

§ 18:12A-1.14 Revaluations; reassessments, compliance plans

(a) Regarding voluntary revaluation, when a taxing district proposes to revalue real property in said district voluntarily, the taxing district must notify in writing the assessor and the county board of taxation of such intent and must obtain approval of the revaluation contract from the Director, Division of Taxation as prescribed by law (N.J.S.A. 54:1-35.35 et seq., N.J.A.C. 18:12-4 and N.J.S.A. 54:4-23 as amended P.L. 2001, c.101).

(b) Regarding revaluation orders by a county board of taxation, when a board determines the need to order a taxing district to revalue its real property, it shall submit the proposed order to the Director, Division of Taxation, for his or her approval outlining the reasons that warrant such action. Upon approval of such order, the board shall take appropriate action to implement same.

1. The criteria utilized by a board when it is considering a proposal to order a taxing district to conduct a revaluation shall include the following. However, a board may consider any other criteria that relate to the need for revaluation. The results of a board's findings with respect to these criteria and all other bases for issuing a revaluation order shall be attached to the written order when it is submitted to the Director of the Division of Taxation for approval.

i. General coefficient of deviation: A coefficient of deviation greater than 15 percent generally indicates a need for revaluation. If it is 15 percent or less, then other factors must also be used to justify a need for a revaluation. This is an average deviation from the average assessment sales ratio expressed as a percentage of average assessment ratio for each taxing district, for all properties included in "usable sales." It is a measure of variation in assessment-sales ratio of all properties sampled without regard to property class, property size, or any other property characteristic.

ii. Stratified coefficient of deviation: This is an average deviation of assessment sales ratios for all usable sales of each property class from the average assessment ratio for the class. It provides a measure of assessment uniformity for properties within each class, but provides no insight into comparability of assessment levels among property classes. A stratified coefficient of deviation of greater than 15 percent may indicate a need for revaluation.

iii. Segmented coefficient of deviation: This is an average deviation of assessment sales ratios for all "usable sales" of each property class from the average assessment ratio for all properties of all classes expressed as a percentage average assessment ratio for all properties of all classes. It provides a measure of uniformity or lack thereof of one property class compared to other property classes. A segmented coefficient of deviation of greater than 15 percent may indicate a need for revaluation.

iv. In analyzing the coefficient of deviation, consideration should be given to the size of the sales sampling. For the above purpose, a coefficient of deviation above 15 percent generally denotes lack of uniformity in assessments.

v. Director's Ratio: The Director's Ratio is the average ratio of assessed to true value for each taxing district as determined by the Director, Division of Taxation, in the Table of Equalized Valuations promulgated annually pursuant to N.J.S.A. 54:1-35.1. A source of information for ascertaining assessment-sales ratios is the data

gathered in the equalization program for the distribution of State school aid. A Director's Ratio of 85 percent or lower generally denotes noncompliance where, as is the norm, the adopted percentage level of assessment established by the county board of taxation is 100 percent. A continual decline of assessment-sales ratios in a district from the percentage level of taxable value established by a board is an indication of a lack of maintenance of the assessment list. However, a declining ratio does not provide any insight into the level of uniformity of assessment and in and of itself does not imply any automatic judgment with respect to lack of uniform assessments.

vi. Individual assessment-sales ratios: The individual sales are listed in order of ratios from the lowest to the highest. A wide divergence of ratios as opposed to a clustering of ratios at a common level would be indicative of a lack of uniformity in assessments. Ratios above and below the common level range of P.L. 1973, c.123 (N.J.S.A. 54:1-35a.b) are also indicative of a lack of uniformity in assessments.

vii. Class weighted ratios: The weighted ratio of a property class is found by dividing the total ratables of a property class by the total true value of that property class. Conformity in the class weighted ratios is an indication of uniformity between property classes. Wide variances in class weighted ratios are an indication of a lack of uniformity in assessments between property classes.

viii. District weighted ratio: The district weighted ratio is found by adding the total ratables for each of the four property classes and dividing the sum by the total true value for all classes of real property. A district weighted ratio, which is based on usable sales for the most recent sample period, is indicative of whether there is compliance with the adopted percentage level of assessment established by a county board of taxation.

ix. Neighborhood and zoning changes: The need for a revaluation program may be indicated by neighborhood and zoning changes which affect value in part or all of a taxing district. Changes in uses permitted by zoning may substantially increase or decrease the value of property. A revaluation order citing changes in zoning as its basis must delineate the impact of zoning changes as the changes relate to assessments.

