expert witnesses. As a result, errors in the assessments may be permitted to stand. If the assessor were to be given the right to file tax appeals, many of these errors might be eliminated.

Rapidly-Changing Property Values

New Jersey is now in the midst of its third period of rapidly-increasing property values in the last 15 years (See Table 29). Between 1970 and 1974 and again in 1978 through 1981, high rates of growth in the statewide total of equalized valuations were due in considerable part to accompanying high inflation rates. In contrast, the growth of property values from 1984 through 1986 has occurred during low inflation, so that the true growth in constant dollar terms is greater than in earlier years.

In either case, whether growth is due to inflation or not, rapid increases in property values make the tasks of the tax assessor more

Table 29. Periods of Rapid Growth in Total Equalized Valuation in New Jersey, 1970 to 1985

Year	Annual Percentage Change In Current Dollar Equalized Valuation	Annual Percentage Change In Constant Dollar Equalized Valuation
1970	+ 11.2%	+ 4.0%
1971	+ 11.0	+ 5.0
1972	+ 12.2	+ 8.8
1973	+ 12.7	+ 6.3
1974	+ 13.1	+ 1.1
1975	+ 9.3	+ 1.1
1976	+ 6.3	+ 0.9
1977	+ 5.9	- 0.3
1978	+ 7.7	+ 1.7
1979	+ 12.3	+ 2.6
1980	+ 14.2	+ 1.7
1981	+ 12.3	+ 2.2
1982	+ 9.0	+ 3.5
1983	+ 6.4	+ 2.9
1984	+ 10.0	+ 5.1
1985	+ 12.9	+ 9.2
1986	+ 19.3	+15.5

Notes: 1. Equalized valuations from Table of Equalized Valuations issued each October 1 by the Director of the Division of Taxation.

2. Current dollar figures have been converted to constant dollars by use of the Consumer Price Index as averaged for the Newark-N.E. New Jersey and Philadelphia areas.

difficult. Properties are assessed once a year, as of October 1. However, sales take place throughout the year, and the comparison of sales prices with assessed values loses some of its validity as a measure of assessment quality under such circumstances. Moreover, rapid change in property values may not be at all uniform, leading to variation among properties in different sections of a municipality. If review and revision of assessments is delayed only moderately, the potential for fiscal shock can increase sharply.

An Unwillingness to Disturb the Status Quo

Any major change in government evokes opposition. People are comfortable with systems and practices with which they are familiar. Despite the law, annual review and revision of assessments has been the exception in New Jersey for so long that this omission has become accepted practice. Non-uniformity of assessments, corrected at substantial cost periodically through revaluation programs, has also become somewhat accepted. Substantial efforts to change these practices almost certainly will be resisted. And yet, the Commission is convinced that it is possible to do a better job than we are doing now. The balance of this report will be devoted to suggestions for a revised organization and system for assessment administration which the Commission hopes will provide for more efficient and effective tax assessment administration.

A Revised Tax Assessment System

The overall goal of a revised tax assessment system is to provide more adequately for uniformity of assessments, in order that the property tax burden may be distributed fairly. Specific elements which must be included are:

(1) the availability and use of modern technology,

(2) sufficient qualified personnel at all levels,

(3) adequate financial provisions for needed revaluations,

(4) assessment jurisdictions of adequate size,

(5) protection against political interference,

(6) enforceable standards of performance for all personnel,

(7) expert assistance when necessary, and

(8) procedures for the easy correction of errors in assessments.

Equity 21 Models

Three models of assessment systems prepared as a part of the Equity 21 project have been examined by the Commission.

Improved Municipal Appraisal Districts

The first of the Equity 21 model plans provides for "Improved Municipal Appraisal Districts". Municipal tax assessors, now to be known as "appraisers", would be appointed by the municipal governing body or chief executive, subject to approval by the director of the State Division of Taxation.

The Local Property Branch (LPB) of that Division would continue its present duties and, in addition, would establish standards for the municipality's obligation to furnish the appraiser with sufficient resources -- salary, office space, staff, equipment and other resources -- for conducting that office. If such resources were not provided, the State would retain the right to furnish the resources and to withhold any State aid to which the municipality is now entitled in order to cover the cost.

The LPB would establish performance standards for the appraiser. If standards were not met, the director of the Division of Taxation would be empowered to remove the appraiser from office.

The LPB would be responsible for developing a uniform computer-assisted mass appraisal system for optional use by all municipalities and for search and development of new technology and new methods of appraisal.

Under this plan, there would be 21 county appraisal administrators, who would be State employees reporting directly to the director of the Division of Taxation. The county appraisal administrator would administer the collection of sales data, disseminate LPB reports, rules, and standards, and monitor municipal compliance with State standards for providing the appraiser's office with adequate resources.

Preparation of the municipal tables of aggregates and the county abstract of ratables would be a responsibility of the Local Property Branch.

County Appraisal Districts

The second Equity 21 plan is based on "County Appraisal Districts". The Governor, with the advice and consent of the Senate, would appoint a county appraisal administrator for each county for a term of five years. The administrator would have a full-time appraisal staff and could either assign appraisers to municipalities or groups of municipalities within the county or provide that they specialize in different kinds of property.

Costs of the county appraisal administrators' offices would be a county government obligation, and the board of chosen freeholders would determine what resources would be provided. The Local Property Branch of the Division of Taxation would establish standards of performance for the county appraisal administrators and would monitor their performance. A county appraisal administrator could be removed by the Governor for cause.

The county appraisal administrator, in addition to regular appraisal duties and supervision of staff, would be responsible for defending tax appeals, preparing the county abstract of ratables, developing a data processing system within the county, and providing for research and development of new technology, either in the county or through the LPB.

Statewide Appraisal Commission

The third Equity 21 model plan calls for placing all tax assessment responsibilities in a Statewide Appraisal Commission. The policy-making body of the Commission would be a Board of Appraisals, consisting of seven members appointed by the Governor, for five-year terms of office, with the advice and consent of the Senate. The Commission would appoint a Chief Executive officer, who would be responsible for the ongoing operations of the Commission, including all personnel matters.

A central office staff of the Commission would replace the present Local Property Branch, and there would be an estimated 40 to 50 regional offices with full-time appraisal staff assigned. Staff appraisers could be assigned to work in specific municipalities or groups of municipalities, or they could be assigned to specialize in particular types of property.

The central office staff would be responsible for developing a uniform statewide computer-assisted mass appraisal system for use by all of the regional offices, would defend all tax appeals, would administer all tax exemptions, and would conduct research and development of new appraisal technology and methods.

The staff and budget for the central office and all regional offices would be determined by the Statewide Appraisal Commission, subject to approval by the Legislature and Governor, and all costs would be apportioned among the municipalities in proportion to their equalized valuation.

Common Features

All three of the Equity 21 plans have certain common features. In each plan, the principal assessment officer, by whatever title known, would have to hold a CTA certificate prior to appointment, and would be required to renew the certificate periodically in some manner.

The State agency supervising the assessment process, currently the Local Property Branch of the Division of Taxation, would gain a number of new duties. Its staff would appraise all property which crosses local taxing district boundaries; it would assist on complex appraisals and on the defense of tax appeals; and it would equalize aggregate assessed values for both the apportionment of county costs and for the distribution of State school aid. The State agency would also be expected to monitor property tax legislation.

The administration of property tax deductions and Homestead Rebates would be handled under each of the Equity 21 plans by some State government agency, rather than by the local assessment jurisdiction.

Under all of the Equity 21 plans, the members of the county boards of taxation would become known as Appraisal Appeals Commissioners, with their responsibilities being limited to hearing tax appeals. Commissioners would be required to hold CTA certificates prior to appointment by the Governor (with advice and consent of the Senate), and the certificate would have to be renewed periodically.

The filing deadline for tax appeals would be moved up to the late Spring of the tax year in order to focus attention on appraised values rather than tax bills, and all property owners would be notified of their appraised values in January of the tax year.

A Recommended Plan

Each of the Equity 21 plans and some other models examined by the Commission have some desirable elements, but no single plan is regarded as completely satisfactory.

In general terms, the Commission believes that the most feasible plan would retain the municipal tax assessor as the principal appraisal officer, but would strengthen accountability by providing for supervision by a county property tax administrator who is an employee of a new Division of Local Property Tax Assessment (DLPTA) located in either the Department of the Treasury or the Department of Community Affairs. Services rendered to local tax assessors by the new Division would be considerably broadened. In addition, there would be a new program of State financial assistance for local property tax assessment administration which would be available to any municipality meeting specified standards for salaries, staffing, office space, equipment and other resources required for effective assessment administration. Administrative duties of the county boards of taxation would be transferred to either the county property tax administrator or to the central staff of the DLPTA, and the county boards would be freed to concentrate on the appellate aspects of their present job. A more detailed discussion of the recommended plan follows.

State Division of Local Property Tax Assessment

While the Local Property Branch (LPB) of the Division of Taxation has done a commendable job in improving property tax administration over the past 30 years, the Commission believes that, in order to strengthen its role, the LPB must be elevated to the status of a Division of Local Property Tax Assessment (DLPTA). The property tax is exclusively a local government tax in New Jersey and is the principal source of local government revenue. The placement of the LPB in a division where the main task is the funding of State government means that supervision and assistance for local tax administration will always be considered secondary.

There may be some merit in transferring the Division to the Department of Community Affairs. Community Affairs is the one department of State government which exists to provide assistance and supervision for local government in New Jersey. It already includes the Division of Local Government Services (DLGS), which is responsible for supervising most county and municipal financial activities. In doing this, the DLGS deals extensively with municipal tax collectors. It might be logical to concentrate all functions bearing on property tax administration in one government department. Actually, those functions were once in the same department, but the DLGS was transferred from the Department of the Treasury to the Department of Community Affairs when the latter department was created in 1967. The establishment of a Division of Local Property Tax Administration in the Department of Community Affairs would reunite the two State agencies dealing with local government finance.

On the other hand, there is logic to keeping the administration of property tax assessments in the Department of the Treasury, where this function may be coordinated with other forms of tax administration at the State level. Moreover, placing the DLPTA in this department may be beneficial in securing more adequate budgetary provisions.

Given these arguments on both sides, the Commission makes no specific recommendation on where the Division of Local Proptery Tax Assessment should be located within the State Government. The important factor is divisional status.

<u>The Commission recommends that the Local Property Branch of the Division of Taxation be reconstituted as a Division of Local Property Tax Assessment.</u>

The DLPTA would carry out all of the present responsibilities of the LPB, plus the following additional activities:

(1) Develop standards for the minimum size of tax assessment jurisdictions, and prepare plans for the consolidation of the assessment function in municipalities not meeting those standards (See below, p.120).

(2) Administer a program of State aid to municipalities for assessment administration (See below, p.121).

(3) Develop standards for tax assessor salaries and benefits, staff, office space, equipment, and other resources to be furnished by the municipal government for the tax assessor's office, and withhold State aid if those standards are not met (See below, p.122).

(4) Administer a program for periodic renewal of CTA certificates (See below, p.125).

(5) Develop performance standards for municipal tax assessors, county tax board members, and other assessment personnel, monitor their performance, and remove from office assessors and county board members who fail to meet the standards (see below, p.127).

(6) Administer centrally all tax deductions for veterans, senior citizens, and handicapped persons (See below, p.127).

(7) Administer centrally all Homestead Rebates (See below, p.127).

(8) Provide expert assistance to municipal tax assessors for the appraisal of complex properties and the defense of tax appeals. (See below, p.128).

(9) Develop standards for computer-assisted mass appraisal systems for use by municipal tax assessors and approve the acquisition of all new systems (See below, p.128).

(10) Handle centrally all aggregate equalization of assessments, both for

the apportionment of county costs and for the distribution of State school aid (See below, p.129).

(11) Determine when revaluation programs are required and order that they be conducted and implemented (See below, p.131).

(12) Develop standards for the licensing of revaluation firms and their actual performance, monitor their performance and, if necessary, cancel their license to operate in New Jersey (See below, p.131).

Assessment Administration Review Board

In the above list of responsibilities there are several occasions on which the Division of Local Property Tax Administration would develop standards for the tax assessment field in New Jersey.[1] The Commission believes that the actual adoption of such standards should be the responsibility of a body having broader representation than the administrative staff of the DLPTA. It is suggested, therefore, that an Assessment Administration Review Board be created within the DLPTA, consisting of five members appointed by the Governor with the advice and consent of the Senate for five-year terms of office. At least one of the members should be a person having substantial experience as a municipal tax assessor and another with similar experience as a county tax board member. The Board would review and, after advertisement and public hearing, adopt all standards developed by the DLPTA for minimum assessment jurisdiction size; tax assessor salaries, staff, office space, equipment, and other resources to be furnished by the municipal government; performance by municipal tax assessors, county tax board members, and other assessment personnel; acquisition of computer-assisted mass appraisal systems; and performance by revaluation firms.

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[1]See activities (1), (3), (5), (9), and (12).

A second function of the Board would be to provide an element of due process in any action by the DLPTA to remove an assessor or a county tax board member from office for failure to meet performance standards, or any action to revoke the license of a revaluation firm. The board would accept appeals in such cases, hold further hearings to take testimony, and render a final decision.

The Board would have no authority with regard to the routine administration of the Division of Local Property Tax Administration.

The Commission recommends that a five-member Assessment Administration Review Board be established within the Division of Local Property Tax Assessment to adopt standards developed by the Division and to hear appeals from actions to remove assessment personnel from office or to revoke the license of a revaluation firm.

County Property Assessment Supervisor

Some agency between the State level and the municipal tax assessor appears highly desirable. The prospect for a small municipality dealing at a distance with a State bureaucracy can be intimidating. Moreover, some immediate knowledge of local conditions can be very helpful in understanding and monitoring the activities of local officials. The Commission, therefore, proposes that the office of county property assessment supervisor be established in every county as the out-reach arm of the Division of Local Property Tax Assessment. The supervisor would be a State employee appointed by the Commissioner of Community Affairs or the State Treasurer, and all costs of the office would be paid by the State government. The county property assessment supervisor would assume some of the administrative duties of the county board of taxation, and, as the representative of the DLPTA, would:

(1) Monitor the performance of the municipal governments in providing

resources for the tax assessor's office in relation to standards developed by the DLPTA.

(2) Monitor the performance of municipal tax assessors and county tax board members in relation to standards developed by the DLPTA.

(3) Prepare the municipal tables of aggregates and county abstract of ratables.

(4) Supervise and coordinate the gathering and processing of sales data for use in sales ratio studies for equalization purposes.

<u>The Commission recommends the establishment of an office of county property assessment supervisor in every county, to be filled by a State employee of the Division of Local Property Tax Assessment, with all costs to be paid by the State.</u>

Persons presently employed as county tax administrators should have priority for appointment as the first county property assessment supervisors under this proposal. Thereafter, regular State Civil Service procedures should be followed in making future appointments.

<u>Municipal Assessment Jurisdictions</u>

The Commission is convinced that it is desirable to continue using municipal jurisdictions as far as possible for the administration of the property tax. Every taxpayer should have easy access to both the records dealing with his or her property and to informed interpretation of those records. This can be done most readily by having a full-time, adequately-staffed office in every municipality. Complications may arise, however, because of the small size of many municipalities in New Jersey. As a practical matter, some of the smaller municipal jurisdictions may well have to be consolidated for assessment purposes if the goal of ready access is to be achieved without inordinate cost.

