

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1767
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: AUGUST 3, 2020

SUMMARY

Synopsis: Prohibits certain third-party property tax appeals.

Type of Impact: Potential indeterminate decrease in local and Tax Court of New Jersey revenues.

Agencies Affected: Local government units, Tax Court of New Jersey.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Revenue	Potential Indeterminate Decrease		
State Revenue	Potential Indeterminate Decrease		

- The Office of Legislative Services (OLS) estimates that the bill may result in a potential indeterminate decrease in revenues for county boards of taxation, municipalities, and the Tax Court of New Jersey.
- County boards of taxation and the Tax Court of New Jersey collect fees when considering property tax appeals filed by third parties, and municipalities may recoup property tax revenue following an appeal.
- The OLS does not have information regarding the total number of third party appeals filed in any given year. However, county boards of taxation and the Tax Court of New Jersey would see a reduction in revenue if third party appeals are prohibited.
- Without additional information, the OLS cannot accurately predict whether the number of property tax appeals will lessen, or if municipalities will recoup additional property tax revenue, as a result of the bill.

BILL DESCRIPTION

The bill would prohibit property taxpayers from filing property tax appeals with respect to the property of others. Under current law, property taxpayers may challenge the assessment or exempt

status of their own property as well as that of any other property in their county. This bill would limit property taxpayers to filing property tax appeals concerning their own property. The bill would not disturb the ability of local governments to appeal the assessment or exempt status of any property in the county.

The bill also prohibits a taxpayer or taxing district from appealing an assessment or exemption granted to another taxpayer arising from a financial agreement between the taxpayer and the taxing district in which the taxpayer's property is located.

The bill also would clarify that the process for challenging the exempt status of property is the same process for challenging the assessed valuation of property.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill may result in a potential indeterminate decrease in revenues for county boards of taxation, municipalities, and the Tax Court of New Jersey.

County boards of taxation and the Tax Court of New Jersey collect fees when considering property tax appeals filed by third parties, and municipalities may recoup the property tax revenue following an appeal. If a property's assessment is more than \$1 million, or if the added or omitted assessment aggregate assessed valuation exceeds \$750,000, an appeal can be filed directly with the Tax Court of New Jersey.

The OLS does not have information regarding the total number of third party appeals filed in any given year. However, county boards of taxation and the Tax Court of New Jersey would see a reduction in revenue if third party appeals are prohibited.

Municipalities may receive property tax revenue upon property tax appeals, filed by a third party or otherwise. Without additional information, the OLS cannot accurately predict whether the number of property tax appeals will lessen, or if municipalities will recoup additional property tax revenue, as a result of the bill.

Section: *Local Government*
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 Assistant Fiscal Analyst
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 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).