

REVALUATION OF REAL PROPERTY

FREQUENTLY ASKED QUESTIONS (FAQ'S)

SAMPLE CONTRACT

**REGULATIONS
N.J.A.C. 18:12-4.1 thru 4.11
N.J.A.C. 18:12A-1.14**



**STATE OF NEW JERSEY
DIVISION OF TAXATION
PROPERTY ADMINISTRATION BRANCH**

**INQUIRIES RELATING TO
MATERIAL IN THIS BOOKLET
SHOULD ADDRESSED TO**

**DIVISION OF TAXATION
PROPERTY ADMINISTRATION BRANCH
PO BOX 251
TRENTON, NEW JERSEY 08695-0251**

This is a SAMPLE contract designed to satisfy the regulatory requirements for revaluation contracts as per the New Jersey Administrative Code. Your contract at minimum must conform to these standards. Municipalities can and should add language as necessary to meet their specific needs and concerns.

CONTRACT FOR PROVIDING A
COMPLETE REVALUATION OF
ALL REAL PROPERTY FOR
TAX EQUALIZATION PURPOSES
BETWEEN

(Municipality)
A MUNICIPAL CORPORATION OF
THE STATE OF NEW JERSEY

AND

(Firm)
A NEW JERSEY CORPORATION

ARTICLES OF AGREEMENT

THIS AGREEMENT, made this ____ day of _____ by and between

(Municipality),

a Municipal Corporation of the State of New Jersey, hereinafter referred to as the Municipality,

and

(Revaluation Firm),

an appraisal firm with its principal office located at (address), hereinafter referred to as the Firm.

WITNESSETH:

Whereas, the Municipality is engaged in a project to revalue all the lands, buildings and improvements contained within the boundaries of the Municipality and desires to engage the services of the Firm to render necessary advice and assistance in the said project; and

Whereas, the Firm has offered to render such services to the Municipality

Now, therefore, each of the parties hereto intending to be legally bound hereby, it is agreed as follows:

The municipality agrees to pay the sum of \$_____, in full for consideration of the services to be rendered herein.

**ARTICLE I
CONTRACT CONTINGENT UPON APPROVAL BY
THE DIRECTOR OF THE DIVISION OF TAXATION**

- A. This contract is contingent upon approval of the Director of the Division of Taxation and shall not be effective until such approval is noted on the approval page provided within this Agreement.
- B. The Firm shall not assign or transfer this contract or any interest therein without written permission from the Municipality, the surety company, the County Board of Taxation and the Director of the Division of Taxation.
- C. No changes will be permitted in this contract except upon mutual consent of the Firm and the Municipality, and written permission of the surety company, the County Board of Taxation and the Director of the Division of Taxation.

**ARTICLE II
CONFLICT OF INTEREST**

- A. The following provisions with respect to officers, stockholders and employees of the Firm shall include:
 - 1. No commissioner or employee of the _____ County Board of Taxation and no assessor within the County shall have any interest whatsoever, directly or indirectly, as an officer, stockholder, employee or any other capacity in the Firm.
 - 2. The Firm and its parent firm and subsidiaries, if any, shall not represent any property owner or taxpayer filing a tax appeal with respect to the revaluation completed by the Firm for a period of three years from the date of the contract.

**ARTICLE III
APPRAISAL FIRM: QUALIFICATIONS OF PRINCIPALS AND EMPLOYEES**

- A. The principals of the Firm and the employees of the Firm directly engaged in municipal revaluation programs in this State shall meet the following minimum requirements:
 - 1. Principals shall have five years of practical and extensive appraisal experience in the valuation of the four classifications of property;
 - 2. Supervisors shall have four years of practical and extensive appraisal experience in the appraisal of the particular type of properties for which they are responsible. Two years of this experience must have been in the mass appraisal field and occurred within the past five years;
 - 3. Field personnel, building enumerators and lists shall have received 150 hours of in-service training pertaining to their particular phase of work and shall be generally aware of all other phases of the revaluation project before starting actual field work;
 - 4. Personnel determining final land values shall meet the qualifications prescribed for supervisors in direct charge of the work.
 - 5. The Firm shall submit a resume on behalf of principals and supervisors.