The Commission suggests that every assessment jurisdiction should be large enough to justify a full-time assessor and enough staff to maintain the assessor's office on a full-time basis with regular office hours. The Division of Local Property Tax Assessment should develop standards for minimum jurisdiction size, probably using the number of line items on the assessment list as a major factor, but giving consideration to any other relevant factors. No municipality should be divided in establishing a tax assessment jurisdiction, but if existing municipalities do not meet the minimum size standard, the director of the DLPTA should have the authority to direct consolidation of assessment jurisdictions. Appointment of the municipal tax assessor for a consolidated jurisdiction would be made by the director of the DPLTA, subject to veto by the governing body or chief executive of any of the subject municipalities. Initial appointments for a consolidated jurisdiction should be made from among the present assessors of the constituent municipalities, provided that the appointee is willing to serve in a full-time capacity. In the event of deadlock, the director could appoint an acting assessor for one year from among the regular staff members of the DLPTA who are Certified Tax Assessors (CTA). If, at the end of one year, the municipalities cannot agree, the director should have the right to make a permanent appointment of a qualified person without their approval.

<u>The Commission recommends that the Division of Local Property Tax Assessment develop standards for the minimum size of a tax assessment jurisdiction, and that the director of the Division be empowered to order a consolidation of the tax assessment function in municipalities which do not meet the standard.</u>

A second reason for continued municipal tax assessment jurisdictions is the coordination of this governmental function with other municipal activities. The property tax remains the largest single source of revenue for New Jersey local governments. Tax levies are determined locally, and taxes are collected locally. The tax assessor is an important resource for many other departments of local government; to eliminate the local assessment function entirely would inhibit efforts to integrate the resources of the assessor's office with other local government departments.

Suggestions were made in Chapter III for ways in which the property tax level could be reduced in New Jersey. Some progress can be made in this direction and, at the same time, the probability of more effective assessment administration can be enhanced by the implementation of a new program of State aid to municipalities for assessment administration. This is particularly appropriate where performance and funding standards are to be mandated by the State government. The plan envisioned here would cover one-third of the statewide local cost of assessment administration, or roughly 10 million dollars annually. It would be highly desirable, however, for this aid to be distributed on an equalized basis; that is, in higher proportion to municipalities where the tax base per capita is lower, thus helping to reduce property taxes in the places where they are now the highest. The Commission considers it essential that the State government participate financially in supporting the tax assessment process.

<u>The Commission recommends that a new program of State aid for local assesment administration be enacted to cover one-third of the statewide cost of local assessment administration, but with larger amounts of State aid going to places with smaller property tax bases on a per capita basis.</u>

The municipal governing body currently is responsible for determining the salary and benefits, staff, office space, equipment, and other resources to be provided for the tax assessor's office. Under State law, a tax assessor's salary may not be reduced, and some municipalities make adequate provision for all of these resources. Others, however, are very deficient. The Commission intends that the funding of the assessor's office remain a municipal responsibility. It is essential to insure that adequate resources really are provided and that this does not become an overwhelming burden on the municipal budget. The State aid program described above will help; beyond this, some mandated level of resources must be specified. As a State-mandated cost, the expenses of the tax assessor's office then would be outside of municipal budget caps. The Commission is quite aware of the deliberations of the Local Expenditure Limitations Advisory Commission and of their concern that municipal budget caps may be limiting the provision of essential services.

The Commisssion recommends that the Division of Local Property Tax Assessment develop standards for tax assessor salaries and benefits, staff, office space, equipment, and other resources in taxing jurisdictions of varying size.

Some device must be available to insure that the appropriate level of resources is provided by the municipality. Again, the State aid program becomes the vehicle for this purpose. The Commission suggests that the new State aid be withheld if a municipality does not meet the resource standards developed by the DLPTA. In this regard, care must be taken to ensure that these standards are regarded as minimums which a municipality may exceed. Their promulgation should not be permitted to result in any diminution of the resources presently provided in any municipality.

The Commission recommends that State aid for local assessment administration be withheld from any municipality which does not meet specified standards for tax assessor salaries and benefits, staff, office space, equipment, and other resources required by the tax assessor's office.

Under this proposal, it is possible that some municipalities might opt for giving up the State aid while under-funding the tax assessment function. To avoid this possibility, it is suggested that if such a situation develops, and if performance standards are then not met by the municipal tax assessor, the State should take over responsibility for staffing and funding the assessment office, covering the expense by withholding not only the new State aid for local assessment administration, but also any other State aid to which the municipality is entitled under any other program.

The Commission recommends that where a municipality fails to meet State standards for salaries and benefits, staffing, office space, equipment, and other resources for the tax assessment office, and where performance standards are then not met, the director of the Division of Local Property Tax Assessment should be empowered to provide for adequate funding of the tax assessment office, with costs to be covered by withholding of any State aid to which the municipality is otherwise entitled.

The Municipal Tax Assessor

Under the Commission's preferred plan, the municipal tax assessor would continue to be appointed by the municipal governing body or chief executive, depending on the form of government in use. Appointment could only be made from a State-approved list of persons who have qualified as Certified Tax Assessors (CTA) under existing statutory requirements.

The municipal tax assessor, under the Commission's plan, would continue to perform most of the duties presently assigned. These would include the discovery, identification, and listing of each property; determination of taxability; determination of the true value and taxable value of the property; filing of all required assessment lists and other reports; the defense of tax appeals, and the review and processing of sales data used in the assessment-sales ratio studios. Tasks which the municipal tax assessor would no longer perform include the processing of tax deductions for veterans, senior citizens, and disabled persons, and the processing of Homestead Rebates, all of which would be handled centrally by mail at the Division of Local Property Tax Assesment in Trenton with listings of eligible applicants being sent from that agency to the municipal tax collector.

County Boards of Taxation

County boards of taxation now have both administrative and appellate functions. In practice, the members of the board seldom become involved in the administrative functions, leaving these duties largely to the present county tax administrators. The Commission suggests that this division of labor should be formalized. Administrative duties of the county boards can be divided between the county property assessment supervisors and the Division of Local Property Tax Assessment at the State level. This will relieve county tax board members of administrative responsibilities and permit them to concentrate on the hearing of tax appeals. The Commission recommends that county boards of taxation become strictly tax appeal boards, and that their administrative duties be divided between the county property assessment supervisor and the central staff of the Division of Local Property Tax Assessment.

Qualifications of Personnel

Implementation some years ago of the Certified Tax Assessor (CTA) program, with certification being based on a rigorous State examination, was a major step toward more effective tax assessment administration in New Jersey. A substantial pool of qualified personnel has now been developed.[1] The CTA certificate should continue as a requirement for all municipal tax assessors prior to their appointment. It should also be a requirement for county property assessment supervisors. County board of taxation members now have 24 months after their appointment to achieve formal qualification, either through acquisition of a CTA certificate or through completion of specified training programs. The Commission sees

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[1] A total of 1,538 Tax Assessor Certificates have been issued; of these, 337 are held by active assessors, 76 by deputy assessors, and 41 by other assessor staff; 508 persons have left office, 456 are in the private sector, and 120 are deceased.

no need to change this requirement. However, no reappointments should be permitted until a member has met the prescribed qualifications. It is particularly desirable that new courses in tax appeal procedures should be developed for county board members and required early in their term of office.

The Commission recommends that the CTA certificate be a requirement prior to appointment for municipal tax assessors and county property assessment supervisors.

The Commission recommends that new instructional courses be developed in tax appeal procedure and required for county board of taxation members early in their first term of office.

Some holders of the CTA have done little to insure that their qualifications are kept current, once they have received the original certification. The trend in many professions is for some requirement for periodic up-dating. This is now an established pattern for code enforcement personnel in New Jersey municipalities. It is a growing practice in other fields. Recent reports indicate acceptance of the requirement for periodic up-dating by the American Bar Association, and this has been a practice in some areas of the medical profession. If tax assessment in New Jersey is to become truly professional, a similar requirement must be imposed.

Renewal of certifications rarely involves a requirement for future testing. More commonly, it relies on participation in a variety of in-service training activities. On the other hand, if a person can maintain and up-date their qualifications without attending formal instructional programs, this should be their option. The Commission, therefore, favors a five-year renewal requirement for CTA certificates, with the renewal to be based on either the completion of specified training programs or passage of a State-administered examination. In either case, the instruction or examination should cover both the fundamentals required for the job and new developments in the field. State tuition remission money should be made available for a wide variety of training programs, so long as they meet DLPTA requirements.

The Commission recommends that CTA certification be placed on a five-year renewal cycle, with renewal to be based on either the completion of instructional programs or passage of a State examination.

Accountability

Existing arrangements for supervision of municipal tax assessors are vague. The county board of taxation has nominal supervisory powers and may alter the assessments submitted by the assessor. In practice, this is seldom done. The county board may also remove an assessor from office because of failure to file an annual tax list. This almost never happens. The director of the Division of Taxation may remove an assessor from office by revoking a CTA certificate for dishonest practices or for willful or intentional failure, neglect or refusal to comply with the Constitution and laws relating to the assessment and collection of taxes. The Governor has the same power with respect to county tax board members. This rarely happens. The present grounds for removal are difficult to prove and say little about simple incompetence or poor performance.

The Commission suggests that more precise and measurable standards of performance for municipal tax assessors and county tax board members should be developed by the Division of Local Property Tax Assessment. The director of that Division should be empowered to remove from office an assessor or county board member who does not meet those standards, after a hearing.

<u>The Commission recommends that the Division of Local Property Tax Assessment develop standards of performance for municipal tax assessors, county tax board members and other assessment personnel, and that the director of the Division be empowered to remove from office a person who does not meet those standards.</u>

Tax Exemptions, Deductions, and Rebates

Tasks which take a great deal of tax assessor time are the determination of taxability of property through application of the tax exemption statutes, the processing of tax deductions for veterans, senior citizens, and disabled persons, and the processing of Homestead Rebate applications. The Equity 21 project report has suggested that all these duties could be handled more efficiently through a centralized system administered by some State agency. The Commission believes that this would be true for tax deductions and Homestead Rebates, where eligibility depends upon the status of the taxpayer. In the area of tax exemptions, however, where taxability depends heavily on the use to which a property is being put, there is a stronger need for local knowledge of the current situation. The Commission, therefore, would retain the administration of tax exemptions as a function of the municipal tax assessor.

<u>The Commission recommends that the administration of tax deductions and the Homestead Rebate program be handled centrally by the Division of Local Property Tax Assessment, but that administration of tax exemptions remain a duty of the municipal tax assessor.</u>

Expert Assistance

A qualified municipal tax assessor rarely has great difficulty appraising residential properties, which make up the bulk of the taxable line items in most communities. More complex industrial and commercial properties are encountered less frequently, however, and many assessors may need help when faced with an appraisal of such a property. When tax appeals are filed, it is the complex property which usually causes difficulty, both because of its complexity and because the taxpayer will tend to be larger, with greater legal and technical resources. The municipal tax assessor will often need help in such cases.

The Commission recommends that the Division of Local Property Tax Assessment provide assistance to municipal tax assessors in the appraisal of complex properties and in the defense of tax appeals.

New Technology

Many new types of technology are becoming available to the assessment field. Probably the most important are the various computer-assisted mass appraisal systems which hold forth the possibility of effective annual review and up-dating of assessments. Only a few New Jersey communities have made progress in this direction, and results have not always been satisfactory.

The Commission believes that computer-assisted mass appraisal systems have not yet reached a stage of development that would justify mandating their adoption on a uniform, statewide scale. Nevertheless, steps should be taken to establish standards for locally-adopted systems, so that their output may be kept as compatible as possible with other local systems. Moreover, the DLPTA should continuously study this emerging field and should advise on and approve of the acquisition of all new systems.

The Commission recommends that the Division of Local Property Tax Assessments develop standards for computer-assisted mass appraisal systems and that all municipalities be required to obtain permission from the Division before purchasing such a system.

Equalization of Aggregate Assessments

Equalization of aggregate assessments now is done at two different levels. With the assistance of municipal tax assessors and county boards of taxation, the Local Property Branch conducts an equalization program for the distribution of State school aid. The county boards of taxation use the same data, though not in a uniform way, for equalization aimed at the apportionment of county government costs among the municipalities of the county. The Equity 21 project has made a case for transferring to a single State agency the full responsibility for all equalization of aggregate assessed values. This would increase the chances for a uniform approach and might well be more efficient. The Commission agrees with this suggestion.

The Commission recommends that the full responsibility for all equalization of aggregate assessed values be concentrated in the Division of Local Property Tax Asssessment.

Tax Appeals

Under the current schedule for tax appeals, the deadline for filing an application is August 15 of the tax year, shortly after municipal tax bills have been received by taxpayers. The result is that tax appeals generally are based on the level of the tax bill, rather than the assessed value of the property. Changes in the size of the bill frequently are not caused by the assessed value, but by the budgets adopted many months earlier by county, municipal, and school governing bodies. The county board of taxation then is faced with a complaint over which it has no control. By requiring tax appeals to be filed before tax bills are distributed, the appeal process can be focussed on the appraised value of the property, where it should be. A second advantage of moving up the filing date for tax appeals is that this would provide substantially more time for the county board of taxation to hear tax appeals, rather than squeezing them in between August 15 and November 15.

The Commisssion recommends that the deadline for filing tax appeals with the county board of taxation be moved up from August 15 to a date in the late Spring of the tax year.[1]

If the above change is to be equitable, it is essential that every property owner be notified by mail of a change in assessment well before the deadline for tax appeals. A mailing in January, before the assessment list is filed, would be appropriate. The notification should include full information on the process for appeal, both informally with the tax assessor and formally with the county board of taxation.

The Commission recommends that every property owner be notified of any change in the assessment on his or her property by mail early in January of the tax year.

A second change in the appeal process would permit tax assessors to file tax appeals to correct errors in the tax list. If substantial additional costs were to be incurred, however, for legal counsel or for expert witnesses, the municipal governing body would still have to give its approval.

The Commission recommends that tax assessors be given the authority to file tax appeals to correct errors in assessment.

Revaluations

The intent of most of these administrative changes is to facilitate and even require frequent, probably annual, revision of tax assessments. If this is done effectively, there will be a reduced need for revaluation programs by outside firms of consultants. For some time, however, revaluations probably will be needed. In this connection, it is desirable that the Division of Local Property Tax Assessment establish standards for determining the need for a revaluation, and that the Division have the authority to order that a revaluation be conducted and implemented. If a

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[1] Commissioner Glaser dissents from this recommendation.

municipality refuses to authorize a revaluation, the DLPTA should have the authority to contract for such a program, with the cost to be covered, in part, by the new program of State aid for assessment administration. It is also appropriate for the Division to establish standards for a revaluation, to monitor the work of revaluation firms, and to revoke licenses if this appears justified.

The Commission recommends that the Division of Local Property Tax Assessment be empowered to determine the need for revaluations, and to order that they be conducted and implemented, with the cost to be covered, in part, by the new State aid program for assessment administration.

The Commission recommends that the Division of Local Property Tax Assessment be empowered to license revaluation firms, establish standards for their performance, monitor their performance, and revoke their licenses if this appears justified.

Summary

The Commission believes that the recommendations made above will move New Jersey a long way in the direction of effective and efficient annual property tax assessments.

Modern technology will become more readily available through the development by the Division of Local Property Tax Assessment of standards for computer-assisted mass appraisal systems and the right to approve new local systems before acquisition. Local use of this and other forms of modern technology will be encouraged by the implementation of standards for staffing and equipping the municipal assessor's office and by a State aid program to help cover costs.

