# ASSEMBLY, No. 3882

# STATE OF NEW JERSEY

## 219th LEGISLATURE

INTRODUCED MARCH 23, 2020

**Sponsored by:**
**Assemblyman GARY S. SCHAER**
**District 36 (Bergen and Passaic)**

**SYNOPSIS**

Extends county-based real property assessment program to Passaic County.

**CURRENT VERSION OF TEXT**

As introduced.

**AN ACT** concerning county-based real property assessment and amending P.L.2009, c.118.

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

1. Section 3 of P.L.2009, c.118 (C.54:1-88) is amended to read as follows:

3. As used in this act:

"County governing body" means the county board of chosen freeholders of **[**the**]** a pilot county.

"County assessor" means the person appointed by **[**the**]** a county governing body pursuant to section 4 of P.L.2009, c.118 (C.54:1-89) to assess property within the county for the purposes of taxation and exemption from taxation.

"Department" means the Department of the Treasury.

"Director" means the Director of the Division of Property Assessment in the Department of the Treasury.

"Deputy county assessor" means the holder of a certified property assessor certificate who is employed by the office of the county assessor within **[**the**]** a pilot county and assigned to perform duties and responsibilities for the assessment of property for purposes of taxation under the supervision of the county assessor.

"Division" means the Division of Taxation in the Department of the Treasury.

"Pilot county" means the County of Gloucester, and the County of Passaic.

(cf: P.L.2009, c.118, s.3)

2. Section 4 of P.L.2009, c.118 (C.54:1-89) is amended to read as follows:

4. a. On the first day of January of the first full calendar year next following the effective date of P.L.2009, c.118 (C.54:1-86 et al.), or the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), as appropriate, or as soon thereafter as may be practicable, the county governing body shall appoint a county assessor.

b. (1) The county assessor shall be an employee of the pilot county and shall serve on a full-time basis for an initial five-year term.

(2) No person shall be appointed as county assessor unless that person holds a certified property assessor's certificate and has at least five years of experience as a municipal tax assessor or deputy county assessor in the pilot county in which the assessor is to be

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

**Matter underlined thus is new matter.**

appointed, or held the position of county tax administrator prior to the appointment of the first county assessor pursuant to this section.

(3) The county assessor shall acquire tenure in office upon reappointment to a second five-year term and thereafter shall hold office during good behavior and efficiency, and shall not be removed for political reasons or for any cause other than incapacity, misconduct, disobedience of rules or regulations established by the director or by the county governing body, failure to meet the standards of performance established by the director, or schedules or standards adopted pursuant to P.L.2009, c.118 (C.54:1-86 et al.).

c. **[**The**]** A pilot county shall constitute a taxing district for the purpose of the assessment of property in the State.

(cf: P.L.2009, c.118, s.4)

3. Section 5 of P.L.2009, c.118 (C.54:1-90) is amended to read as follows:

5. a. On or before December 31 of the third full calendar year next following the **[**effective date of P.L.2009, c.118 (C.54:1-86 et al.)**]** appointment of the county assessor pursuant to subsection a. of section 4 of P.L.2009, c.118 (C.54:1-89), every municipality within the pilot county shall implement a real property revaluation.

b. (1) The county assessor appointed pursuant to subsection a. of section 4 of P.L.2009, c.118 (C.54:1-89) shall assist the municipalities in meeting the requirements of subsection a. of this section through the promulgation of a phase-in plan for the orderly completion and implementation of the municipal revaluations, or by any other means he deems appropriate.

(2) The county assessor may waive the revaluation requirement for a particular municipality under subsection a. of this section upon his finding that the municipality implemented a revaluation within 24 months of the effective date of P.L.2009, c.118 (C.54:1-86 et al.) or the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), as appropriate.

c. The cost of the revaluations required under subsection a. of this section shall be paid by the pilot county. **[**The costs of a previous revaluation for a municipality that has been granted a waiver under paragraph (2) of subsection b. of this section shall be reimbursed by the pilot county.**]** Following the completion of the three year period established pursuant to subsection a. of this section, the State shall reimburse the pilot county for those amounts using funds made available to the pilot county from either the SHARE program pursuant to section 30 of P.L.2007, c.63 (C.40A:65-30) or from the Consolidation Fund established by P.L.2008, c.35, or both in equal installments, over three years. If no such funding is available for this purpose, the State shall reimburse the pilot county using moneys available from the Property Tax Relief Fund, in equal installments, over three years.

d. The monies required to be paid for municipal revaluations by a pilot county pursuant to subsection c. of this section and the pilot county's administrative start-up costs shall not be included or considered a part of the county tax levy under section 4 of P.L.1976, c.68 (C.40A:4-45.4) or a part of the county's adjusted tax levy under sections 9 and 10 of P.L.2007, c.62 (C.40A:4-45.44 and 40A:4-45.45).

e. With respect to the filing of assessment appeals by property taxpayers in a municipality in a pilot county, an appeal filed by a property taxpayer before the completion of the three-year schedule established pursuant to subsection a. of section 12 of P.L.2009, c.118 (C.54:1-97) shall be the financial responsibility of the municipality in which the property is located, including the responsibility for payment of funds due to such a taxpayer following the taxpayer's successful assessment appeal. Thereafter, all real property assessment appeals filed by property taxpayers in a pilot county shall be the responsibility of the pilot county.