**ARTICLE IV
CONDITIONS TO BE MET BY THE MUNICIPALITY**

The Municipality shall furnish the Firm the following:

A. Tax Maps

An up-to-date tax map that has been reviewed and determined suitable for revaluation use by the Property Administration Local Property Branch

B. Official Records

1. A copy of the state approved file of current property records for all properties currently listed upon the tax records of the Municipality. This tape shall include the block, lot, additional lots, owner's name and address, property location, property classification.

2. Official records e.g. SR1-A records, abstracts of deeds within the assessor's office, and such other information required to assist the Firm to determine the full fair value of the realty to be valued. Existing property record cards are deemed not to be official records and cannot be used by the Firm. The Firm has a responsibility to field inspect all properties.

C. Letters of Introduction to facilitate the Firm's access to properties for inspection and data collection purposes.

D. The mailing addresses of all property owners in the municipality to enable the Firm to maintain a current mailing list. Informational letters mailed by the Firm to property owners usually require the signature of the assessor.

**ARTICLE V
STANDARDS FOR REVALAUTION**

The Firm shall comply with the standards and conditions as herein set forth. The Firm acts as the agent of the municipal tax assessor and all determinations made by the Firm shall be submitted to, and approved by, the municipal tax assessor.

A. Standard of Value

Real property should be valued in accordance with **N.J.S.A. 54:4-1** et seq. "All property real and personal ... shall be subject to taxation annually under this chapter. Such property shall be valued and assessed at the taxable value prescribed by law. Land in agricultural or horticultural use which is being taxed under the "Farmland Assessment Act ...1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), shall be valued and assessed as provided by that act. ... Personal property taxable ... shall include, ... the machinery, apparatus or equipment of a petroleum refinery that is directly used to manufacture petroleum products from crude oil in any of the series of petroleum refining processes commencing with the introduction of crude oil and ending with refined petroleum products, but shall exclude items of machinery, apparatus or equipment ... not directly used to refine crude oil into petroleum products and the tangible goods and chattels, exclusive of inventories, used in business of local exchange telephone, telegraph and messenger systems, companies, corporations or associations ... and shall not include any intangible personal property"

- B. **Property Under Construction**
The Firm shall determine the percentage of completion and the appraisal value of property that is under construction or alteration as of October 1 preceding the implementation of the revaluation.
- C. **Tax Exempt Property**
A separate list of exempt properties shall be provided indicating the values of said property as if taxable.
- D. **Qualified Farmland**
Land qualified under the Farmland Assessment Act of 1964 (**N.J.S.A.** 54:4-23.1 et seq.) shall be valued in accordance with its qualified value and its market (highest and best use) value.
- E. **Three Approaches to Value**
1. The three approaches to value, where applicable, shall be used in appraising all property.
 2. The Firm shall collect and analyze local sales that occurred during the previous three years, in its application of the market data approach. The Firm shall prepare a sample format that will be used in the application of this approach to value.
 3. With respect to the income approach to value, the assessor shall facilitate the Firm's performance of this approach by requesting a statement of income and expenses as provided under **N.J.S.A.** 54:4-34 for income producing property. In conjunction to the information obtained from this source, the Firm shall also analyze the local market place to derive economic rates, rentals and expenses in order to arrive at a supportable indication of value. All supporting data relevant to the capitalization procedure shall be submitted with the property record cards.
 4. The three approaches to value shall be reconciled and the final estimate of value shall be clearly noted on the property record card.
- F. **Real Property Appraisal Manual**
1. The most recent edition of the Real Property Appraisal Manual for New Jersey Assessors shall be used as a basis in the application of the cost approach to value for residential property.
 2. The Marshall-Swift Valuation manual will be utilized for the cost approach of class 4 properties. [Optional language]
 3. The use of any other appraisal manual as a basis for valuing real property shall require approval by the Director.
- G. **Property Record Cards**
1. The Firm shall include real property identification material on properly labeled individual property record cards similar in form and content to those illustrated in the Real Property Appraisal Manual.
 2. Distinct property record cards for each of the four classifications of real property shall be provided.
- H. **Information on Property Record Cards**
The real property identification material to be entered on property record cards shall include, but not necessarily be limited to, the following:
1. A scaled sketch of the exterior building dimensions;