The qualifications of tax assessment personnel will be enhanced by periodic renewal requirements for holders of the Tax Assessor Certificate, and by the requirement for qualification of county tax board members prior to their reappointment. The supply of qualified persons for municipal assessor's offices will be insured by the development of staffing standards by the DLPTA, with the removal of State aid being a possibility if municipal governing bodies fail to provide for adequate staffing. The sufficiency of local assessment staff also should be improved by transferring some time-consuming tasks, such as the processing of tax deductions and Homestead Rebates to the State level.

Under-sized tax assessment jurisdictions will be eliminated through the authority granted to the director of the Division of Local Property Tax Assessment to consolidate them into jurisdictions justifying a full-time operation.

Political interference may never be completely eliminated, but should be reduced by qualification requirements for assessment personnel. The establishment of standards for salaries and benefits, staffing, office space, equipment, and other resources, coupled with a new State aid program tied in to municipal conformance with those standards, will also reduce political interference.

The quality of property tax assessment administration will be improved by the establishment of performance standards for municipal tax assessors, county tax board members and other assessment personnel, with the possibility of removal from office if standards are not met. The right of an assessor to file tax appeals should help correct errors in assessments. The uniformity of equalization procedures will be improved by centralizing these responsibilities at the State level, while the performance of county boards of taxation should be enhanced by allowing them to concentrate on their appellate functions over a longer time span. Licensing and monitoring of revaluation firms should improve performance in this area. Partial State funding of revaluations should remove one obstacle to their implementation.

Expert assistance should become more readily available to municipal tax assessors through a new Division of Local Property Tax Assessment.

In summary, the steps proposed for improving property tax administration in New Jersey, if implemented, will help significantly in preventing the future development of situations involving severe fiscal shock, which the recommendations of Chapter III have addressed on an emergency basis.

APPENDICES

JOINT RESOLUTION No. 3

JOINT RESOLUTION No. 3

A Joint Resolution establishing a commission, to be known as the Property Tax Assessment Study Commission, to evaluate and study the methods of conducting assessments of property and levying taxes for purposes of local government taxation, inquire into the feasibility and practicability of alternative methods of allocating the costs of such assessments, and pursuant to the results of its study, make recommendations to the Governor and Legislature.

Whereas, Local governmental units in New Jersey are experiencing economic and social changes which bring into question the present methods of assessing property and levying taxes for the purpose of local government taxation; and

Whereas, Taxpayers in some municipalities, due to these economic and social changes, may after reassessments be bearing more than their fair and tolerable share of the tax burden; and

Whereas, The impact of redistribution of the local tax burden in urban communities where reassessments have been long delayed may result in fiscal shock perilous to the stability of sound urban neighborhoods; now, therefore,

Be it resolved *by the Senate and General Assembly of the State of New Jersey:*

1. There is established a commission, to be known as the Property Tax Assessment Study Commission, to consist of 18 members, of whom two shall be members of the Senate to be appointed by the President of the Senate, two shall be members of the General Assembly to be appointed by the Speaker of the General Assembly, three shall be public officials to be appointed by the Governor and 11 shall be citizens of the State, of whom five shall be appointed by the Governor and three shall be appointed each by the President of the Senate and Speaker of the General Assembly. No more than one of the two legislative members appointed each by the President of the Senate and the Speaker of the General Assembly, and no more than half of the citizen members appointed, shall be of the

same political party. The 11 citizen members shall have knowledge and expertise in the area of local property tax law and local public finance. Vacancies in the membership of the commission shall be filled in the same manner as the original appointments were made.

2. The commission shall organize as soon as may be after the appointment of its members. The members shall elect one of their number to serve as chairman and the commission may elect a secretary who need not be a member of the commission.

3. It shall be the duty of the commission to evaluate and study the current methods of conducting assessments of property and levying taxes for purposes of local government taxation, to inquire into the feasibility and practicability of alternative methods of allocating the costs of such assessments to assure regular periodic reassessments, and to devise means to mitigate the impact on sound urban neighborhoods of fiscal shock resulting from a massive redistribution of the property tax burden in urban communities where reassessments had been long delayed.

4. The commission shall be entitled to call to its assistance and avail itself of the services of such employees of any State, county or municipal department, board, bureau, commission, agency or other public entity as it may require and as may be available for its purposes, and to employ counsel and such stenographic and clerical assistants and incur such traveling and other miscellaneous expenses as it may deem necessary in order to perform its duties and as may be within the limits of funds appropriated or otherwise made available to it for said purposes.

5. The commission may meet and hold hearings in furtherance of its general purposes at such place or places as it shall designate, during the sessions or recesses of the Legislature. The commission shall have all the powers provided by chapter 13 of Title 52 of the Revised Statutes.

6. The commission shall report its findings and recommendations to the Governor and Legislature within 12 months of the adoption of this joint resolution accompanying the same with any legislative bills which it may desire to recommend for adoption by the Legislature.

7. This joint resolution shall take effect immediately.

Approved January 26, 1983.

PROPERTY TAX ASSESSMENT STUDY COMMISSION—REPORT

JOINT RESOLUTION NO. 4

SENATE JOINT RESOLUTION NO. 30

A Joint Resolution extending the period of time within which the Property Tax Assessment Study Commission, created by Joint Resolution No. 3 of 1983, shall report its findings and recommendations.

Be it resolved *by the Senate and General Assembly of the State of New Jersey:*

1. The period of time within which the Property Tax Assessment Study Commission, created by Joint Resolution No. 3 of 1983, shall report its findings and recommendations is extended to two years from the date of adoption of this joint resolution.

2. This joint resolution shall take effect immediately and be retroactive to January 26, 1983.

Approved March 19, 1984.

Introductory Statement
Senate, No. 30—L.1984, J.R. 4

This joint resolution extends the period of time within which the Property Tax Assessment Study Commission, created by J. R. No. 3 of 1983, shall report its findings and recommendations. The terms of this joint resolution are in conformity with the Governor's recommended amendments to Senate Joint Resolution No. 3031 (OCR) in his conditional veto message dated January 9, 1984.

PROPERTY TAX ASSESSMENT STUDY COMMISSION— TIME FOR REPORT AND RECOMMENDATIONS

JOINT RESOLUTION NO. 10

SENATE JOINT RESOLUTION NO. 76

A JOINT RESOLUTION extending the period of time within which the Property Tax Assessment Study Commission, created by Joint Resolution No. 3 of 1983, shall report its findings and recommendations.

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

1. The period of time within which the Property Tax Assessment Study Commission, created by Joint Resolution No. 3 of 1983, shall report its findings and recommendations, as extended by Joint Resolution No. 4 of 1984, is further extended to October 1, 1986.

2. This joint resolution shall take effect immediately.

Approved and effective January 14, 1986.

Introductory Statement
Senate Joint Resolution No. 76

This joint resolution extends the reporting date of the Property Tax Assessment Study Commission, created by Joint Resolution No. 3 of 1983, to October 1, 1986. Currently, under Joint Resolution No. 4 of 1984, the commission would be required to report its findings on or before March 19, 1986. However, the Division of Taxation, in the Department of the Treasury, is expected to release significant information on problems in property tax administration, as part of its "Equity 21" study, in December of 1985. Because this information is vital to the commission's work, and by reason of its magnitude, the reporting date is extended in order to allow commission members to fully analyze the division's study. Further, the complexity of the problems inherent in property tax assessment and administration requires the additional time to finalize the commission's recommendations and to write the report.

CALCULATION OF THE COEFFICIENT OF DEVIATION

The following pages are excerpted from the Handbook for New Jersey Assessors, published by the Local Property Branch of the Division of Taxation in the New Jersey Department of the Treasury, as Revised June, 1980, pp. VIII-5 to VIII-8C.

801.31 Coefficients of deviation. One method of analyzing statistically a group of assessment-sales ratios is through coefficients of deviation. A higher coefficient of deviation indicates a poorer degree of uniformity of assessments, and a likely need for revaluation. A lower coefficient of deviation indicates a better degree of assessment uniformity in the taxing district. Each year the Division of Taxation publishes three coefficients of deviation for each municipality: (1) a general coefficient of deviation; (2) a stratified coefficient of deviation; and (3) a segmented coefficient of deviation. Properly and cautiously used, these coeffients can be useful tools for measuring assessment uniformity, but they are not to be used as the sole and final judgment of assessment practice in a taxing district.

(1) general coefficient - The general coefficient of deviation is a measure of variation in assessment-sales ratios for all properties sampled without regard to property class, property size or any other property characteristic. It is the average deviation of individual assessment-sales ratios from the overall average assessment-sales ratio of all sales occurring in a taxing district, expressed as a percentage of that average assessment-sales ratio for that taxing district. It is calculated from all usable sales (see Section 1002.5) occurring within a particular taxing district as shown in

the most recent Director's Table of Equalized Valuations. An example of the calculation of a general coefficient of deviation is shown in Table 8-1. A general coefficient of deviation of 15 or less is considered acceptable. The prior assumption that a coefficient of 20 or less indicated a good degree of uniformity has become obsolete because of improved assessment practices. In a recent sampling, approximately 75% of the municipalities who had either placed revaluations or reassessments on their tax lists exhibited general coefficients of deviation of less than 15.

(2) stratified coefficient of deviation - The stratified coefficient of deviation provides a method to measure assessment uniformity within each class of property (vacant land, residential, farm and all other) within a taxing district. Although the law requires all property to be assessed at the same level of true value, coefficients of deviation calculated for the separate property classes can be helpful in analyzing uniformity of assessments within that class. Caution must be exercised in the use of the stratified coefficient however since it provides no insight into comparability of assessment levels as among property classes. It is therefore possible that two classes of property within a taxing district may be assessed at different average ratios but show similar stratified coefficients of deviation. The stratified coefficient of deviation is the average deviation of individual assessment-sales ratios for all usable sales occurring within a particular property class from the average assessment-sales ratio for that property class, expressed as a percentage of the average assessment-sales ratio for that class. The stratified coefficient of deviation is calculated from sales occurring in each class of property in

the same manner as the general coefficient is calculated for all sales regardless of class occurring within the taxing district. An example of the calculation of a stratified coefficient of deviation is shown in Table 8-2.

(3) <u>segmented coefficient of deviation</u> - The segmented coefficient of deviation measures the degree of uniformity of one property class as against all property classes combined. It is the average deviation of all assessment-sales ratios within a particular class of property from the average assessment-sales ratio for all sales of properties occurring within a taxing district, expressed as a percentage of the average assessment-sales ratio for all sales occurring within the taxing district. An example of the calculation of a segmented coefficient of deviation is shown in Table 8-3.

REFERENCES:

Local Property Tax Bureau News, November, 1956, p.1.
Coefficients of Deviation A Measure Of Property Assessment Uniformity, Division of Taxation, March, 1979.

Table 8-1
General Coefficient of Deviation

(1) Assessed Value	(2) Sale Price	(3) Assessment to Sales Ratio (Col. 1 : Col. 2)	Deviation From Average Assessment to Sales Ratio (Col. 3 - Av. Col. 3)
$ 2,000	$ 9,500	21.05	30.53
700	2,200	31.82	19.76
8,150	24,500	33.27	18.31
5,050	12,575	40.16	11.42
5,600	12,750	43.92	7.66
17,350	30,000	45.66	5.92
1,350	2,700	50.00	1.58
9,800	18,900	51.85	.27
8,800	14,990	58.71	7.13
7,600	12,250	62.04	10.46
10,550	15,750	66.98	15.40
13,900	18,750	74.13	22.55
16,150	17,750	90.99	39.41
	Total	670.58	Total 190.40

Average
(total : 13 samples) = 51.58

Average
(total : 13 samples = 14.65

$$\frac{\text{Average Deviation } 14.65}{\text{Average Assessment to Sales Ratio } 51.58} = \boxed{28.40} = \text{General Coefficient of Deviation}$$

Table 8-3
Segmented Coefficient of Deviation

Class	1 Assessed Value	2 Sale Price	3 Assessment to Sales Ratio (Col. 1 : Col. 2)	4 Deviation From Average Assessment to Sales Ratio (Col. 3 - Av. Col. 3)
1	$ 2,000	$ 9,500	21.05	30.53
1	700	2,200	31.82	19.76
1	8,150	24,500	33.27	18.31
1	5,050	12,575	40.16	11.42
			Total:	80.02
			Class I Average =	20.00
			(Total : 4 samples)	
2	$ 5,600	$12,750	43.92	7.66
2	17,350	38,000	45.66	5.92
2	1,350	2,700	50.00	1.58
2	9,800	18,900	51.85	.27
2	8,800	14,990	58.71	7.13
2	7,600	12,250	62.04	10.46
2	10,550	15,750	66.98	15.40
			Total:	48.42
			Class II Average =	6.92
			(Total : 7 samples)	
4	$13,900	$18,750	74.13	22.55
4	16,150	17,750	90.99	39.41
		Total:	670.58	Total: 61.96
		Average =	51.58	Class IV Average 30.98
		(Total : 13 samples)		(Total : 2 samples)

Class I Average Deviation / Average Assessment to Sales Ratio	$\frac{20.00}{51.58}$	=	$\boxed{38.77}$	=	Class I Segmented Coefficient of Deviation
Class II Average Deviation / Average Assessment to Sales Ratio	$\frac{6.92}{51.58}$	=	$\boxed{13.42}$	=	Class II Segmented Coefficient of Deviation
Class IV Average Deviation / Average Assessment to Sales Ratio	$\frac{30.98}{51.58}$	=	$\boxed{60.06}$	=	Class IV Segmented Coefficient of Deviation

Table 8-2
Stratified Coefficient of Deviation

Class	1 Assessed Value	2 Sale Price	3 Assessment to Sales Ratio (Col. 1: Col. 2)	4 Deviation From Class Average Assessment to Sales Ratio (Col. 3 - Av. Col. 3)
1	$ 2,000	$ 9,500	21.05	10.53
1	700	2,200	31.82	.24
1	8,150	24,500	33.27	1.69
1	5,050	12,575	40.16	8.58
		Total:	126.30	Total: 21.04

Class I Average (Total : 4 samples = 31.58

Class I Average (Total : 4 samples) = 5.26

$$\frac{\text{Class I Average Deviation}}{\text{Class I Average Assessment to Sales Ratio}} \quad \frac{5.26}{31.58} = \boxed{16.66} = \text{Class I Stratified Coefficient of Deviation}$$

2	$ 5,600	$12,750	43.92	10.25
2	17,350	38,000	45.66	8.51
2	1,350	2,700	50.00	4.17
2	9,800	18,900	51.85	2.32
2	8,800	14,990	58.71	4.54
2	7,600	12,250	62.04	7.87
2	10,500	15,750	66.98	12.81
		Total:	379.15	Total: 50.47

Class II Average (Total : 7 samples) = 54.17

Class II Average (Total : 7 samples) = 7.21

$$\frac{\text{Class II Average Deviation}}{\text{Class II Average Assessment to Sales Ratio}} \quad \frac{7.21}{54.17} = \boxed{13.31} = \text{Class II Stratfied Coefficient of Deviation}$$

4	$13,900	$18,750	74.13	8.43
4	16,150	17,750	90.99	8.43
		Total:	165.12	Total: 16.86