(cf: P.L.2009, c.118, s.5)

4. Section 13 of P.L.2009, c.118 (C.54:1-98) is amended to read as follows:

13. a. A serving municipal tax assessor or deputy municipal tax assessor who holds tenure in the position, or who has obtained a certified tax assessor certificate immediately prior to the appointment of the ⟦first⟧ county assessor pursuant to section 4 of P.L.2009, c.118 (C.54:1-89), shall be entitled to preference with regard to the appointment of deputy county assessors and assistant deputy county assessors pursuant to subsection a. of section 6 of P.L.2009, c.118 (C.54:1-91).

b. Each person appointed as a deputy county assessor or an assistant deputy county assessor shall acquire tenure in office after serving three continuous years in the office. Thereafter, a deputy county assessor or assistant deputy county assessor shall hold office during good behavior and efficiency, and shall not be removed for political reasons or for any cause other than incapacity, misconduct, disobedience of rules or regulations established by the director or by the county governing body, failure to meet the standards of performance established by the director, or schedules or standards adopted pursuant to P.L.2009, c.118 (C.54:1-86 et al.).

(cf: P.L.2009, c.118, s.13)

5. (New section) The Director of the Division of Taxation in the Department of the Treasury, pursuant to the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt rules and regulations as may be necessary to effectuate the provisions of P.L. , c. (C. ) (pending before the Legislature as this bill).

6. This act shall take effect immediately.

STATEMENT

This bill would extend the provisions of the "Property Tax Assessment Reform Act," P.L.2009, c.118 (C.54:1-86 et al.), which created county-based real property assessment as a pilot program in Gloucester County, to include Passaic County. Under the provisions of the bill the Passaic County Board of Chosen Freeholders would appoint a county assessor, who would effectuate the transfer of the assessment function to the county assessor over a three-year period, in accordance with a schedule developed by the county assessor.

Under the bill, the transfer of the assessment function from Passaic County's municipalities to the county would require the revaluation of real property in of the all municipalities within the county to create uniformity of assessment throughout the county. The county assessor would have the authority to assist in the orderly revaluation of all of the municipalities within the county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 24 months and the county assessor believes that the revaluation produced accurate valuations that are still relevant.

The county assessor would be aided by deputy county assessors and assistant deputy county assessors, who would be recommended for appointment by the county assessor and appointed by the county board of chosen freeholders at any time after the appointment of the county assessor.

Under the bill, the State would be required to reimburse Passaic County for the cost of the necessary revaluations using funds from either the SHARE program or from the Consolidation Fund, or both. The reimbursements would be made in equal installments, over three years. If funding from the SHARE program or the Consolidation Fund is not available for this purpose, the bill would require the State to reimburse Passaic County using moneys available from the Property Tax Relief Fund, in equal installments, over three years.

The bill would also require Passaic County to operate, on a permanent basis, under the alternative real property assessment dates established for municipalities participating in the "Real Property Assessment Demonstration Program," P.L.2013, c.15 (C.54:1-101 et al). The alternative real property assessment calendar is designed to address the systemic costs which result from losses due to successful assessment appeals by property owners, which reduce the property tax base, and which require municipalities to refund large amounts of property taxes previously collected from those property owners.

Under current law, with respect to municipalities located in a county that is not operating under the "Real Property Assessment Demonstration Program," every municipal tax assessor files the municipality's tax list with the county board of taxation, which subsequently sets the local tax rates. Assessment appeals are filed by property owners on April 1 of each year (or on May 1 in the case of a municipality that has undergone a municipal-wide revaluation or reassessment of real property). Appeals are heard by the county tax board and generally decided in most, if not all, cases by the end of July. Successful appeals that late in the tax year result in reduced assessments, which reduces the municipal tax base. Because the county tax board will have already apportioned the tax levy, a decrease in the tax base will result in the under-collection of property taxes to fund current year operations. The real property assessment calendar enacted as part of the "Real Property Assessment Demonstration Program" re-schedules the property assessment appeal process to dates *prior* to the calculation of the local property tax rate, which allows for a more accurate local property tax rate to reflect local budgetary needs and the true value of the tax base that provides the property tax revenue to fund the local budget.

It is anticipated that a shift from municipal-based real property assessment to county-based real property assessment will provide significant savings for Passaic County's property taxpayers, given Gloucester County's experience with county-based assessment. In its "Report to the New Jersey Division of Taxation Regarding the Performance of the Gloucester County Assessor's Pilot Program" from 2015, Gloucester County reported savings of over $2 million per year resulting from the efficiencies realized from county-based real property assessment. In 2014 dollars, the Gloucester County Assessor's Office maintained assessments at a per tax line item cost per year of $20.79, 46% lower than the municipal cost of $38.56 per line item. Passaic County's property taxpayers could see similar cost savings resulting from a change to county-based real property assessment.