2. Notations of significant building components and measurements as ascertained from both an interior and exterior inspection;
3. Entries on the property record cards respecting the values of each lot and building including such items as age, construction, condition, depreciation, obsolescence, additions and deductions, appraised value, recent sales prices, rental data and all other pertinent information pertaining to the valuation of the property.
4. Where more than one property record card is required in the description of a property, all cards shall be assembled in a standard file folder and properly labeled;
5. Each property record card shall identify the individual making the inspection and set forth the date when the interior inspection was made;
6. A digital color photograph shall be taken of the main improvements on each lot.
7. Each interior inspection shall be verified by the owner's or occupant's signature on the property record card. [Optional language]

I. Inspection Procedure

The inspection of each property shall be performed in the following manner:

1. No less than three attempts shall be made to gain entry to each property;
2. If successful entry has not been made after the first attempt, a card will be left at the property indicating a date when a second attempt to gain entry will be made;
3. The card shall include a phone number and address to permit the property owner to contact the Firm to make other arrangements, if necessary;
4. If entry is not possible upon the second visit, written notice shall be left advising that an assessment will be estimated unless a mutually convenient arrangement is made for a third visit to gain access to the property;
5. The Firm shall schedule inspections during reasonable hours which shall include evenings and Saturdays;
6. The assessor shall be notified in writing of each failure to gain entry to a property and a list of all non-entries and reasons for same shall be provided to the assessor prior to the mailing of values.
7. The Firm shall notify the assessor of any properties discovered that are not on the current year tax list. Notification of discovered properties shall be in a timely manner to permit the assessor adequate time to place an added and omitted assessment on the property. [Optional language]
8. The Firm will check each property record with the tax map for lot size. If the lot size differs the Firm will send the Tax Assessor a list to determine the correct lot size to be reassessed. [Optional language]

J. Progress and Control of Operations

1. The Firm shall commence work within _____ days after approval of the contract by the Director of the Division of Taxation and complete all of the contract terms. This does not include the mailing of assessment notices, taxpayer reviews and appeal defense requirements, by November 1, 20__.
2. The Firm shall perform the work in accordance with the plan submitted to the assessor and schedule that is attached to and made part of this contract.
3. A written progress report shall be submitted by the Firm to the assessor at least once a month. The progress reports shall indicate the current status of work and compare the progress of work accomplished with the plan and schedule established. The Firm shall

provide written explanation to the assessor where the progress of the work is not in accordance with the contract schedule.

4. The assessor shall forward the reports to the county board of taxation. If the county board of taxation does not receive the required monthly progress report, it must notify in writing the Director of the Division of Taxation immediately.
5. The progress report shall serve as a basis for proportional payments by the municipality. A payment schedule based on completion of the various facets of work shall be followed in this regard. In no event shall the Firm bill more than 90% of the total contract price until full completion and performance of the contract, except the requirement of defense of appeals. [The municipality shall make the first payment upon execution of this contract and in the amount of 10% of the total contract. (Optional language)]
6. Furthermore, if the character or progress of the work is not satisfactory to the county board of taxation after two consecutive months, the county board shall also notify the Director of the Division of Taxation in writing of such lack of satisfactory progress as soon as possible.
7. Any change in personnel shall be submitted in writing to the assessor and county board of taxation.
8. The Firm shall not be responsible for delays caused by strikes, war, catastrophes or acts of God which might stop or delay the progress of work. [Optional language]

K. Taxpayer Orientation and Education

The Firm shall conduct and/or assist the Municipality in a program of taxpayer orientation and education regarding the revaluation program. The program shall include, but is not necessarily limited to the following:

1. Press releases describing the purpose and nature of the revaluation program;
2. Meetings with public groups in the community;
3. Mailings approved by the assessor, at the Firm's expense, to all property owners explaining the nature and purpose of the revaluation and setting forth a proposed date for the commencement of inspections in the municipality;
4. The Firm shall provide photographic identification cards to its representatives. [Copies will be provided to the assessor, the municipal clerk, and the police department. (Optional language)]
5. The employees of Municipality and the Firm shall work together to maintain the full cooperation of all taxpayers by treating each inquiry with courtesy and supplying all possible necessary information within statutory requirements and limits to every interested taxpayer; however, each field appraiser/lister shall be instructed to refrain from discussing with the property owner, tenant, or occupant the possibility of any increase or decrease in the valuation of the real property and/or buildings, since any information is preliminary in nature at this point in time. This restriction will be strictly adhered to and any violation will be just cause for the assessor to request that the employee be removed from work on this project. [Optional language]

