

SENATE, No. 1126

STATE OF NEW JERSEY

INTRODUCED MAY 9, 1996

By Senator ZANE

1 AN ACT concerning the time at which a real property decision of the
2 tax court becomes binding for the assessment year and for the two
3 assessment years succeeding the assessment year, amending
4 R.S.54:51A-8.

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

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9 1. R.S.54:51A-8 is amended to read as follows:
10 54:51A-8. Conclusiveness of judgment; changes in value; effect of
11 revaluation program. Where a [final] judgment final has been rendered
12 by the tax court involving real property, the judgment shall be
13 conclusive and binding upon the municipal assessor and the taxing
14 district, parties to the proceeding, for the assessment year and for the
15 two assessment years succeeding the assessment year covered by the
16 final judgment, except as to changes in the value of the property
17 occurring after the assessment date. Where those changes are alleged,
18 the complaint shall specifically set forth the nature of the changes
19 relied upon as the basis for the appeal. However, the conclusive and
20 binding effect of the judgment shall terminate with the tax year
21 immediately preceding the year in which a program for a complete
22 revaluation of all real property within the district has been put into
23 effect.

24 (cf: R.S.54:51A-8)

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26 2. This act shall take effect immediately and shall apply to all
27 assessments for which judgment final has not been rendered prior to
28 enactment.

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STATEMENT

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33 This bill clarifies the point at which a real property tax assessment
34 challenge causes the operation of the "freeze act." That act provides

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 that a challenge to an assessment binds the assessor and the taxing
2 district not only for the assessment year but also "freezes" the
3 assessment for the next two assessment years thereafter.

4 The original statute provided that this rule applied if a taxpayer and
5 an assessor had exhausted the appeals process. When the statutes
6 were re-codified at the time of the creation of the tax court, the
7 wording of the law was changed slightly and the New Jersey courts
8 have interpreted that change as the Legislature's intention to have the
9 assessor be bound for two years, and a refund of any payments to the
10 taxing district be made, if the tax court finds for the taxpayer whether
11 or not the taxing district still has a right of appeal. Even though the
12 taxing district may eventually win the legal right to a tax payment, by
13 the time it prevails on an appeal the taxing district may have no means
14 to recover its excess refund. This bill returns the law to the original
15 status, that the freeze act provisions apply if the right to appeal has
16 been exhausted or has expired, and makes that rule apply to all cases
17 that may still be appealed or are pending on appeal at the time of its
18 enactment.

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23 Clarifies point in real property tax assessment appeal proceedings at
24 which "freeze act" provisions apply.