Class IV Average (Total : 2 samples) = 82.56

Class IV Average (Total : 2 samples) = 8.43

$$\frac{\text{Class IV Average Deviation}}{\text{Class IV Average Assessment to Sales Ratio}} \quad \frac{8.43}{82.56} = \boxed{10.21} = \text{Class IV Stratified Coefficient of Deviation}$$

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
1	CAMDEN	CAMDEN CITY	56.35	3.31	6.39	2.60	2.96
2	ESSEX	EAST ORANGE CITY	37.72	2.22	7.55	3.07	2.65
3	ESSEX	NEWARK CITY	55.58	3.27	4.92	2.00	2.64
4	MERCER	TRENTON CITY	50.79	2.99	5.02	2.04	2.52
5	HUDSON	JERSEY CITY CITY	46.13	2.71	4.95	2.01	2.36
6	CUMBERLAND	LAWRENCE TWP	58.96	3.47	2.91	1.18	2.33
7	HUDSON	HOBOKEN CITY	55.13	3.24	3.40	1.39	2.31
8	ATLANTIC	ATLANTIC CITY CITY	38.45	2.26	5.80	2.36	2.31
9	CAMDEN	CHESILHURST BORO	55.43	3.26	3.32	1.35	2.31
10	ESSEX	ORANGE CITY TWP	41.84	2.46	5.19	2.11	2.29
11	HUDSON	WEST NEW YORK TOWN	37.76	2.22	5.21	2.12	2.17
12	HUDSON	BAYONNE CITY	46.88	2.76	3.81	1.55	2.15
13	UNION	WINFIELD TWP	0.00	0.00	10.25	4.17	2.09
14	PASSAIC	PASSAIC CITY	41.95	2.47	4.04	1.64	2.06
15	MONMOUTH	ASBURY PARK CITY	29.47	1.73	5.63	2.29	2.01
16	HUDSON	UNION CITY CITY	31.88	1.88	5.04	2.05	1.96
17	PASSAIC	PATERSON CITY	35.31	2.08	4.25	1.73	1.90
18	SALEM	PENNS GROVE BORO	38.88	2.29	3.41	1.39	1.84
19	ESSEX	IRVINGTON TWP	30.02	1.77	4.41	1.80	1.78
20	CUMBERLAND	DOWNE TWP	39.52	2.32	2.81	1.14	1.73
21	HUDSON	NORTH BERGEN TWP	24.87	1.46	4.86	1.98	1.72
22	HUDSON	WEEHAWKEN TWP	34.20	2.01	3.33	1.36	1.68
23	CUMBERLAND	FAIRFIELD TWP	39.94	2.35	2.34	0.95	1.65
24	MIDDLESEX	NEW BRUNSWICK CITY	33.61	1.98	3.19	1.30	1.64
25	CUMBERLAND	BRIDGETON CITY	28.02	1.65	3.83	1.56	1.60
26	SALEM	SALEM CITY	33.37	1.96	2.90	1.18	1.57
27	ATLANTIC	WEYMOUTH TWP	37.75	2.22	2.18	0.89	1.55
28	CUMBERLAND	DEERFIELD TWP	34.88	2.05	2.58	1.05	1.55
29	CUMBERLAND	COMMERCIAL TWP	35.16	2.07	2.49	1.01	1.54
30	CUMBERLAND	MAURICE RIVER TWP	30.62	1.80	3.06	1.25	1.52
31	HUDSON	HARRISON TOWN	34.16	2.01	2.54	1.03	1.52
32	SUSSEX	BRANCHVILLE BORO	38.24	2.25	1.94	0.79	1.52
33	CAPE MAY	WOODBINE BORO	32.48	1.91	2.62	1.07	1.49
34	CAMDEN	LAWNSIDE BORO	25.97	1.53	3.39	1.38	1.45
35	MERCER	HIGHTSTOWN BORO	27.30	1.61	3.13	1.28	1.44
36	UNION	ELIZABETH CITY	26.65	1.57	3.13	1.27	1.42
37	ATLANTIC	EGG HARBOR CITY	23.89	1.41	3.47	1.41	1.41
38	CUMBERLAND	MILLVILLE CITY	26.97	1.59	2.95	1.20	1.39
39	ESSEX	MONTCLAIR TWP	21.71	1.28	3.68	1.50	1.39
40	UNION	PLAINFIELD CITY	21.94	1.29	3.56	1.45	1.37
41	MONMOUTH	KEANSBURG BORO	24.13	1.42	3.24	1.32	1.37
42	CAMDEN	WOODLYNNE BORO	17.60	1.04	4.13	1.68	1.36
43	ATLANTIC	ESTELL MANOR CITY	32.55	1.91	1.95	0.80	1.35
44	HUNTERDON	HAMPTON BORO	26.61	1.57	2.81	1.14	1.35
45	SALEM	UPPER PITTSGROVE TWP	31.77	1.87	2.05	0.84	1.35

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
46	ESSEX	SOUTH ORANGE VILLAGE TWP	17.50	1.03	4.11	1.67	1.35
47	CAMDEN	GLOUCESTER CITY	26.41	1.55	2.81	1.14	1.35
48	ESSEX	BELLEVILLE TWP	21.38	1.26	3.51	1.43	1.34
49	ATLANTIC	CORBIN CITY CITY	33.38	1.96	1.75	0.71	1.34
50	MONMOUTH	SOUTH BELMAR BORO	24.89	1.46	2.92	1.19	1.33
51	ATLANTIC	BUENA VISTA TWP	31.34	1.84	1.97	0.80	1.32
52	MONMOUTH	BRADLEY BEACH BORO	23.30	1.37	3.12	1.27	1.32
53	MONMOUTH	UNION BEACH BORO	24.43	1.44	2.95	1.20	1.32
54	CAMDEN	AUDUBON PARK BORO	0.00	0.00	6.45	2.63	1.31
55	SUSSEX	FRANKLIN BORO	23.28	1.37	3.09	1.26	1.31
56	ESSEX	BLOOMFIELD TWP	19.54	1.15	3.62	1.48	1.31
57	CAMDEN	MOUNT EPHRAIM BORO	24.14	1.42	2.87	1.17	1.29
58	MONMOUTH	EATONTOWN BORO	25.60	1.51	2.63	1.07	1.29
59	BERGEN	ENGLEWOOD CITY	20.19	1.19	3.39	1.38	1.28
60	MIDDLESEX	SOUTH RIVER BORO	21.65	1.27	3.16	1.29	1.28
61	MONMOUTH	RED BANK BORO	23.49	1.38	2.88	1.17	1.28
62	CAMDEN	CLEMENTON BORO	20.53	1.21	3.30	1.34	1.28
63	ATLANTIC	HAMMONTON TOWN	26.89	1.58	2.36	0.96	1.27
64	BURLINGTON	MT HOLLY TWP	23.52	1.38	2.82	1.15	1.27
65	MONMOUTH	LONG BRANCH CITY	22.22	1.31	2.99	1.22	1.26
66	MERCER	WASHINGTON TWP	28.67	1.69	2.06	0.84	1.26
67	PASSAIC	WEST MILFORD TWP	21.76	1.28	3.05	1.24	1.26
68	CAMDEN	PINE HILL BORO	19.41	1.14	3.38	1.37	1.26
69	MERCER	EWING TWP	24.18	1.42	2.65	1.08	1.25
70	WARREN	OXFORD TWP	23.48	1.38	2.71	1.10	1.24
71	PASSAIC	PROSPECT PARK BORO	24.34	1.43	2.58	1.05	1.24
72	ATLANTIC	PLEASANTVILLE CITY	21.25	1.25	3.02	1.23	1.24
73	UNION	RAHWAY CITY	20.81	1.22	3.06	1.24	1.23
74	MONMOUTH	ENGLISHTOWN BORO	23.26	1.37	2.70	1.10	1.23
75	ESSEX	GLEN RIDGE TWP	15.00	0.88	3.87	1.58	1.23
76	SALEM	OLDMANS TWP	25.30	1.49	2.36	0.96	1.23
77	GLOUCESTER	MANTUA TWP	23.23	1.37	2.66	1.08	1.22
78	HUDSON	EAST NEWARK BORO	22.04	1.30	2.82	1.15	1.22
79	SALEM	PITTSGROVE TWP	26.94	1.58	2.08	0.85	1.22
80	CAMDEN	MAGNOLIA BORO	17.69	1.04	3.41	1.39	1.22
81	ATLANTIC	HAMILTON TWP	26.94	1.58	2.06	0.84	1.21
82	SALEM	ELMER BORO	24.37	1.43	2.40	0.98	1.21
83	ESSEX	NUTLEY TWP	17.44	1.03	3.39	1.38	1.20
84	BURLINGTON	WRIGHTSTOWN BORO	24.16	1.42	2.41	0.98	1.20
85	WARREN	HARMONY TWP	26.00	1.53	2.15	0.87	1.20
86	SUSSEX	SANDYSTON TWP	26.35	1.55	2.09	0.85	1.20
87	BERGEN	HACKENSACK CITY	20.10	1.18	2.97	1.21	1.20
88	GLOUCESTER	FRANKLIN TWP	24.33	1.43	2.36	0.96	1.20
89	MIDDLESEX	PERTH AMBOY CITY	23.82	1.40	2.42	0.99	1.19
90	HUNTERDON	STOCKTON BORO	24.70	1.45	2.29	0.93	1.19
91	ESSEX	MAPLEWOOD TWP	14.56	0.86	3.72	1.51	1.19
92	CAMDEN	SOMERDALE BORO	17.31	1.02	3.31	1.35	1.19
93	CUMBERLAND	GREENWICH TWP	21.98	1.29	2.64	1.07	1.18
94	CUMBERLAND	VINELAND CITY	19.68	1.16	2.96	1.20	1.18
95	GLOUCESTER	HARRISON TWP	23.51	1.38	2.40	0.98	1.18
96	UNION	ROSELLE BORO	17.19	1.01	3.31	1.35	1.18
97	BURLINGTON	NEW HANOVER TWP	24.11	1.42	2.30	0.94	1.18
98	GLOUCESTER	PAULSBORO BORO	22.20	1.31	2.54	1.04	1.17
99	[illegible]	[illegible] BORO	16.64	0.98	3.35	1.36	1.17

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
101	MONMOUTH	AVON BY THE SEA BORO	25.95	1.53	1.96	0.80	1.16
102	WARREN	INDEPENDENCE TWP	23.83	1.40	2.25	0.92	1.16
103	BURLINGTON	PEMBERTON BORO	19.26	1.13	2.90	1.18	1.16
104	BERGEN	SO HACKENSACK TWP	27.29	1.61	1.73	0.70	1.15
105	SALEM	MANNINGTON TWP	23.13	1.36	2.33	0.95	1.15
106	CAMDEN	BARRINGTON BORO	16.92	1.00	3.20	1.30	1.15
107	WARREN	LIBERTY TWP	21.88	1.29	2.49	1.01	1.15
108	WARREN	BELVIDERE TOWN	19.23	1.13	2.86	1.16	1.15
109	SALEM	PILESGROVE TWP	24.23	1.43	2.13	0.87	1.15
110	PASSAIC	RINGWOOD BORO	18.69	1.10	2.93	1.19	1.15
111	BERGEN	RUTHERFORD BORO	19.55	1.15	2.80	1.14	1.14
112	ESSEX	CALDWELL BORO TWP	16.07	0.95	3.30	1.34	1.14
113	CAMDEN	AUDUBON BORO	17.13	1.01	3.14	1.28	1.14
114	MONMOUTH	FREEHOLD BORO	20.52	1.21	2.62	1.06	1.14
115	MONMOUTH	MATAWAN BORO	18.64	1.10	2.89	1.17	1.14
116	SALEM	PENNSVILLE TWP	24.68	1.45	2.01	0.82	1.14
117	UNION	HILLSIDE TWP	17.01	1.00	3.10	1.26	1.13
118	WARREN	WASHINGTON BORO	17.60	1.04	3.01	1.23	1.13
119	CAMDEN	MERCHANTVILLE BORO	14.52	0.85	3.44	1.40	1.13
120	SALEM	QUINTON TWP	22.63	1.33	2.27	0.92	1.13
121	OCEAN	LAKEWOOD TWP	17.66	1.04	2.98	1.21	1.12
122	PASSAIC	HALEDON BORO	21.14	1.24	2.47	1.01	1.12
123	CAMDEN	WATERFORD TWP	14.91	0.88	3.37	1.37	1.12
124	PASSAIC	BLOOMINGDALE BORO	17.67	1.04	2.96	1.21	1.12
125	OCEAN	LAKEHURST BORO	15.38	0.90	3.29	1.34	1.12
126	WARREN	GREENWICH TWP	23.07	1.36	2.16	0.88	1.12
127	MONMOUTH	SHREWSBURY TWP	0.00	0.00	5.49	2.23	1.12
128	OCEAN	SOUTH TOMS RIVER BORO	19.47	1.15	2.67	1.09	1.12
129	WARREN	PHILLIPSBURG TOWN	18.61	1.09	2.79	1.13	1.11
130	WARREN	FRELINGHUYSEN TWP	22.89	1.35	2.14	0.87	1.11
131	CAMDEN	HADDON HEIGHTS BORO	16.33	0.96	3.09	1.26	1.11
132	ESSEX	FAIRFIELD TWP	21.27	1.25	2.36	0.96	1.11
133	PASSAIC	POMPTON LAKES BORO	17.99	1.06	2.83	1.15	1.10
134	MORRIS	NETCONG BORO	19.29	1.13	2.63	1.07	1.10
135	ESSEX	VERONA TWP	15.27	0.90	3.20	1.30	1.10
136	OCEAN	BARNEGAT TWP	18.69	1.10	2.68	1.09	1.10
137	ESSEX	WEST ORANGE TWP	13.07	0.77	3.48	1.42	1.09
138	ATLANTIC	MULLICA TWP	19.73	1.16	2.51	1.02	1.09
139	SALEM	CARNEYS POINT TOWNSHIP	18.91	1.11	2.62	1.07	1.09
140	CAPE MAY	WILDWOOD CITY	20.94	1.23	2.31	0.94	1.09
141	MONMOUTH	ABERDEEN TWP	16.96	1.00	2.88	1.17	1.08
142	OCEAN	JACKSON TWP	17.55	1.03	2.79	1.14	1.08
143	BERGEN	LODI BORO	17.42	1.02	2.80	1.14	1.08
144	CAMDEN	RUNNEMEDE BORO	15.50	0.91	3.07	1.25	1.08
145	CAMDEN	PENNSAUKEN TWP	16.37	0.96	2.95	1.20	1.08
146	OCEAN	OCEAN GATE BORO	20.54	1.21	2.34	0.95	1.08
147	SUSSEX	SUSSEX BORO	19.17	1.13	2.52	1.02	1.08
148	BERGEN	LEONIA BORO	16.16	0.95	2.95	1.20	1.08
149	MONMOUTH	UPPER FREEHOLD TWP	21.30	1.25	2.21	0.90	1.08
150	BURLINGTON	EASTAMPTON TWP	17.22	1.01	2.79	1.14	1.07
151	SOMERSET	SOMERVILLE BORO	15.96	0.94	2.96	1.21	1.07
152	CAMDEN	VOORHEES TWP	18.28	1.08	2.63	1.07	1.07
153	CAPE MAY	WEST WILDWOOD BORO	23.01	1.35	1.94	0.79	1.07
154	MONMOUTH	NEPTUNE CITY BORO	18.36	1.08	2.61	1.06	1.07
155	MONMOUTH	KEYPORT BORO	17.32	1.02	2.76	1.12	1.07