L. Land Value Map

Following the formulation of land valuations, a land value map shall be prepared for the assessor for his/her review which indicates all unit values and underlying data used to derive unit values. [The land values will be derived from the market. Adjustments for lot sizes above and below zoning requirements will be made and listed in a Land Value Manual. The Land Value Manual will be given to the Assessor at the end of the revaluation. Preliminary

land values will be given to the assessor as they are developed during the course of the program for the assessors input. (Optional language)]

M. Neighborhood Map

The firm shall create a neighborhood map prepared for the assessor that will indicate all neighborhoods and/or value control sectors in the municipality.

N. Computer-Assisted Mass Appraisal (CAMA)

It is recommended that the Municipality obtain a CAMA package for purposes of revaluation maintenance.

O. Office Space, Furniture and Equipment

The Firm shall be responsible for all office space and equipment required in connection with this project unless otherwise provided by contract.

P. Defense of Values/Expert Witness

1. The Firm shall assist the assessor and the Municipality to defend all valuations rendered to the Municipality that may be appealed to the _____ County Board of Taxation during the tax year _____ and one year following or through the completion of the appeal, whichever is later. Such assistance shall include qualified expert personnel acceptable to the assessor who are knowledgeable with and shall have inspected the properties subject to an appeal. This provision relates to a two-year period.
2. With respect to properties which may have valuations appealed to the Tax Court of New Jersey, the Firm shall be paid \$_____ per hour and \$_____ per court appearance. The personnel appearing at the Tax Court on behalf of the Municipality shall be a licensed New Jersey Real Estate Appraiser for the particular category of property under appeal.

ARTICLE VI TAXPAYER REVIEW PROCEDURE

A. The Firm shall provide taxpayers with an opportunity to review the proposed assessment of their property.

B. The Firm, at its expense, shall mail a written notice, approved by the assessor and not to be mailed before November 10, indicating the appraised value of the property and advising taxpayers of their right to attend an individual informal review.

C. Informal reviews shall be held at a designated location within the Municipality and the Firm shall schedule sufficient time to fully review and discuss the proposed assessment with the taxpayer.

1. Each taxpayer attending a review shall be afforded an individual meeting with a qualified person employed by the Firm.
2. Sufficient time shall be allowed to hear and conclude reviews on or before December 15.
3. A written record of each review shall be provided to the assessor in a format approved by the assessor.
4. Suggested revisions by the Firm resulting from the taxpayer review shall be made with the consent of the assessor.

5. Each taxpayer shall be informed in writing by the Firm of the result of their assessment review within four weeks of the conclusion of all reviews. The notice to the taxpayer will be in a manner approved by the assessor.

ARTICLE VII
SURETY AND INSURANCE

Prior to commencement of a contract, the Firm shall provide the following coverages to the Municipality to assure that the Municipality will be adequately protected and saved harmless from any lawsuit, litigation, demand, or claim arising out of the revaluation contract. In support of the foregoing, and in addition to all indemnification and other coverages required by law, the Firm shall provide the following:

- A. Workers' compensation insurance coverage in accordance with the standards of this State as set forth in **N.J.S.A. 34:15-1 et seq.**
- B. Public liability and automobile liability in amounts not less than those provided for by law for any one person and any one occurrence respecting property damage.
- C. A performance surety bond in the amount of this contract, executed by a reputable bonding company authorized to do business in the State, subject to reduction to 10 percent of the contract amount upon acceptance of the completed revaluation by the assessor. Said reduced amount shall remain in effect until the Firm has discharged all obligations respecting the defense of the contract; and
- D. The terms and conditions of all of the foregoing may be in greater amounts if required by the Municipality and copies of all policies of surety and insurance shall be provided to the Municipality prior to the commencement of any portion of the contract.

ARTICLE VIII
SUMMARY AND DELIVERY

- A. The Firm shall provide the assessor with completed property record cards filed in sequence by block and lot numbers for all taxable and exempt properties. All supporting data, documentation, and special procedures used in deriving values shall also be provided to the assessor.
- B. The Firm shall make available qualified personnel for the purpose of giving full explanation and instructions to the assessor and his/her staff with regard to all materials submitted in all phases of final revaluation.
- C. A file containing the new values must be provided by the Firm to the assessor in a format and medium consistent with the current New Jersey Property Tax System (MOD IV or PAMS, as applicable).