x. Lack of adequate records: A lack of adequate records, such as property record cards, which cause difficulty for the assessor in arriving at a sound assessment, is indicative of the need for a revaluation. The absence of essential information which may affect assessments is detrimental to the valuation process and may impede the maintenance of an assessment list. The absence of information relating to changes made to improvements such as failure of property owners to secure building permits or copies of building permits not being furnished to an assessor is a contributory factor resulting in the lack of uniform assessments.

xi. Year of last revaluation or reassessment: If a revaluation or reassessment has not taken place in a municipality for 10 years or more, this can be a factor in ordering a revaluation.

xii. Amount of revenue lost due to appeals. The county tax board can consider the amount of revenue a municipality has lost due to appeals as indicating a need for a revaluation.

2. The assessor of a municipality directed to undertake a revaluation shall file with the county tax administrator a written plan detailing measures that are being taken or have been accomplished to comply with the terms and provisions of the approved revaluation order issued by the county board of taxation. The assessor shall submit the report on Form RCR (Revaluation Compliance Report), prescribed by the Director of the Division of Taxation, within 30 days of notice of the order and the first of each month thereafter, until approval of a contract for revaluation has been obtained from the Director of the Division of Taxation.

3. It is recommended that the boards using the Director's Ratio for county equalization for non-revalued and

non-reassessed municipalities, use the Page 8 Formula developed by the Division of Taxation for equalization for municipalities implementing a revaluation/district-wide reassessment approved by the Director.

4. Ordinarily revaluations will involve adjustments to 100 percent of the line items.

i. The exterior of all properties in a municipality must be inspected.

ii. Interior inspection of 100 percent is to be attempted. No less than three attempts shall be made to inspect the interior of each property. If a property owner refuses to permit an interior inspection, then no further attempts to inspect need to be made.

(c) Reassessment: An assessor proposing to implement a district-wide reassessment shall submit an application to perform the reassessment with the county board of taxation and Director of the Division of Taxation.

1. The application for district-wide reassessment shall be completed on Form AFR (Application for Reassessment) as prescribed by the Director of the Division of Taxation.

2. Prior to filing Form AFR, an assessor must notify, in writing, the mayor and local governing body, Division of Taxation, county board of taxation, and the county tax administrator of the basis for the assessor's determination that the proposed reassessment is needed.

3. Ordinarily district-wide reassessments will involve adjustments to 100 percent of the line items.

i. The exterior of all properties in a municipality must be inspected.

ii. The interior of all properties must be inspected within the four years immediately preceding year of implementation of the proposed district-wide reassessment. This may be done in a four-year ongoing assessment cycle. Attempt to inspect the interior of all properties must be made in the four-year period.

4. The county board shall review the application and within 45 days of its submission, forward a copy to the Director of the Division of Taxation and the assessor with a notation of approval or disapproval. In the case of a disapproval, the Director and the assessor shall be advised of the reason.

5. Within 45 days of receipt of the application from the assessor, the Director shall advise the county tax administrator and assessor of his or her determination as to whether the assessor may proceed with the reassessment program. In the case of disapproval, the Director shall specify the reason for his or her determination.

6. Notwithstanding (c)1 through 5 above, the Director may, after due investigation, pursuant to N.J.S.A. 54:1-26 through 30, order or make a reassessment of any or all property, including the property of railroad and canal companies, which is under or overvalued, in the taxing district, when the Director has reason to believe that any property has been assessed at a rate lower or higher than is consistent according to law for the uniform taxation of property, or that the assessment of property according to law in a taxing district is not in substantial compliance with the law and that the interests of the public will be promoted by a reassessment of such property.

(d) The assessor of a district that has received approval from the Director of a contract for revaluation, approval from both the Director and county board of taxation, or an application to perform a district-wide reassessment, shall submit a plan of work to the county tax administrator within 30 days of such approval. Thereafter, a report on the status of the revaluation or reassessment shall be filed with the county tax

administrator every 30 days until the program has been completed and the tax list has been filed with the county board of taxation.

