

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO SENATE, No. 2725

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 22, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2725, with committee amendments.

As amended by the committee, this bill would revise and clarify several processes related to the assessment of real property in counties that operate under the “Real Property Assessment Demonstration Program,” P.L.2013, c.15 (C.54:1-101 et al.) (currently only Monmouth County), where municipal-wide reassessments are performed annually by assessors in order to maintain assessments of all parcels of real property at their true value, which is current market value, and an alternative property assessment calendar was created in order for the county board of taxation to hear and decide property tax appeals prior to the adoption of municipal budgets, which provides greater certainty to the municipal budget process.

Section 1 of the bill would amend section 10 of P.L.2017, c.306 (C.4:4-23b) pertaining to the internal inspection of all buildings and other structures located on parcels of real property in municipalities located in a county wherein the county board of taxation is participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104) (currently only Monmouth County). As enacted in P.L.2017, c.306, section 10 of P.L.2017, c.3065 (C.4:4-23b) also applies to a county operating under the "Property Tax Assessment Reform Act," P.L.2009, c.118 (C.54:1-86 et seq.) (currently only Gloucester County), which operates under the property assessment calendar established in the “Real Property Assessment Demonstration Program.” This bill would amend the statute to also apply to a county that has adopted the assessment calendar established in the “Real Property Assessment Demonstration Program” by resolution as permitted in P.L.2018, c.94 (C.54:1-105) (currently only Burlington County as of October 1, 2020). Therefore, some of the amendments to this section also would apply to Gloucester and Burlington counties. If a municipality elects to perform district-wide assessment changes, P.L.2017, c.306 required the assessors operating under those laws to make three good-faith attempts to physically inspect the interior of each parcel of real property not later than December 31 of the eighth year immediately preceding the year of the implementation of a

proposed district-wide reassessment. These inspections are critical to ensure that an assessor is taxing each parcel of real property correctly.

The bill defines “good-faith attempt to physically inspect” to mean that the assessor, an employee of the municipality acting on behalf of the assessor, or a representative of a revaluation company or other company hired by the municipality to provide internal inspection services, would have to physically arrive at the property and request entry to the interior of the property. If that person is unable to gain entry to the property to perform the interior inspection, the person would be required to leave a notice affixed to the front door of the property stating in boldface type that an attempt was made to inspect the interior of the property, with the person’s contact information prominently displayed on the notice. In the case of a municipality located in a county wherein the county board of taxation is participating in the “Real Property Assessment Demonstration Program,” the notice would also state in boldface type that an appeal of the property’s assessment would not be heard by the county board of taxation unless the interior of the property has been inspected.

In the case of a municipality located in a county wherein the county board of taxation is participating in the demonstration program established in section 4 of the “Real Property Assessment Demonstration Program,” P.L.2013, c.15 (C.54:1-104), the internal inspection may, at the taxpayer’s discretion, be performed virtually, pursuant to provisions set forth in the bill.

Section 2 of the bill amends R.S.54:3-21 concerns appeals of real property assessments (colloquially referred to as “tax appeals”). The bill would require, in the case of a municipality located in a county participating in the “Real Property Assessment Demonstration Program,” that, absent good cause, a property owner would not be entitled to appeal an assessment on a parcel of real property if the assessor’s or county board of taxation’s request to internally inspect the property, made after the filing of the appeal, has been refused by the property owner.

Sections 3 and 4 of the bill, concerning tax appeals, clarify that in the case of a municipality located in a county operating under the provisions of the “Real Property Assessment Demonstration Program,” the property tax assessment law, P.L.1973, c.123, colloquially referred to in the assessment community as “chapter 123,” which was adopted in 1973 as a tool to test the fairness of an assessment and established a “30 percent corridor of value” or “permissible error” would not apply to any appeal from an assessment of real property taken in the tax year in which the assessor implements either a municipal-wide reassessment or other form of district-wide assessment review that requires the revision of all property assessments to current market value and that is approved by a county board of taxation. Section 3

also permits a county tax board in a county operating under the “Real Property Assessment Demonstration Program” to proceed with a full evidentiary appeal proceeding based on evidence submitted without the attendance of the property owner, at the property owner’s sole discretion by written request submitted at the time of the filing, and also allows county board of taxation appeal hearings in those counties to be conducted virtually, using the county’s online appeal system, and conference call technology and protocols adopted by the county board of taxation if the property owner makes such a request in writing at the time of filing.

Sections 5 and 6 concern the annual notice of the current year’s assessment and prior year’s property taxes required to be provided to all municipal property owners by the assessor. These sections of the bill require that this annual notice will satisfy any notice requirement to a property owner concerning the assessment of that property owner’s preliminary assessment value for the tax year in a municipality located in a county wherein the county board of taxation is participating in the “Real Property Assessment Demonstration Program.”

Section 7 of the bill concerns parcels of real property on which are located a building or other structure destroyed, consumed by fire, damaged, or altered in such a way that the value has depreciated after the assessment was set on October 1 of the pre-tax year, as required by law. In the case of a municipality located in a county operating under the “Real Property Assessment Demonstration Program,” the “Property Tax Assessment Reform Act,” and a county that has adopted, by resolution, the provisions of section 1 of P.L.2018, c.94, if that depreciation occurred before May 1 of the tax year and the assessor has been notified prior to May 3 of the tax year, the assessor would be required to determine the value of the parcel as of May 1, and assess the property for taxation at that value. The section also requires that the assessor’s added assessment list for the tax year include a value for the improvements that reflect the prorated value of the building or structure as of January 1 of the tax year for the number of days prior to the date of the depreciation of the building or structure.

COMMITTEE AMENDMENTS

The committee made the following amendments to the bill:

- to clarify that the owner of real property located in a municipality in a county participating in the “Real Property Assessment Demonstration Program,” absent good cause, would not be entitled to appeal the assessment of their property if the property owner refuses the assessor’s or county board of taxation’s request, made after the appeal is filed, to internally inspect the property, and clarify that the internal inspection, at the taxpayer’s discretion, may be performed virtually pursuant to provisions set forth in the bill.

- To omit sections 5 and 6 in their entirety; and
- to make technical amendments required in the bill.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.