IN WITNESS WHEREOF, the Firm has caused these presents to be signed by its proper corporate officers and caused its proper corporation seal to be hereto affixed, and the Municipality has caused these presents to be executed by its Mayor and attested by its Clerk, and its seal affixed hereto, the day and year first above written.

(Name of Municipality)

ATTEST:

By _____

(Name)

(Title)

(Date)

Clerk

(Name of Firm)

ATTEST:

By _____

(Name)

(Title)

(Date)

The foregoing contract for (Name of Municipality) is hereby conditionally approved this _____ day of _____ 20____, in accordance with P.L. 1971, c. 424.

(Name)

Director, Division of Taxation

Page intentionally left blank

CHAPTER 12: GENERAL
SUBCHAPTER 4. REVALUATION OF REAL PROPERTY BY APPRAISAL FIRMS
18:12-4.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

"Contract" means any agreement between a firm, as defined below, and a municipality for a revaluation or assistance with a reassessment of all of the real property in a municipality.

"Director" means the Director of the Division of Taxation.

"Firm" means any individual, partnership, corporation or other association contracting to perform a revaluation or assistance with a reassessment.

18:12-4.2 Authority of the Director; approval of contracts

(a) The Director shall establish standards to be used in the valuation and revaluation of real property for assessment purposes and shall prescribe minimum qualifications for engaging in the business of providing such services to municipalities in this State.

(b) Prior to the execution of any contract, a municipality shall submit the contract to the Director for his or her review. The Director shall make a determination regarding the revaluation contract within 30 days of submission and for reassessment contracts within 45 days of submission.

(c) No firm shall assign or transfer a contract or any interest therein without written permission from the municipality, surety company, county board of taxation and the Director.

(d) No changes will be permitted in the contract except upon mutual consent of the contractual parties and written permission of the surety company and the Director.

18:12-4.3 Appeals from Director's disapproval of contract

(a) Any municipality, firm or individual aggrieved by any determination of the Director respecting a revaluation contract may request a formal hearing before the Director who shall render a decision within 30 days of the completion of the said hearing.

(b) Such hearing shall be conducted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

(c) An appeal of the Director's decision may be taken within 45 days of the date of final decision to the Appellate Division pursuant to the Rules of Court.

18:12-4.4 Appraisal firm: required information to be submitted

(a) An appraisal firm seeking approval from the Director to become an approved New Jersey revaluation firm shall initially provide the following information which shall be submitted annually thereafter:

1. Financial statements, including balance sheets and income statements for the past three years;

2. A list of municipalities in New Jersey and outside the State where the revaluations have been performed during the past five years;

3. The names and addresses of the officers and the number of years each officer has been engaged in real property valuation;

4. A statement of whether any litigation involving the firm's performance or revaluation contract has occurred during the past five years and, if so, explain in detail the nature of such litigation and the results thereof;

5. Any additional information the Director deems pertinent to determine whether the firm has adequate staff and resources to undertake a municipal valuation project;

6. A written statement asserting that the firm shall meet State and Federal requirements with respect to Equal Employment Opportunity laws and minimum wage rates; and

7. The names and addresses of the firm's parent corporation and subsidiaries, if any, shall be submitted.

18:12-4.5 Conflict of interest

(a) A contract submitted to the Director shall include the following provisions with respect to officers, stockholders and employees of the firm:

1. No commissioner or employee of a county board of taxation within the county shall have any interest whatsoever, directly or indirectly, as an officer, stockholder, or employee or in any other capacity of the firm.

2. No company referred to in N.J.A.C. 18:12-4.4(a)7 shall represent any property owner or taxpayer filing a tax appeal with respect to a revaluation by the firm.