(e) The plan of work and revaluation progress report shall be completed on Form POW/RSR (Plans of Work/Revaluation Status Report) as prescribed by the Director of the Division of Taxation, and include the following information:

i. A listing of all major activities and functions to be performed during the course of the revaluation or reassessment;

ii. An indication, in the case of a revaluation, as to whether the assessor or the revaluation firm will be responsible for the performance of each listed activity or function;

iii. The overall anticipated starting and completion date of each listed activity or function;

iv. The breakdown of units, portion or percentage of work activities or functions that are targeted to be started and completed during each month of the revaluation or reassessment program;

v. The breakdown of units, portion or percentage of work activities or functions that have been completed during the month for which the progress report is being submitted; and

vi. Any revision or change in schedule from the previously submitted plan of work or progress report.

(f) The board shall require that the assessor of a taxing district shall actively participate in any such revaluation program and shall be familiar with all facets of such program.

(g) In case of an approved revaluation or district-wide reassessment, neither the provisions of N.J.S.A. 54:3-22 (as amended by P.L. 1973, c.123) nor 54:3-26 (Freeze Act) shall be applicable with respect to the year in which the program becomes effective. No revaluation or district-wide reassessment will be approved by the Director where less than 50 percent of the line items have changed. Ordinarily revaluations or district-wide reassessments involve adjustments to 100 percent of the line items.

(h) Where a contract for a revaluation under (a) or (b) above has been entered into by a municipality with an appraisal company, the Director of the Division of Taxation, before approving or disapproving said contract, shall forward a copy thereof to the county tax administrator for his or her review and comment. The county tax administrator shall submit his or her comment respecting the contract to the Director within two weeks. In the event that the county tax administrator fails to respond to said request within the prescribed period, the Director shall proceed with his or her review and approve or disapprove the contract, as provided by law.

(i) Assessment maintenance: An assessor proposing to revise and update assessments because he or she has reason to believe that property comprising a part of a taxing district has been assessed at a value lower or higher than is consistent with the purpose of securing uniform taxable valuation of property according to law for the purpose of taxation, or is not in substantial compliance with the law, and that the interests of the public will be promoted by reassessment of such property, shall make a reassessment of the property in the taxing district not in substantial compliance, provided that:

1. The assessor must first notify, in writing, the mayor, municipal governing body, Division of Taxation, county board of taxation, and the county tax administrator of the basis for the need for a reassessment.

2. The assessor must submit a compliance plan (Form CP) by November 1 of the pretax year. The

compliance plan with all supporting documents must be submitted to the county board of taxation and to the Division of Taxation, simultaneously, for their approval. Extensions of the November 1 deadline may be granted by the Director for good cause shown, but in no event beyond December 31 of the pretax year.

i. The compliance plan submitted on Form CP must be completed in its entirety. All supporting documents should be included with this form.

ii. The county tax board and Division of Taxation have 45 days from their receipt of the compliance plan to approve or disapprove the plan. Failure of either entity to respond within the 45 day period shall be deemed an approval by that entity.

iii. If either entity denies, the compliance plan is denied and the proposed action cannot be undertaken by the assessor.

3. The following are the criteria to be considered by the county board and Division of Taxation in determining whether to approve a compliance plan.

i. Director's Ratio: The Director's Ratio should be greater than 75 percent. A municipality with the Director's Ratio greater than 75 percent will have the benefit of adjusting the parts of sections of the town up or down to the Director's Ratio promoting uniformity within the municipality and the best interests of the public.

ii. General Coefficient of Deviation: This should be 15 percent or less generally showing that there is some uniformity in assessments within the municipality.

iii. Ordinarily neighborhoods with average weighted ratios within the common level range should not be reassessed unless that neighborhood's general coefficient of deviation is over 15 percent.

iv. The criteria in (i)3i through iii above may be relaxed by the county board of taxation or the Division of Taxation where circumstances warrant as documented by the assessor.

v. The same standard for selecting areas to be included in the compliance plan must be applied uniformly. Assessment maintenance cannot be used to perform a piecemeal district-wide reassessment or revaluation. No part of a municipality can be arbitrarily selected for adjustment pursuant to assessment maintenance.

Example 1:

Municipality's Director's Ratio is 84 percent

Municipality's Coefficient of Deviation is 10 percent

Municipality's Common Level Range is 71.40 percent to 96.60 percent

A particular part or neighborhood of the municipality is below the lower limit of common level range and has an average ratio of 65 percent and a Coefficient of Deviation of eight percent. This area may be reassessed using 84 percent as the common level of assessment to true value. Value should not be brought up to 100 percent because the remainder of the municipality is assessed at 84 percent of true value, using the Director's Ratio.