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

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156	BURLINGTON	BORDENTOWN CITY	18.82	1.11	2.54	1.03	1.07
157	BURLINGTON	SPRINGFIELD TWP	21.73	1.28	2.09	0.85	1.07
158	CAMDEN	LAUREL SPRINGS BORO	14.18	0.83	3.18	1.30	1.06
159	CAMDEN	COLLINGSWOOD BORO	13.70	0.81	3.25	1.32	1.06
160	GLOUCESTER	ELK TWP	21.03	1.24	2.19	0.89	1.06
161	GLOUCESTER	DEPTFORD TWP	16.99	1.00	2.77	1.13	1.06
162	WARREN	HOPE TWP	20.45	1.20	2.26	0.92	1.06
163	ATLANTIC	GALLOWAY TWP	21.72	1.28	2.07	0.84	1.06
164	CAMDEN	OAKLYN BORO	13.70	0.81	3.23	1.31	1.06
165	OCEAN	BEACHWOOD BORO	17.80	1.05	2.63	1.07	1.06
166	GLOUCESTER	GLASSBORO BORO	14.80	0.87	3.06	1.25	1.06
167	SUSSEX	FREDON TWP	18.22	1.07	2.57	1.04	1.06
168	MIDDLESEX	JAMESBURG BORO	16.72	0.98	2.77	1.13	1.06
169	BERGEN	FAIRVIEW BORO	19.35	1.14	2.38	0.97	1.05
170	OCEAN	EAGLESWOOD TWP	20.17	1.19	2.26	0.92	1.05
171	MORRIS	MORRISTOWN TOWN	19.81	1.17	2.31	0.94	1.05
172	CAMDEN	BERLIN BORO	14.19	0.83	3.09	1.26	1.05
173	SALEM	WOODSTOWN BORO	15.44	0.91	2.89	1.18	1.04
174	OCEAN	TUCKERTON BORO	18.60	1.09	2.43	0.99	1.04
175	MORRIS	CHESTER BORO	18.54	1.09	2.44	0.99	1.04
176	CAMDEN	HADDONFIELD BORO	13.50	0.79	3.16	1.29	1.04
177	BERGEN	FORT LEE BORO	22.65	1.33	1.82	0.74	1.04
178	BERGEN	TEANECK TWP	13.71	0.81	3.11	1.27	1.04
179	CAMDEN	GLOUCESTER TWP	13.35	0.79	3.16	1.29	1.04
180	HUNTERDON	LAMBERTVILLE CITY	20.32	1.20	2.14	0.87	1.03
181	GLOUCESTER	WESTVILLE BORO	16.10	0.95	2.75	1.12	1.03
182	SUSSEX	SPARTA TWP	17.46	1.03	2.55	1.04	1.03
183	SUSSEX	STILLWATER TWP	17.12	1.01	2.59	1.05	1.03
184	MONMOUTH	LOCH ARBOUR VILLAGE	13.51	0.79	3.11	1.27	1.03
185	BERGEN	MAHWAH TWP	21.32	1.25	1.98	0.81	1.03
186	GLOUCESTER	SWEDESBORO BORO	19.37	1.14	2.26	0.92	1.03
187	WARREN	MANSFIELD TWP	19.53	1.15	2.23	0.91	1.03
188	SOMERSET	NORTH PLAINFIELD BORO	14.76	0.87	2.92	1.19	1.03
189	GLOUCESTER	CLAYTON BORO	15.79	0.93	2.77	1.13	1.03
190	MORRIS	JEFFERSON TWP	19.63	1.15	2.21	0.90	1.03
191	SUSSEX	WANTAGE TWP	18.22	1.07	2.42	0.98	1.03
192	MERCER	PENNINGTON BORO	19.52	1.15	2.22	0.90	1.03
193	BURLINGTON	WASHINGTON TWP	21.13	1.24	1.99	0.81	1.03
194	MONMOUTH	HIGHLANDS BORO	15.63	0.92	2.78	1.13	1.03
195	OCEAN	OCEAN TWP	18.42	1.08	2.37	0.96	1.02
196	MONMOUTH	FARMINGDALE BORO	15.91	0.94	2.72	1.11	1.02
197	CAMDEN	STRATFORD BORO	15.10	0.89	2.84	1.15	1.02
198	BURLINGTON	PEMBERTON TWP	17.70	1.04	2.45	1.00	1.02
199	BURLINGTON	CHESTERFIELD TWP	18.86	1.11	2.28	0.93	1.02
200	OCEAN	PLUMSTED TWP	20.07	1.18	2.10	0.85	1.02
201	MERCER	HAMILTON TWP	16.45	0.97	2.62	1.07	1.02
202	SUSSEX	HOPATCONG BORO	16.00	0.94	2.68	1.09	1.02
203	WARREN	FRANKLIN TWP	19.56	1.15	2.17	0.88	1.02
204	MORRIS	RIVERDALE BORO	17.37	1.02	2.48	1.01	1.02
205	CUMBERLAND	HOPEWELL TWP	16.16	0.95	2.65	1.08	1.02
206	CAMDEN	CHERRY HILL TWNSHP	12.70	0.75	3.15	1.28	1.01
207	SUSSEX	FRANKFORD TWP	16.98	1.00	2.53	1.03	1.01
208	MORRIS	BUTLER BORO	16.92	1.00	2.54	1.03	1.01
209	PASSAIC	WANAQUE BORO	16.47	0.97	2.60	1.06	1.01
[illegible]	[illegible]	RIDGEWOOD VILLAGE	14.75	0.87	2.83	1.15	1.01

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
211	MONMOUTH	BELMAR BORO	19.00	1.12	2.21	0.90	1.01
212	ATLANTIC	EGG HARBOR TWP	21.33	1.25	1.87	0.76	1.01
213	ATLANTIC	NORTHFIELD CITY	15.96	0.94	2.64	1.08	1.01
214	BURLINGTON	BASS RIVER TWP	17.66	1.04	2.40	0.98	1.01
215	BERGEN	OAKLAND BORO	15.62	0.92	2.69	1.10	1.01
216	BERGEN	GARFIELD CITY	18.23	1.07	2.31	0.94	1.01
217	HUNTERDON	GLEN GARDNER BORO	15.56	0.92	2.68	1.09	1.00
218	GLOUCESTER	NEWFIELD BORO	16.42	0.97	2.55	1.04	1.00
219	BURLINGTON	RIVERSIDE TWP	18.35	1.08	2.27	0.92	1.00
220	UNION	ROSELLE PARK BORO	13.01	0.77	3.04	1.24	1.00
221	CAPE MAY	DENNIS TWP	21.14	1.24	1.86	0.76	1.00
222	MONMOUTH	ALLENTOWN BORO	13.23	0.78	3.00	1.22	1.00
223	CAMDEN	HADDON TWP	13.76	0.81	2.92	1.19	1.00
224	SUSSEX	HAMBURG BORO	14.65	0.86	2.79	1.14	1.00
225	ESSEX	CEDAR GROVE TWP	16.67	0.98	2.50	1.02	1.00
226	SUSSEX	VERNON TWP	17.21	1.01	2.41	0.98	1.00
227	SOMERSET	BOUND BROOK BORO	16.07	0.95	2.57	1.05	1.00
228	MONMOUTH	TINTON FALLS BORO	13.91	0.82	2.87	1.17	0.99
229	GLOUCESTER	PITMAN BORO	15.03	0.88	2.70	1.10	0.99
230	MONMOUTH	NEPTUNE TWP	16.22	0.95	2.53	1.03	0.99
231	MIDDLESEX	DUNELLEN BORO	15.56	0.92	2.62	1.07	0.99
232	SALEM	LOWER ALLOWAY CREEK TWP	28.25	1.66	0.78	0.32	0.99
233	CAMDEN	BERLIN TWP	10.65	0.63	3.33	1.35	0.99
234	CAMDEN	GIBBSBORO BORO	14.72	0.87	2.73	1.11	0.99
235	HUNTERDON	FLEMINGTON BORO	16.54	0.97	2.46	1.00	0.99
236	BERGEN	DUMONT BORO	13.29	0.78	2.92	1.19	0.99
237	WARREN	WHITE TWP	19.79	1.16	1.98	0.80	0.98
238	MORRIS	DOVER TOWN	16.83	0.99	2.39	0.97	0.98
239	BERGEN	BOGOTA BORO	12.89	0.76	2.96	1.20	0.98
240	MORRIS	PEQUANNOCK TWP	16.44	0.97	2.44	0.99	0.98
241	BERGEN	RIDGEFIELD PARK TWP	13.93	0.82	2.80	1.14	0.98
242	OCEAN	PINE BEACH BORO	15.49	0.91	2.57	1.05	0.98
243	SOMERSET	RARITAN BORO	15.45	0.91	2.56	1.04	0.98
244	MONMOUTH	MILLSTONE TWP	18.43	1.08	2.13	0.87	0.98
245	CAPE MAY	MIDDLE TWP	17.60	1.04	2.25	0.92	0.98
246	CUMBERLAND	SHILOH BORO	14.10	0.83	2.75	1.12	0.97
247	MORRIS	PASSAIC TWP	19.61	1.15	1.95	0.79	0.97
248	BURLINGTON	HAINESPORT TWP	14.42	0.85	2.70	1.10	0.97
249	SOMERSET	SO BOUND BROOK BORO	14.17	0.83	2.73	1.11	0.97
250	MIDDLESEX	CARTERET BORO	16.60	0.98	2.37	0.96	0.97
251	MONMOUTH	ATLANTIC HIGHLANDS BORO	13.25	0.78	2.85	1.16	0.97
252	UNION	SPRINGFIELD TWP	16.50	0.97	2.37	0.97	0.97
253	SUSSEX	HARDYSTON TWP	13.92	0.82	2.74	1.12	0.97
254	OCEAN	SEASIDE PARK BORO	21.35	1.26	1.67	0.68	0.97
255	OCEAN	BRICK TWP	18.38	1.08	2.09	0.85	0.97
256	PASSAIC	NORTH HALEDON BORO	16.92	1.00	2.30	0.94	0.97
257	CAMDEN	BROOKLAWN BORO	11.30	0.66	3.10	1.26	0.96
258	BURLINGTON	BEVERLY CITY	14.33	0.84	2.67	1.09	0.96
259	HUNTERDON	DELAWARE TWP	18.03	1.06	2.13	0.87	0.96
260	WARREN	POHATCONG TWP	17.59	1.03	2.18	0.89	0.96
261	BERGEN	CARLSTADT BORO	23.22	1.37	1.35	0.55	0.96
262	ESSEX	WEST CALDWELL TWP	12.71	0.75	2.87	1.17	0.96
263	HUNTERDON	BETHLEHEM TWP	16.33	0.96	2.34	0.95	0.96
264	MIDDLESEX	METUCHEN BORO	13.75	0.81	2.71	1.10	0.96
265	BERGEN	LITTLE FERRY BORO	16.51	0.97	2.30	0.93	0.95

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
266	CAPE MAY	NORTH WILDWOOD CITY	20.06	1.18	1.78	0.72	0.95
267	MIDDLESEX	MIDDLESEX BORO	13.97	0.82	2.66	1.08	0.95
268	MONMOUTH	LITTLE SILVER BORO	14.18	0.83	2.62	1.07	0.95
269	MERCER	LAWRENCE TWP	16.73	0.98	2.25	0.92	0.95
270	MONMOUTH	OCEANPORT BORO	13.47	0.79	2.72	1.11	0.95
271	WARREN	KNOWLTON TWP	16.52	0.97	2.27	0.92	0.95
272	UNION	FANWOOD BORO	12.04	0.71	2.92	1.19	0.95
273	SUSSEX	ANDOVER BORO	17.74	1.04	2.09	0.85	0.95
274	MONMOUTH	WALL TWP	17.33	1.02	2.14	0.87	0.95
275	OCEAN	DOVER TWP	15.07	0.89	2.47	1.01	0.95
276	BERGEN	HILLSDALE BORO	13.42	0.79	2.71	1.10	0.95
277	MERCER	EAST WINDSOR TWP	12.79	0.75	2.79	1.14	0.94
278	PASSAIC	WAYNE TWP	15.37	0.90	2.41	0.98	0.94
279	SUSSEX	HAMPTON TWP	14.63	0.86	2.52	1.02	0.94
280	MONMOUTH	SHREWSBURY BORO	13.18	0.78	2.73	1.11	0.94
281	OCEAN	SEASIDE HEIGHTS BORO	20.54	1.21	1.66	0.68	0.94
282	GLOUCESTER	WENONAH BORO	12.06	0.71	2.87	1.17	0.94
283	SUSSEX	ANDOVER TWP	14.25	0.84	2.56	1.04	0.94
284	BERGEN	BERGENFIELD BORO	11.41	0.67	2.97	1.21	0.94
285	ATLANTIC	LINWOOD CITY	14.24	0.84	2.55	1.04	0.94
286	UNION	CRANFORD TWP	13.42	0.79	2.67	1.09	0.94
287	HUDSON	KEARNY TOWN	13.83	0.81	2.61	1.06	0.94
288	PASSAIC	HAWTHORNE BORO	15.66	0.92	2.34	0.95	0.94
289	BURLINGTON	BURLINGTON CITY	22.42	1.32	1.37	0.56	0.94
290	BERGEN	HARRINGTON PARK BORO	14.10	0.83	2.55	1.04	0.93
291	PASSAIC	LITTLE FALLS TWP	18.08	1.06	1.97	0.80	0.93
292	WARREN	WASHINGTON TWP	15.43	0.91	2.35	0.96	0.93
293	MORRIS	BOONTON TOWN	15.40	0.91	2.35	0.96	0.93
294	CAMDEN	LINDENWOLD BORO	9.33	0.55	3.23	1.31	0.93
295	CAMDEN	WINSLOW TWP	14.21	0.84	2.52	1.03	0.93
296	MONMOUTH	RUMSON BORO	15.85	0.93	2.28	0.93	0.93
297	MORRIS	KINNELON BORO	16.00	0.94	2.26	0.92	0.93
298	MORRIS	LINCOLN PARK BORO	14.97	0.88	2.40	0.98	0.93
299	HUNTERDON	WEST AMWELL TWP	15.03	0.88	2.39	0.97	0.93
300	MONMOUTH	ROOSEVELT BORO	10.93	0.64	2.99	1.22	0.93
301	GLOUCESTER	MONROE TWP	13.49	0.79	2.61	1.06	0.93
302	SALEM	ELSINBORO TWP	17.48	1.03	2.03	0.83	0.93
303	SUSSEX	OGDENSBURG BORO	10.45	0.61	3.05	1.24	0.93
304	MIDDLESEX	CRANBURY TWP	19.84	1.17	1.68	0.68	0.93
305	ATLANTIC	BRIGANTINE CITY	21.81	1.28	1.39	0.57	0.93
306	GLOUCESTER	WOODBURY CITY	13.82	0.81	2.54	1.04	0.93
307	MORRIS	DENVILLE TWP	17.02	1.00	2.08	0.84	0.92
308	ESSEX	NORTH CALDWELL TWP	13.21	0.78	2.62	1.07	0.92
309	PASSAIC	CLIFTON CITY	17.56	1.03	1.99	0.81	0.92
310	SUSSEX	NEWTON TOWN	14.70	0.86	2.40	0.98	0.92
311	BURLINGTON	PALMYRA BORO	13.93	0.82	2.51	1.02	0.92
312	MONMOUTH	HOWELL TWP	15.37	0.90	2.30	0.93	0.92
313	ATLANTIC	FOLSOM BORO	16.96	1.00	2.06	0.84	0.92
314	BURLINGTON	NO HANOVER TWP	20.62	1.21	1.52	0.62	0.92
315	HUNTERDON	CALIFON BORO	13.21	0.78	2.59	1.05	0.92
316	BERGEN	HAWORTH BORO	15.13	0.89	2.29	0.93	0.92
317	HUNTERDON	CLINTON TOWN	12.19	0.72	2.71	1.10	0.91
		[illegible]	13.85	0.81	2.46	1.00	0.91