18:12-4.6 Appraisal firm: qualifications of principals and employees

(a) The principals of the firm and the employees of the firm directly engaged in municipal revaluation programs in this State shall meet the following minimum requirements:

1. Principals shall have five years of practical and extensive appraisal experience in the valuation of the four classifications of property;

2. Supervisors shall have four years of practical and extensive appraisal experience in the appraisal of the particular type of properties for which they are responsible. Two years of this experience must have been in the mass appraisal field and occurred within the past five years;

3. Field personnel, building enumerators and lists shall have received 150 hours of in-service training pertaining to their particular phase of work and shall be generally aware of all other phases of the revaluation project before starting actual field work;

4. Personnel determining final land values shall meet the qualifications prescribed for supervisors in direct charge of the work; and

5. A resume shall be submitted in behalf of principals and supervisors.

18:12-4.7 Municipality; conditions to be met

(a) A municipality shall facilitate a firm's performance of the revaluation by providing the following:

1. An up-to-date tax map as well as:

i. Within 90 days of a county tax board order to revalue, a municipality shall submit an up-to-date tax map to the Property Administration Branch to determine if it is suitable for revaluation use;

ii. A letter from a licensed land surveyor shall be submitted with the tax map to Property Administration certifying that the map is up-to-date;

iii. The revision block, located on the first page of a municipal tax map, must indicate that the municipal engineer reviewed the tax map within one year of submission to be considered suitable for revaluation use;

2. Official records and such other assistance required as an aid to the firm's performance. However, this does not relieve the firm's responsibility to field inspect all properties.

3. Letters of introduction to facilitate the firm's representative access to property; and

4. The mailing addresses of all property owners in the municipality to enable the revaluation firm to maintain a current mailing list. Informational letters mailed by the revaluation firm to property owners may require the signature of the municipal tax assessor.

18:12-4.8 Standards for revaluation

(a) Any firm engaged in the revaluation of all of the real property in a municipality shall comply with the standards and conditions set forth in this subchapter. The revaluation firm acts as the agent of the municipal tax assessor and all determinations made by the firm shall be submitted to, and approved by, the municipal assessor.

1. Real property shall be valued in accordance with N.J.S.A. 54:4-1 et seq.

2. With regard to real property being constructed or altered, the firm shall determine the percentage of completion and the appraised value of said property as of October 1 of the pretax year.

3. A separate list of exempt properties shall be provided indicating the values of said properties as if taxable.

4. Land qualified under the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1 et seq., shall be valued in accordance with its qualified farmland value and its highest and best use value.

5. In determining taxable values of all real property, the firm shall employ the three approaches to value where applicable. The capitalization procedure shall be included with the property record card and reconciled with the other approaches to value.

6. To facilitate the use of the approaches to value, the most recent edition of the Real Property Appraisal Manual for New Jersey Assessors shall be used. The use of any other appraisal manual as a basis for valuing real property shall require approval by the Director.

7. The firm shall include real property identification material on properly labeled individual property record cards similar in form and content to those illustrated in the Real Property Appraisal Manual. Distinct property record cards for each of the four classifications of real property shall be provided.

8. The real property identification material to be entered on property record cards shall include, but not necessarily be limited to, the following:

i. A scaled sketch of the exterior building dimensions;

ii. Notations of significant building components as ascertained from both an interior and exterior inspection;

iii. Entries on the property record cards respecting the values of each lot and building including such items as age, construction, condition, depreciation, obsolescence, additions and deductions, appraised value, recent sales prices, rental data and other pertinent information pertaining to the valuation of the property;

iv. Where more than one property card is required in the description of a property, all cards shall be assembled in a standard file folder and properly labeled;

v. Each property record card shall identify the individual making the inspection and set forth the date when the interior inspection was made; and

vi. Digital photograph(s) of each individual property in the municipality.

9. The inspection of each property shall be performed in the following manner:

i. No less than three attempts shall be made to gain entry to each property;

ii. If successful entry has not been made after the first attempt, a card shall be left at the property indicating a date when a second attempt to gain entry will be made;

iii. The card shall include a phone number and address to permit the property owner to contact the firm to make other arrangements, if necessary;

iv. If entry is not possible upon the second visit, written notice shall be left advising that an assessment will be estimated unless a mutually convenient arrangement is made for a third visit to gain access to the property;

v. The firm shall schedule inspections during reasonable hours which shall include evenings and Saturdays; and

vi. The municipal tax assessor shall be notified in writing of each failure to gain entry to a property and a list of all non-entries and reasons for same shall be provided to the municipal tax assessor prior to the mailing of values.