Example 2:

Municipality's Director's Ratio is 77 percent

Municipality's Coefficient of Deviation is 12 percent

Municipality's Common Level Range is 65.45 percent to 88.55 percent

A neighborhood of the municipality has an average ratio of 64 percent and a Coefficient of Deviation of 15 percent. Another neighborhood of the municipality has a Director's Ratio of 92 percent and a Coefficient of Deviation of 10 percent. These areas are not within the 15 percent common level range. The remaining neighborhoods are within the common level range. A compliance plan would need to be used to make changes to these neighborhoods. If changes to these two neighborhoods are made, the values in one neighborhood would be brought up to 77 percent and not 100 percent because the remainder of municipality is assessed as 77 percent of true value. The values in the second neighborhood would be brought down to 77 percent for purposes of assessment uniformity.

Example 3:

Municipality's Director's Ratio is 102 percent

Municipality's Coefficient of Deviation is eight percent

Municipality's Common Level Range is 86.70 percent to 117.30 percent

A neighborhood of the municipality has an average ratio above the upper limit of 120 percent and Coefficient of Deviation of 11 percent. This area may be reassessed using 100 percent of true value. True value times the county percentage level will equal the assessment. As of July 2003, all 21 counties have a county percentage level of 100 percent as the level of taxable value. Value should not be brought down to only 102 percent because the reassessment cannot be in excess of 100 percent of true value.

vi. No more than 25 percent of the total number of line items can be changed except in extraordinary circumstances. These circumstances need to be documented in the compliance plan. Extraordinary circumstances may include, but not be limited to, natural disasters.

vii. All areas of the municipality must be reviewed. No neighborhood or part of a municipality can be overlooked for consideration for adjustment pursuant to assessment maintenance solely because there are no sales in that neighborhood or part. If there are no sales, the assessor must submit an explanation, analysis and supporting documentation from whatever other information or professional judgment is available, to support why that neighborhood or part is being selected, or not, for adjustment pursuant to assessment maintenance. Exterior inspection of 100% of all properties must be completed in the areas of the municipality being changed. Interior inspection may also be required by the county board of taxation or the Director of the Division of Taxation.

viii. Assessed value changes due to clerical, typographical, transpositional, physical descriptive or mathematical errors, added assessments, omitted assessments, omitted added assessments, exemptions, demolitions, governmentally imposed restrictions, planning board, and/or zoning board of adjustment approvals, approved revaluations, site contamination, removal of contaminated soil and property remediation; and storm, cyclone, tornado, earthquake, fire, flood, hurricane, vandalism, or other casualty, qualified farmland, subdivisions, mergers and changes resulting from appeals or settlement agreements, do not require the filing of a compliance plan.

ix. Submission of Form CP is not required for districts with an approved reassessment application or approved revaluation contract.

x. Notwithstanding the above, the Director may, after due investigation, pursuant to N.J.S.A. 54:1-26 through

30, order or make a reassessment of any or all property, including the property of railroad and canal companies, which is under or overvalued, in the taxing district, when the Director has reason to believe that any property has been assessed at a rate lower or higher than is consistent according to law for the uniform taxation of property, or that the assessment of property according to law in a taxing district is not in substantial compliance with the law and that the interests of the public will be promoted by a reassessment of such property.

HISTORY

HISTORY:

As amended, R.1979 d.217, effective June 4, 1979.

See: 11 New Jersey Register 263(b), 11 New Jersey Register 359(b).

Amended by R.1990 d.339, effective July 16, 1990.

See: 22 New Jersey Register 1350(a), 22 New Jersey Register 2183(b).

Assessor required to file plan, schedule and monthly status reports; county taxation board and Division approval required for reassessment initiated at municipality.

Amended by R.2004 d.69, effective February 17, 2004.

See: 35 New Jersey Register 4850(a), 36 New Jersey Register 1022(a).

Rewrote the section.

CASE NOTES:

County tax board's resolution that requested legal action by its attorney to enforce an order requiring city to reevaluate its property more than twenty years ago was not a new order of revaluation, and, thus, board was not required to follow administrative procedures for revaluation orders or to seek further approval of the Director of the Division of Taxation; the resolution constituted a logical step in the procedure to enforce the revaluation order. *Essex County Board of Taxation v. City of Newark*, 774 A.2d 655 (2001).

[Chapter Notes](#)