318	BERGEN	ALLENDALE BORO	13.85	0.81	2.46	1.00	0.91
319	MIDDLESEX	MONROE TWP	17.87	1.05	1.88	0.76	0.91
320	BERGEN	TENAFLY BORO	13.96	0.82	2.44	0.99	0.91

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
321	SUSSEX	GREEN TWP	13.49	0.79	2.49	1.01	0.90
322	BERGEN	PALISADES PARK BORO	14.90	0.88	2.29	0.93	0.90
323	OCEAN	LITTLE EGG HARBOR TWP	13.03	0.77	2.56	1.04	0.90
324	BURLINGTON	BURLINGTON TWP	14.44	0.85	2.35	0.96	0.90
325	HUNTERDON	MILFORD BORO	17.26	1.02	1.93	0.79	0.90
326	BERGEN	NORTHVALE BORO	15.45	0.91	2.19	0.89	0.90
327	BERGEN	PARK RIDGE BORO	11.93	0.70	2.70	1.10	0.90
328	BERGEN	WALLINGTON BORO	16.38	0.96	2.06	0.84	0.90
329	MIDDLESEX	PISCATAWAY TWP	14.59	0.86	2.31	0.94	0.90
330	WARREN	ALPHA BORO	14.80	0.87	2.28	0.93	0.90
331	CUMBERLAND	UPPER DEERFIELD TWP	14.95	0.88	2.25	0.92	0.90
332	BURLINGTON	MEDFORD LAKES BORO	14.71	0.87	2.29	0.93	0.90
333	GLOUCESTER	NATIONAL PARK BORO	10.63	0.63	2.88	1.17	0.90
334	ATLANTIC	SOMERS POINT CITY	14.55	0.86	2.30	0.94	0.90
335	BURLINGTON	RIVERTON BORO	12.86	0.76	2.54	1.03	0.90
336	SALEM	ALLOWAY TOWNSHIP	15.25	0.90	2.19	0.89	0.89
337	UNION	UNION TWP	14.37	0.85	2.32	0.94	0.89
338	BERGEN	CLOSTER BORO	13.02	0.77	2.51	1.02	0.89
339	BERGEN	CRESSKILL BORO	14.47	0.85	2.29	0.93	0.89
340	MONMOUTH	HAZLET TWP	12.41	0.73	2.59	1.05	0.89
341	BERGEN	EMERSON BORO	12.62	0.74	2.55	1.04	0.89
342	CAPE MAY	WEST CAPE MAY BORO	17.49	1.03	1.84	0.75	0.89
343	BERGEN	NEW MILFORD BORO	12.03	0.71	2.63	1.07	0.89
344	ATLANTIC	BUENA BORO	13.35	0.79	2.44	0.99	0.89
345	MONMOUTH	WEST LONG BRANCH BORO	14.35	0.84	2.29	0.93	0.89
346	ESSEX	ROSELAND BORO	14.67	0.86	2.24	0.91	0.89
347	MORRIS	MOUNT ARLINGTON BORO	12.93	0.76	2.49	1.01	0.89
348	UNION	SCOTCH PLAINS TWP	11.49	0.68	2.70	1.10	0.89
349	BURLINGTON	BORDENTOWN TWP	11.19	0.66	2.73	1.11	0.89
350	HUNTERDON	ALEXANDRIA TWP	14.99	0.88	2.18	0.89	0.88
351	MONMOUTH	MIDDLETOWN TWP	13.79	0.81	2.35	0.96	0.88
352	MIDDLESEX	SAYREVILLE BORO	17.31	1.02	1.83	0.75	0.88
353	MONMOUTH	MONMOUTH BEACH BORO	15.77	0.93	2.05	0.83	0.88
354	WARREN	BLAIRSTOWN TWP	24.88	1.46	0.72	0.29	0.88
355	MIDDLESEX	HELMETTA BORO	14.71	0.87	2.19	0.89	0.88
356	OCEAN	BERKELEY TWP	16.59	0.98	1.92	0.78	0.88
357	MONMOUTH	FAIR HAVEN BORO	11.53	0.68	2.64	1.08	0.88
358	OCEAN	LACEY TWP	18.92	1.11	1.58	0.64	0.88
359	BERGEN	MAYWOOD BORO	14.12	0.83	2.27	0.92	0.88
360	MORRIS	MINE HILL TWP	11.82	0.70	2.58	1.05	0.87
361	PASSAIC	WEST PATERSON BORO	14.26	0.84	2.23	0.91	0.87
362	WARREN	HARDWICK TWP	14.33	0.84	2.21	0.90	0.87
363	UNION	LINDEN CITY	19.35	1.14	1.49	0.61	0.87
364	SOMERSET	GREEN BROOK TWP	13.36	0.79	2.35	0.96	0.87
365	BERGEN	GLEN ROCK BORO	11.67	0.69	2.59	1.06	0.87
366	BURLINGTON	DELANCO TWP	12.34	0.73	2.49	1.01	0.87
367	BERGEN	HASBROUCK HGHTS BORO	13.73	0.81	2.29	0.93	0.87
368	OCEAN	PT PLEASANT BEACH BORO	14.77	0.87	2.14	0.87	0.87
369	MIDDLESEX	SPOTSWOOD BORO	10.28	0.60	2.78	1.13	0.87
370	MORRIS	CHESTER TWP	13.24	0.78	2.34	0.95	0.87
371	BERGEN	NORTH ARLINGTON BORO	13.71	0.81	2.28	0.93	0.87
372	SOMERSET	FRANKLIN TWP	12.63	0.74	2.43	0.99	0.87
373	CAMDEN	HI NELLA BORO	10.80	0.64	2.67	1.09	0.86
374	BERGEN	RIVERVALE TWP	11.03	0.65	2.64	1.07	0.86
375	MORRIS	MENDHAM TWP	14.98	0.88	2.06	0.84	0.86

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
376	SUSSEX	BYRAM TWP	10.66	0.63	2.69	1.09	0.86
377	OCEAN	POINT PLEASANT BORO	17.50	1.03	1.70	0.69	0.86
378	MORRIS	MOUNTAIN LAKES BORO	10.84	0.64	2.65	1.08	0.86
379	UNION	WESTFIELD TOWN	11.94	0.70	2.49	1.01	0.86
380	HUNTERDON	HIGH BRIDGE BORO	12.41	0.73	2.42	0.98	0.86
381	GLOUCESTER	WOOLWICH TWP	13.50	0.79	2.26	0.92	0.86
382	MORRIS	WHARTON BORO	12.69	0.75	2.37	0.96	0.85
383	WARREN	HACKETTSTOWN TOWN	10.85	0.64	2.63	1.07	0.85
384	SUSSEX	STANHOPE BORO	9.82	0.58	2.78	1.13	0.85
385	ESSEX	ESSEX FELLS TWP	13.37	0.79	2.26	0.92	0.85
386	MONMOUTH	MARLBORO TWP	12.95	0.76	2.32	0.94	0.85
387	BERGEN	LYNDHURST TWP	15.13	0.89	2.00	0.81	0.85
388	ATLANTIC	PORT REPUBLIC CITY	15.29	0.90	1.97	0.80	0.85
389	BERGEN	WASHINGTON TWP	12.22	0.72	2.42	0.98	0.85
390	UNION	KENILWORTH BORO	15.03	0.88	2.01	0.82	0.85
391	BERGEN	RAMSEY BORO	11.66	0.69	2.49	1.01	0.85
392	BURLINGTON	MOORESTOWN TWP	12.08	0.71	2.42	0.98	0.85
393	HUDSON	GUTTENBERG TOWN	12.35	0.73	2.38	0.97	0.85
394	MORRIS	VICTORY GARDENS BORO	11.73	0.69	2.46	1.00	0.85
395	MIDDLESEX	OLD BRIDGE TWP	9.11	0.54	2.84	1.15	0.85
396	GLOUCESTER	WEST DEPTFORD TWP	12.53	0.74	2.34	0.95	0.85
397	MIDDLESEX	SOUTH PLAINFIELD BORO	12.11	0.71	2.40	0.98	0.84
398	SOMERSET	ROCKY HILL BORO	19.57	1.15	1.32	0.54	0.84
399	SOMERSET	MANVILLE BORO	10.32	0.61	2.65	1.08	0.84
400	MERCER	HOPEWELL TWP	13.91	0.82	2.13	0.87	0.84
401	ATLANTIC	ABSECON CITY	13.20	0.78	2.22	0.91	0.84
402	MIDDLESEX	EAST BRUNSWICK TWP	9.91	0.58	2.69	1.09	0.84
403	BERGEN	MIDLAND PARK BORO	12.74	0.75	2.28	0.93	0.84
404	OCEAN	MANCHESTER TWP	15.87	0.93	1.82	0.74	0.84
405	MONMOUTH	FREEHOLD TWP	12.08	0.71	2.37	0.96	0.84
406	MONMOUTH	MANASQUAN BORO	15.54	0.91	1.87	0.76	0.84
407	ATLANTIC	VENTNOR CITY	17.37	1.02	1.60	0.65	0.84
408	GLOUCESTER	WASHINGTON TWP	11.98	0.70	2.38	0.97	0.84
409	BURLINGTON	MAPLE SHADE TWP	10.79	0.63	2.55	1.04	0.84
410	BERGEN	EDGEWATER BORO	15.01	0.88	1.93	0.79	0.83
411	BERGEN	FAIRLAWN BORO	13.06	0.77	2.21	0.90	0.83
412	WARREN	LOPATCONG TWP	12.34	0.73	2.31	0.94	0.83
413	CAPE MAY	UPPER TWP	22.17	1.30	0.89	0.36	0.83
414	UNION	SUMMIT CITY	14.48	0.85	2.00	0.81	0.83
415	MIDDLESEX	WOODBRIDGE TWP	14.06	0.83	2.06	0.84	0.83
416	BERGEN	MOONACHIE BORO	19.23	1.13	1.31	0.53	0.83
417	MONMOUTH	DEAL BORO	19.50	1.15	1.27	0.51	0.83
418	MERCER	PRINCETON BORO	13.81	0.81	2.09	0.85	0.83
419	SUSSEX	LAFAYETTE TWP	10.89	0.64	2.51	1.02	0.83
420	BERGEN	NORWOOD BORO	12.53	0.74	2.27	0.92	0.83
421	ATLANTIC	MARGATE CITY CITY	17.82	1.05	1.50	0.61	0.83
422	BURLINGTON	TABERNACLE TWP	12.38	0.73	2.28	0.93	0.83
423	SOMERSET	BERNARDSVILLE BORO	15.64	0.92	1.80	0.73	0.83
424	BERGEN	E RUTHERFORD BORO	15.34	0.90	1.85	0.75	0.83
425	MORRIS	MOUNT OLIVE TWP	11.53	0.68	2.39	0.97	0.83
426	GLOUCESTER	LOGAN TWP	13.47	0.79	2.11	0.86	0.82
427	BERGEN	CLIFFSIDE PARK BORO	13.90	0.82	2.03	0.83	0.82
428	BERGEN	WESTWOOD BORO	12.29	0.72	2.25	0.91	0.82
[illegible]	MONMOUTH	HOLMDEL TWP	15.49	0.91	1.78	0.73	0.82
			[illegible]	1.24	0.98	0.40	

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
431	MONMOUTH	COLTS NECK TOWNSHIP	14.36	0.84	1.94	0.79	0.82
432	HUNTERDON	READINGTON TWP	13.23	0.78	2.11	0.86	0.82
433	UNION	GARWOOD BORO	9.69	0.57	2.61	1.06	0.82
434	BURLINGTON	CINNAMINSON TWP	11.42	0.67	2.36	0.96	0.82
435	OCEAN	ISLAND HEIGHTS BORO	11.43	0.67	2.36	0.96	0.82
436	MONMOUTH	OCEAN TWP	11.37	0.67	2.36	0.96	0.81
437	SOMERSET	BEDMINSTER TWP	19.42	1.14	1.19	0.48	0.81
438	HUNTERDON	CLINTON TWP	13.20	0.78	2.09	0.85	0.81
439	MORRIS	ROXBURY TWP	12.11	0.71	2.23	0.91	0.81
440	GLOUCESTER	EAST GREENWICH TWP	12.82	0.75	2.13	0.87	0.81
441	HUNTERDON	EAST AMWELL TWP	14.32	0.84	1.91	0.78	0.81
442	SOMERSET	MONTGOMERY TWP	13.83	0.81	1.98	0.81	0.81
443	CAPE MAY	LOWER TWP	13.40	0.79	2.04	0.83	0.81
444	CAPE MAY	CAPE MAY CITY	15.17	0.89	1.76	0.72	0.80
445	ESSEX	MILLBURN TWP	11.86	0.70	2.23	0.91	0.80
446	SOMERSET	BRIDGEWATER TWP	11.21	0.66	2.33	0.95	0.80
447	MERCER	PRINCETON TWP	13.33	0.78	2.01	0.82	0.80
448	OCEAN	BAY HEAD BORO	18.16	1.07	1.31	0.53	0.80
449	MORRIS	ROCKAWAY TWP	10.16	0.60	2.47	1.00	0.80
450	BERGEN	DEMAREST BORO	10.57	0.62	2.41	0.98	0.80
451	HUNTERDON	KINGWOOD TWP	12.89	0.76	2.07	0.84	0.80
452	BERGEN	RIVEREDGE BORO	10.18	0.60	2.46	1.00	0.80
453	BERGEN	WYCKOFF TWP	12.83	0.75	2.08	0.85	0.80
454	GLOUCESTER	WOODBURY HEIGHTS BORO	9.48	0.56	2.56	1.04	0.80
455	UNION	NEW PROVIDENCE BORO	9.00	0.53	2.62	1.07	0.80
456	MERCER	WEST WINDSOR TWP	11.22	0.66	2.30	0.94	0.80
457	BERGEN	WOODCLIFF LAKE BORO	11.68	0.69	2.23	0.91	0.80
458	HUNTERDON	RARITAN TWP	11.87	0.70	2.20	0.90	0.80
459	BURLINGTON	WILLINGBORO TWP	6.06	0.36	3.04	1.24	0.80
460	MONMOUTH	SEA BRIGHT BORO	11.64	0.68	2.23	0.91	0.80
461	ESSEX	LIVINGSTON TWP	11.08	0.65	2.31	0.94	0.80
462	MORRIS	BOONTON TWP	16.28	0.96	1.56	0.63	0.80
463	SOMERSET	WARREN TWP	13.17	0.77	2.00	0.81	0.79
464	SOMERSET	FAR HILLS BORO	16.54	0.97	1.51	0.61	0.79
465	BURLINGTON	SHAMONG TWP	10.45	0.61	2.37	0.97	0.79
466	MIDDLESEX	SOUTH BRUNSWICK TWP	11.80	0.69	2.17	0.88	0.79
467	MONMOUTH	BRIELLE BORO	12.74	0.75	2.03	0.83	0.79
468	BURLINGTON	MT LAUREL TWP	11.62	0.68	2.19	0.89	0.79
469	BERGEN	OLD TAPPAN BORO	13.26	0.78	1.95	0.80	0.79
470	BERGEN	WALDWICK BORO	9.28	0.55	2.53	1.03	0.79
471	SOMERSET	PEAPACK GLADSTONE BORO	18.00	1.06	1.26	0.51	0.79
472	MORRIS	RANDOLPH TWP	9.72	0.57	2.45	1.00	0.78
473	SUSSEX	MONTAGUE TWP	14.62	0.86	1.73	0.71	0.78
474	HUNTERDON	FRANKLIN TWP	13.23	0.78	1.93	0.79	0.78
475	BURLINGTON	DELRAN TWP	9.86	0.58	2.42	0.99	0.78
476	MIDDLESEX	SOUTH AMBOY CITY	12.85	0.76	1.98	0.81	0.78
477	OCEAN	SHIP BOTTOM BORO	18.27	1.07	1.19	0.48	0.78
478	BURLINGTON	EDGEWATER PARK TWP	9.32	0.55	2.48	1.01	0.78
479	BERGEN	ENGLEWOOD CLIFFS BORO	17.96	1.06	1.23	0.50	0.78
480	HUNTERDON	FRENCHTOWN BORO	9.83	0.58	2.39	0.97	0.78
481	MERCER	HOPEWELL BORO	10.72	0.63	2.26	0.92	0.78
482	MONMOUTH	INTERLAKEN BORO	15.39	0.91	1.58	0.64	0.77
483	MORRIS	WASHINGTON TWP	11.44	0.67	2.15	0.87	0.77
484	SOMERSET	BRANCHBURG TWP	11.83	0.70	2.08	0.85	0.77
485	MONMOUTH	SPRING LAKE BORO	15.68	0.92	1.52	0.62	0.77

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
486	HUNTERDON	TEWKSBURY TWP	10.97	0.65	2.19	0.89	0.77
487	SOMERSET	WATCHUNG BORO	13.30	0.78	1.84	0.75	0.77
488	BERGEN	MONTVALE BORO	12.33	0.73	1.97	0.80	0.76
489	MIDDLESEX	NORTH BRUNSWICK TWP	12.53	0.74	1.94	0.79	0.76
490	SOMERSET	MILLSTONE BORO	13.82	0.81	1.74	0.71	0.76
491	PASSAIC	TOTOWA BORO	14.46	0.85	1.65	0.67	0.76
492	BERGEN	ROCHELLE PARK TWP	14.18	0.83	1.69	0.69	0.76
493	MONMOUTH	MANALAPAN TWP	9.43	0.55	2.37	0.97	0.76
494	MONMOUTH	SPRING LAKE HEIGHTS BOR	11.08	0.65	2.13	0.87	0.76
495	HUDSON	SECAUCUS TOWN	9.21	0.54	2.39	0.97	0.76
496	BURLINGTON	MANSFIELD TWP	13.14	0.77	1.82	0.74	0.76
497	MORRIS	ROCKAWAY BORO	10.20	0.60	2.23	0.91	0.75
498	MORRIS	MONTVILLE TWP	12.64	0.74	1.87	0.76	0.75
499	BERGEN	SADDLE BROOK TWP	13.60	0.80	1.72	0.70	0.75
500	BERGEN	HOHOKUS BORO	12.27	0.72	1.91	0.78	0.75
501	MORRIS	EAST HANOVER TWP	15.53	0.91	1.43	0.58	0.75
502	MIDDLESEX	EDISON TWP	11.71	0.69	1.97	0.80	0.75
503	BURLINGTON	FLORENCE TWP	7.83	0.46	2.53	1.03	0.75
504	BURLINGTON	WESTAMPTON TWP	7.20	0.42	2.62	1.07	0.74
505	MIDDLESEX	MILLTOWN BORO	9.81	0.58	2.24	0.91	0.74
506	BERGEN	ORADELL BORO	10.33	0.61	2.15	0.87	0.74
507	UNION	MOUNTAINSIDE BORO	10.71	0.63	2.08	0.85	0.74
508	BURLINGTON	LUMBERTON TWP	9.11	0.54	2.30	0.94	0.74
509	GLOUCESTER	SO HARRISON TWP	9.16	0.54	2.29	0.93	0.74
510	BURLINGTON	MEDFORD TWP	8.13	0.48	2.43	0.99	0.73
511	HUNTERDON	BLOOMSBURY BORO	9.94	0.58	2.16	0.88	0.73
512	BERGEN	FRANKLIN LAKES BORO	14.04	0.83	1.57	0.64	0.73
513	OCEAN	STAFFORD TWP	12.97	0.76	1.72	0.70	0.73
514	SOMERSET	HILLSBOROUGH TWP	8.69	0.51	2.33	0.95	0.73
515	MORRIS	HARDING TWP	17.78	1.05	1.00	0.41	0.73
516	HUNTERDON	LEBANON BORO	8.62	0.51	2.31	0.94	0.72
517	MORRIS	CHATHAM BORO	10.90	0.64	1.97	0.80	0.72
518	CAPE MAY	WILDWOOD CREST BORO	14.83	0.87	1.39	0.57	0.72
519	GLOUCESTER	GREENWICH TWP	13.31	0.78	1.59	0.65	0.71
520	MORRIS	CHATHAM TWP	11.05	0.65	1.91	0.78	0.71
521	BERGEN	UPPER SADDLE RIV BORO	10.63	0.63	1.96	0.80	0.71
522	HUNTERDON	UNION TWP	10.95	0.64	1.91	0.78	0.71
523	MORRIS	PARSIPPANY TR HLS TWP	11.00	0.65	1.90	0.77	0.71
524	WARREN	ALLAMUCHY TWP	11.14	0.66	1.88	0.77	0.71
525	UNION	CLARK TWP	8.15	0.48	2.31	0.94	0.71
526	CAPE MAY	OCEAN CITY CITY	14.08	0.83	1.42	0.58	0.70
527	MORRIS	MENDHAM BORO	9.89	0.58	2.02	0.82	0.70
528	MORRIS	MORRIS TWP	10.57	0.62	1.93	0.78	0.70
529	UNION	BERKELEY HEIGHTS TWP	9.36	0.55	2.09	0.85	0.70
530	BERGEN	ELMWOOD PARK BORO	13.28	0.78	1.50	0.61	0.70
531	MORRIS	MADISON BORO	10.30	0.61	1.91	0.78	0.69
532	HUNTERDON	LEBANON TWP	13.95	0.82	1.38	0.56	0.69
533	BURLINGTON	WOODLAND TWP	8.09	0.48	2.23	0.91	0.69
534	MORRIS	FLORHAM PARK BORO	14.44	0.85	1.30	0.53	0.69
535	BERGEN	PARAMUS BORO	10.89	0.64	1.80	0.73	0.69
536	SOMERSET	BERNARDS TWP	8.69	0.51	2.11	0.86	0.69
537	OCEAN	BEACH HAVEN BORO	14.59	0.86	1.25	0.51	0.68
538	BURLINGTON	EVESHAM TWP	8.15	0.48	2.17	0.88	0.68
539	BURLINGTON	FIELDSBORO BORO	10.40	0.61	1.83	0.74	0.68
[illegible]	[illegible]	[illegible]	5.78	0.34	2.47	1.01	0.67

REVALUATION ECONOMIC SHOCK INDEX - RANKED BY MUNICIPALITY
1985 DATA

	COUNTY	MUNICIPALITY	GENERAL COEFFICIENT	COEFF. AS % OF STATE AVG.	EFFECTIVE TAX RATE	E.T.R. AS % OF STATE AVG.	ECONOMIC SHOCK INDEX
541	MONMOUTH	SEA GIRT BORO	12.91	0.76	1.43	0.58	0.67
542	OCEAN	HARVEY CEDARS BORO	15.38	0.90	1.07	0.44	0.67
543	BERGEN	SADDLE RIVER BORO	15.34	0.90	1.07	0.44	0.67
544	MORRIS	MORRIS PLAINS BORO	10.77	0.63	1.72	0.70	0.67
545	BERGEN	WOOD RIDGE BORO	8.74	0.51	1.97	0.80	0.66
546	HUNTERDON	HOLLAND TWP	17.57	1.03	0.68	0.28	0.66
547	CAPE MAY	CAPE MAY POINT BORO	15.85	0.93	0.89	0.36	0.65
548	OCEAN	BARNEGAT LIGHT BORO	15.27	0.90	0.94	0.38	0.64
549	MORRIS	HANOVER TWP	12.24	0.72	1.36	0.55	0.64
550	OCEAN	LAVALLETTE BORO	12.90	0.76	1.25	0.51	0.63
551	ATLANTIC	LONGPORT BORO	14.52	0.85	1.00	0.41	0.63
552	BURLINGTON	SOUTHAMPTON TWP	9.02	0.53	1.77	0.72	0.63
553	MIDDLESEX	PLAINSBORO TWP	8.52	0.50	1.83	0.74	0.62
554	BERGEN	ALPINE BORO	14.01	0.82	1.02	0.41	0.62
555	CAPE MAY	SEA ISLE CITY CITY	12.00	0.71	1.27	0.52	0.61
556	MONMOUTH	ALLENHURST BORO	12.54	0.74	1.19	0.48	0.61
557	CAPE MAY	STONE HARBOR BORO	13.13	0.77	0.97	0.40	0.58
558	CAPE MAY	AVALON BORO	13.45	0.79	0.93	0.38	0.58
559	BERGEN	RIDGEFIELD BORO	14.42	0.85	0.74	0.30	0.57
560	OCEAN	SURF CITY BORO	12.19	0.72	1.01	0.41	0.56
561	WARREN	PAHAQUARRY TWP	0.00	0.00	2.75	1.12	0.56
562	CAMDEN	PINE VALLEY BORO	0.00	0.00	2.24	0.91	0.46
563	OCEAN	MANTOLOKING BORO	6.28	0.37	0.80	0.33	0.35
564	CAMDEN	TAVISTOCK BORO	0.00	0.00	1.47	0.60	0.30
565	BERGEN	ROCKLEIGH BORO	3.76	0.22	0.82	0.34	0.28
566	BERGEN	TETERBORO BORO	2.59	0.15	0.99	0.40	0.28
567	SUSSEX	WALPACK TWP	0.00	0.00	0.59	0.24	0.12
	STATE AVERAGE		17.00	1.00	2.46	1.00	1.00

DEFINITIONS:
GENERAL COEFFICIENT OF DEVIATION: THIS IS AVERAGE DEVIATION FROM AVERAGE ASSESSMENT RATIO

EXPRESSED AS A PERCENTAGE OF AVERAGE ASSESSMENT RATIO FOR EACH MUNICIPALITY.

EFFECTIVE TAX RATE: OBTAINED BY DIVIDING THE TOTAL ON WHICH THE TAX RATE IS COMPUTED BY THE
NET VALUATION ON WHICH COUNTY TAXES ARE APPORTIONED.

ECONOMIC SHOCK INDEX: CALCULATED FOR EACH MUNICIPALITY BY AVERAGING THE COEFFICIENT OF DEVIATION EXPRESSED AS A RATIO TO THE STATE AVERAGE COEFFICIENT OF DEVIATION, AND THE EFFECTIVE TAX RATE, EXPRESSED AS A RATIO TO THE STATE AVERAGE EFFECTIVE TAX RATE.

PERSONS WHO APPEARED BEFORE THE PROPERTY TAX ASSESSMENT STUDY COMMISSION

February 24, 1984

John R. Baldwin, Director, New Jersey Division of Taxation

Samuel Temkin, Assistant Director, New Jersey Division of Taxation

Richard Guhl, New Jersey Division of Taxation

April 6, 1984

Thomas A. Banker, Assistant Business Administrator, City of Newark

Joseph Frisina, Tax Assessor, City of Newark

Joel L. Shain, Mayor, Township of Orange

Paul Monacelli, President of Council, Township of Orange

May 5, 1984

Arthur Holland, Mayor, City of Trenton

Barry Skokowski, Director, New Jersey Division of Local Government Services

June 8, 1984

Robert Rubenstein, Realty Appraisal Co.

Robert Woodford, Vice President, New Jersey Business and Industry Assoc.

John Zarrolli, Tax Collector, Township of Cherry Hill and Vice President, Tax Collectors and Treasurers Association of New Jersey

Dante Leodori, County Tax Administrator, Bergen County

August 24, 1984

John R. Baldwin, Director, New Jersey Division of Taxation

Courtney Powell, Tax Assessor, Township of Old Bridge

October 12, 1984

Joseph Eckert, Director of Education, International Association of Assessing Officers

Arthur Brown, New Jersey Secretary of Agriculture

David Gaskell, Executive Director, New York State Board of Equalization

October 12, 1984 (continued)

John Murray, Tax Assessor, Township of Millburn and Past President, Association of Municipal Assessors of New Jersey

Jeffrey Schram, Applied Computer Technology

November 9, 1984

Steven Gold, Director, Intergovernmental Finance Project, National Conference of State Legislatures

Alan J. Karcher, Assemblyman, L.D. 19 and Speaker of the General Assembly

Ernest C. Reock, Jr., Director, Rutgers University Bureau of Government Research

December 7, 1984

Charles Cook, Cole-Layer-Trumble Co.

Dante Leodori, County Tax Administrator, Bergen County

C. Lowell Harris, Economic Consultant to the Tax Foundation

February 1, 1985

Anna Wiedman, Fort Lee Taxpayers Association

April 12, 1985

Margaret Jeffers, Tax Assessor, City of Jersey City

Charles Femminella, Certified Valuations Co.

May 10, 1985

Kenneth Back, Executive Director, Institute of Property Taxation

Benjamin G. Vukiceyick, Commissioner, Camden County Board of Taxation

Willaim Daggett, Summit Homeowners Association

Richard Wellbrock, Summit Homeowners Association

Michael Sheridan, Tax Assessor in five Camden County Municipalities

June 6, 1985

Stephen Kessler, Tax Assessor, Township of Winslow and President, Association of Municipal Assessors of New Jersey

June 6, 1985 (continued)

Mary Mastro, Tax Assessor, Township of West Milford

John Murray, Tax Assessor, Township of Millburn and representative of Association of Municipal Assessors of New Jersey

Courtney Powell, Tax Assessor, Township of Old Bridge

William Birchall, Tax Assessor, Townships of Hainesport and Lumberton and President, Association of Municipal Assessors of New Jersey

William Bailey, Tax Assessor, Township of East Brunswick

William J. McQuillan, Tax Assessor, Borough of Medford Lakes

Peter Torre, Tax Assessor, Township of Belleville

Roy Taylor, Tax Assessor, Borough of Watchung and President, Somerset County Assessors Association

William Skelley, Tax Assessor, Township of Willingboro

Alfred J. Greene, Jr., Tax Assessor, City of Clifton

April 4, 1986

Anne Evans, Revaluation Advisory Committee, City of Newark

Richard Wellbrock, Summit Homeowners Association

May 9, 1986

Norman Stevens, Tax Assessor, Townships of Bedminster and Bridgewater

June 13, 1986

John E. Trafford, Executive Director, New Jersey State League of Municipalities

Joseph Frisina, Tax Assessor, City of Newark

George J. Sokalski, Tax Assessor, City of Paterson

Alfred J. Greene, Jr., Tax Assessor, City of Clifton

William Bailey, Tax Assessor, Township of East Brunswick

July 18, 1986

John R. Baldwin, Director, New Jersey Division of Taxation

July 18, 1986 (continued)

Michael Mayo, Equity 21 Project Director, Touche Ross co.

Jeffrey Farin, Equity 21 Team Member, Touche Ross Co.

Joan Dambach, Tax Assessor, Township of Piscataway

John Meeker, County Tax Administrator, Union County

William Birchall, Tax Assessor, Townships of Hainesport and Lumberton and President, Association of Municipal Assessors of New Jersey

William Dressel, Assistant Executive Director, New Jersey State League of Municipalities

August 8, 1986

John E. Trafford, Executive Director, New Jersey State League of Municipalities

John R. Baldwin, Director, New Jersey Division of Taxation

Michael Mayo, Equity 21 Project Director, Touche Ross Co.

Jeffrey Farin, Equity 21 Team Member, Touche Ross Co.

John Meeker, County Tax Administrator, Union county

August 22, 1986

Dolores G. Cooper, Assembywoman, L.D. 2

Edward Colanzi, Former City Commissioner, City of Atlantic City

September 22, 1986

William Birchall, Tax Assessor, Townships of Hainesport and Lumberton, and President, Association of Municipal Assessors of New Jersey

October 17, 1986

Mary Mastro, Tax Assessor, Township of West Milford

CONSTITUTIONAL AND STATUTORY PROVISIONS REGULATING THE ASSESSMENT OF PROPERTY FOR TAX PURPOSES

Constitution of New Jersey

Article VIII, Section I, Paragraph 1

1. (a) Property shall be assessed for taxation under general laws and by uniform rules. All real property assessed and taxed locally or by the State for allotment and payment to taxing districts shall be assessed according to the same standard of value, except as otherwise permitted herein, and such real property shall be taxed at the general tax rate of the taxing district in which the property is situated, for the use of such taxing district.

   (b) The Legislature shall enact laws to provide that the value of land, not less than 5 acres in area, which is determined by the assessing officer of the taxing jurisdiction to be actively devoted to agricultural or horticultural use and to have been so devoted for at least the 2 successive years immediately preceding the tax year in issue, shall, for local tax purposes, on application of the owner, be that value which such land has for agricultural or horticultural use.

   Any such laws shall provide that when land which has been valued in this manner for local tax purposes is applied to a use other than for agriculture or horticulture it shall be subject to additional taxes in an amount equal to the difference, if any, between the taxes paid or payable on the basis of the valuation and the assessment authorized hereunder and the taxes that would have been paid or payable had the land been valued and assessed as otherwise provided in this Constitution, in the current year and in such of the tax years immediately preceding, not in excess of 2 such years in which the land was valued as herein authorized.

   Such laws shall also provide for the equalization of assessments of land valued in accordance with the provisions hereof and for the assessment and collection of any additional taxes levied thereupon and shall include such other provisions as shall be necessary to carry out the provisions of this amendment.

CONSTITUTIONAL AND STATUTORY PROVISIONS REGULATING THE ASSESSMENT OF PROPERTY FOR TAX PURPOSES

Revised Statutes of New Jersey

54:4-1

All property real and personal within the jurisdiction of this State not expresssly exempted from taxation or expressly excluded from the operation of this chapter shall be subject to taxation annually under this chapter. Such property shall be valued and assessed at the taxable value prescribed by law. Land in agricultural or horticultural use which is being taxed under the Farmland Assessment Act of 1964, chapter 48, laws of 1964, shall be valued and assessed as provided by said act. An executory contract for the sale of land, under which the vendee is entitled to or does take possession thereof, shall be deemed, for the purpose of this act, a mortgage of said land for the unpaid balance of purchase price. Personal property taxable under this chapter shall include, however, only tangible goods and chattels, exclusive of inventories, used in business of telephone, telegraph and messenger systems, companies, corporations or associations subject to tax under chapter 4, laws of 1940, as amended, and shall not include any intangible personal property whatsoever whether or not such personalty is evidenced by a tangible or intangible chose in action, except as otherwise provided by section 54:4-20 hereof. Property omitted from any assessment may be assessed by the county board of taxation, or otherwise, within such time and in such manner as shall be provided by law.

CONSTITUTIONAL AND STATUTORY PROVISIONS REGULATING THE ASSESSMENT OF PROPERTY FOR TAX PURPOSES

Revised Statutes of New Jersey

54:4-23

All real property shall be assessed to the person owning the same on October 1 in each year. The assessor shall ascertain the names of the owners of all real property situate in his taxing district, and after examination and inquiry, determine the full and fair value of each parcel of real property situate in the taxing district at such price as, in his judgment, it would sell for at a fair and bona fide sale by private contract on October 1 next preceding the date on which the assessor shall complete his assessments, as hereinafter required; provided, however, that in determining the full and fair value of land which is being assessed and taxed under the Farmland Assessment Act of 1964, chapter 48, laws of 1964, the assessor shall consider only those indicia of value which such land has for agricultural or horticultural use as provided by said act. For the purposes of assessment, the assessor shall compute and determine the taxable value of such real property at the level established for the county pursuant to law.

Statement of Commissioner Anthony D. Andora

The study done by the New Jersey Property Tax Assessment Study Commission and the inquiry into fiscal shock resulting from redistribution of the property tax burden following revaluations has been a very comprehensive undertaking. The Commission has spent approximately two years taking testimony and studying reports from a variety of witnesses, not only from New Jersey but from areas throughout the country.

I find myself in agreement with almost all of the conclusions and recommendations made in the report of the Commission and am reluctant to dissent or disagree with any of them. However, I find myself sufficiently concerned as to the fairness and constitutionality of the method of the phase-in encompassed in recommendation number 9 and discussed on pages 70 through 77 of the Report, that it is necessary to express these reservations. The proposal for the phase-in of a revaluation program would lessen the burden on a property that was under-assessed and which would sustain a sharp increase in the property tax burden by limiting and spreading out the reductions on properties that are over-assessed and which would be in line for a sharp decrease in their tax burden. The problem that I have with this proposal is that it imposes on a property owner a tax burden in excess of that to which he should be subject and which, indeed, may be in excess of the common level of assessments as imposed under Chapter 123 of the Laws of 1973 (N.J.S.A.54:3-22 and 54:51A-6). Such a property owner, thus is subject to discriminating treatment to his financial detriment. This not only is unfair, but indeed, it may be unconstitutional under the provisions of Article VIII, Section I, paragraph 1, which calls for taxation by general laws and by uniform rules. Moreover, such a taxpayer may be no more able to pay his taxes than the ones being sheltered from "fiscal shock."

In lieu of having a property owner bear the higher burden of taxation, I suggest that the funds to subsidize the easing of the fiscal shock be obtained from either an abolition of the property tax rebate program or from a changing of the way that we approach the taxing or non-taxation of exempt properties. The funds thus so obtained would be available to subsidize the phase-in. Presently, municipalities may have large amounts of properties which are on the exempt rolls either from state owned properties or those owned by a long list of owners qualifying for exemptions under our state tax laws. See N.J.S.A.54:4-33 et seq. This is frequently very true in urban areas which have large amounts of their lands encumbered by non-productive activities from an economic standpoint and, in addition, not bearing any of the burden of taxation. If those entities are engaged in worthwhile activities, and in almost every instance that is the case, then the burden of taxation for them should be borne on a larger base than merely the municipal taxing district. In the instance of state owned properties, the properties should bear their fair share of taxation by being fully taxed on a fair market value basis the same as all other properties. We should also look at a number of the other classifications of tax exempt properties to see whether or not the burden of taxation should be borne on a larger basis throughout the state rather than be imposed on the municipal taxpayers who are otherwise hard pressed in urban areas. A combination of both of these sources, i.e., the area of exempt properties and a modification of the property tax rebate program should provide sufficient funding to bear the burden of the phase-in program which, under the Commission's Report would fall solely on property owners who are presently over-assessed and who, obviously, should be obtaining tax relief. To impose that continued burden over the four-year period on such property owners is unfair. It is for these reasons that I must dissent from those particular conclusions of the Report and urge my colleagues on the Commission to adopt the view espoused in this dissenting report.

Statement of Commissioner Robert E. Ebert, CTA

I am going to confine all my remarks to the following items in the Conclusions and Recommendations Section of this excellent report:

#10. There should be a limited program of state financial assistance for the purpose of easing the phase-in of a revaluation program for those municipalities which demonstrate the potential for severe fiscal shock (p.75) that have a history of coefficient of deviation of over 25% for 2 out of 5 years and a 100% tax rate of over $3.50.

#16. The Local Property Branch of the Division of Taxation should be reconstituted as a Division of Local Property Tax Assessment.

#17. A five-member Assessment Administration Review Board should be established. Two of the members should be a member of a county board of taxation and a present or former municipal tax assessor, both of whom should hold Certified Tax Assessor certificates and should be appointed by their respective professional organizations. The remaining members should be appointed by the Governor, the President of the Senate, and the Speaker of the General Assembly, and no more than two of three should be members of the same political party. All designees should have at least 10 years experience in the real estate appraisal field, and they should be residents of the State of New Jersey. The Commission should adopt standards developed by the various county boards of taxation and the Division of Taxation and should hear appeals from actions to remove assessment personnel or to revoke the license of a revaluation firm.

#18. Should be deleted.

#19. The various county tax boards, along with assessors in the various counties, should develop standards for the minimum size of a tax assessment jurisdiction. After having a hearing where the various communities should be given an opportunity to express their thoughts, the Assessment Administration Review Board should be empowered to order a consolidation of the tax assessment function in municipalities which do not meet the standards. These consolidations should take place as the office of assessor becomes vacant.

#20. A new program of State aid for local assessment administration should be enacted, to cover one-third of the statewide cost of local assessment administration; this revenue to be a dedicated revenue to the assessor's budget to meet the various standards developed.

#21. The Assessment Administration Review Board, from data supplied by the Division of Local Property Tax Assessment and the various county tax boards, should develop standards for tax assessors' salaries, benefits, staff, office space, equipment and other resources in the taxing jurisdictions of varying sizes.

#23. Where a municipality fails to meet standards for salaries, staff, office space, equipment and other resources for the tax assessment office, and where performance standards are then not met, the Assessment Administration Review

Board should be empowered to provide for adequate funding of the tax assessment office, with costs to be covered by withholding any State aid to which the municipality is otherwise entitled.

#24. County boards of taxation should become strictly tax appeal boards and their administrative duties should be divided between the County Tax Administrator and the central staff of the Division of Local Property Tax Assessment.

#25. The CTA Certificate should be a requirement prior to the appointment of the municipal tax assessor. All future appointees to the county tax boards shall be a college graduate or have four years of proven appraisal experience; within two years of their term, they should be holders of the CTA Certificate, with removal from office if the certificate has not been obtained.

#25(a)-new. When a vacancy exists in the assessor's office, the appointing authority should notify the County Tax Administrator and the Assessment Administration Review Board. Prior to appointment of an assessor, the appointing authority should notify the County Tax Board of said appointment to receive their confirmation of such appointment. In the event no appointment is made within a 30-day period, the Assessment Administration Review Board should, within 30 days, make an appointment for a full four-year term starting with the next July 1st, and establish a salary.

#28. The Division of Local Property Tax Assessment should develop standards of performance for municipal tax assessors, County Tax Board members, and other assessment personnel.

#30. The Division of Local Property Tax Assessment, when requested, should provide assistance to municipal tax assessors in the appraisal of complex properties and in the defense of tax appeals.

#31. The Division of Local Property Tax Assessment should develop standards for computer-assisted mass appraisal systems.

#36. The County Board of Taxation should be empowered to determine the need for revaluations and to order that they be conducted and implemented.

#37. The Division of Local Property Tax Assessment should be empowered to license revaluation firms and establish standards for their performance. The County Board of Taxation should monitor the performance on a monthly basis and recommend revocation of licenses, if justified, based on evidence to be submitted to the Assessment Administration Review Board for their approval.

Statement of Commissioner Maureen Ogden

During the past two years the members of the New Jersey Property Tax Assessment Commission have met on a monthly basis to take testimony from a variety of individuals and organizations. We have also had an opportunity to review a number of reports relating to our charge of seeking means to mitigate fiscal shock from the redistribution of the property tax following revaluations as well as analyzing methods of conducting and funding tax assessments. While I agree with the majority of the recommendations, I do wish to include several recommendations and dissents as set forth in the following paragraphs.

*A clear statement should be included in the "conclusions and recommendations" section that the delaying of municipal revaluations by passing moratoriums is poor public policy. It is not in the best interests of the state's citizens and should be strongly discouraged.

*The recommendation endorsing a state aid program for revaluation phase-in (page v, recommendation #10: page 75) is incomplete. It does not define which municipalities should be eligible for such a state aid program, how much aid should be provided or how the state should pay for the aid program. Without defining these particulars of a state aid program, I believe it is inappropriate for the Commission to recommend a program.

*The Commission's charge is to address fiscal shock as it pertains to municipalities which have long delayed revaluation. Legislation should be aimed at keeping property assessments as current as possible. Therefore, I don't support the recommendation that every municipality be given the option of spreading the revaluation over four years unless it is required for constitutional reasons.

*Recommendation 13 (page v) calls for the enactment of legislation requiring all municipalities to levy user fees of property (taxable and non-taxable) to cover the cost of public safety. The proposal stemmed from the realization that the cities in the high-fiscal shock category have a large percentage of exempt property. This recommendation represents a major change in state tax policy towards tax-exempt organizations such as religious organizations and non-profit associations. Requiring all municipalities to levy such user fees represents a major change in the concept of municipal "home rule." While I would support making a levy of user fees a municipal option, I cannot support mandating its use.

*The report includes recommendations that property taxes should not exceed 3% of property value (page 85) and that a state-funded circuit breaker (page 97) be enacted to ensure that no taxpayer must pay more than a specified percentage of gross income in property taxes. New Jersey's property tax burden is a heavy one, and many Members of the Commission felt compelled to address the broader issue of tax reform. I dissent from this view because I believe it takes the Commission beyond its more narrow charge. "It shall be the duty of the commission ...to devise means to mitigate the impact on sound urban neighborhoods of fiscal shock resulting from a massive redistribution of the property tax burden in urban communities where reassessments had been long delayed."

While I support the goal of reducing property taxes, the proposals would require a major overhaul of the taxing and spending policies of the State. Broad based issues of state tax policy, state aid and tax relief fall in the province of the comprehensive study of the State and Local Expenditure and Revenue Policy Commission.

Statement of Commissioner Gerald R. Stockman*

My position with regard to the State and Local Expenditure and Revenue Raising Policy Commission (SLERP) is a matter of longstanding public record. Simply put, it is that the creation of that Commission was influenced more by a desire to avoid difficult fiscal issues facing this State than by a genuine well thought-out plan to identify and develop viable answers to those issues. The Commission is given too large a charge; is not adequately representative of the citizens of this State; and key administration representatives with a built in conflict of interest play too large a role in the life of the Commission. For these reasons I must dissent from even the suggestion that the Commission might be assigned the further task of monitoring the property tax and the recommendations of our Commission.

*Commissioners Ebert and Harraka concur in this statement and also urge that this Commission be continued.