10. Every contract shall include the following items representing progress and control of operations:

i. A commencement date and a completion date, the latter not later than November 1. Assessment notices shall not be sent prior to November 10. Taxpayer's reviews shall be completed not later than December 15;

ii. A requirement providing for the submission to the municipal tax assessor of a work schedule or plan of operations;

iii. The firm shall provide written monthly progress reports to the municipal tax assessor for his review. The municipal tax assessor shall forward the reports to the county board of taxation. If the county board of taxation does not receive the required monthly progress report, it must notify in writing the Director of the Division of Taxation immediately;

iv. Each progress report shall indicate the status or work progress which shall serve as a basis for proportional payments by the municipality. In no event shall more than 90 percent of the total contract price be billed until full completion and performance of the contract, except any requirements for defense of tax appeals. Furthermore, if the character or progress of the work is not satisfactory to the county board of taxation after two consecutive months, the

county board shall also notify the Director of the Division of Taxation in writing of such lack of satisfactory progress as soon as possible; and

v. Any change in personnel shall be submitted in writing to the municipal tax assessor and county board of taxation.

11. A provision committing the firm to conduct and/or assist the municipality in a program of taxpayer orientation and education regarding the revaluation program including, but not necessarily limited to, the following:

i. Press releases describing the purpose and nature of the revaluation program;

ii. Meetings with public groups in the community; and

iii. Mailings approved by the municipal tax assessor, at the firm's expense to all property owners explaining the nature and purpose of the revaluation and setting forth a proposed date for the commencement of inspections in the municipality.

12. The firm shall provide its representatives with photographic identification cards.

13. Following the formulation of land valuations, a land value map shall be prepared for the municipal tax assessor for his or her review which will indicate all unit values and underlying data used to derive unit values.

14. The firm shall create a neighborhood map prepared for the municipal tax assessor that will indicate all neighborhoods and/or value control sectors in the municipality;

15. It is recommended that the municipality obtain a Computer-Assisted Mass Appraisal package for purposes of revaluation maintenance;

16. The firm shall provide all office space, furniture, equipment, machines, and other items required in connection with this project unless otherwise provided by contract.

17. The firm shall assist by providing expert witnesses in the defense of all valuations rendered to the municipality which are appealed to the county tax board. The firm's obligation with respect to this requirement is limited to the initial appeal of an assessment filed during the year in which the revaluation is implemented or the following tax year. Such assistance shall include a qualified expert from the firm who is knowledgeable with regard to challenged assessments. In the event the municipality elects to utilize the defense services of the firm for appeals beyond the county board of taxation level and which are filed during the year in which the revaluation is implemented or the following tax year, an hourly rate for such services shall be set forth by the firm. Said hourly rate shall apply to services rendered by the firm in connection with preparation, reinspections, consultations and actual appearances at appeal proceedings.

18:12-4.9 Taxpayer review procedure

(a) The firm shall provide taxpayers with an opportunity to review the proposed assessment of their property.

(b) The firm, at its expense, shall mail a written notice, approved by the municipal tax assessor, indicating the appraised value of the property and advising the taxpayers of their right to attend an individual informal review.

(c) Informal reviews shall be held at a designated location within the municipality and shall be scheduled so as to allow the firm sufficient time to fully review and discuss the proposed assessment with the taxpayer as follows:

1. Each taxpayer attending a review shall be afforded an individual meeting with a qualified person employed by the firm;

2. Sufficient time shall be allotted to hear and conclude reviews on or before December 15;

3. A written record of each review shall be provided to the municipal tax assessor in a format approved by the municipal tax assessor;

4. Suggested revisions by the firm resulting from the taxpayers' reviews shall be made with the consent of the municipal tax assessor; and

5. Each taxpayer shall be informed in writing by the firm of the results of their assessment review within four weeks of the conclusion of all reviews.

18:12-4.10 Surety and insurance

(a) Prior to the commencement of a contract, the firm shall provide assurance that the municipality will be adequately protected and saved harmless from any lawsuit, litigation, demand, or claim arising out of the revaluation contract. In support of the foregoing, and in addition to all indemnification and other coverages required by law, the firm shall provide the following:

1. Workers' compensation insurance coverage in accordance with the standards of this State as set forth in N.J.S.A. 34:15-1 et seq.;

2. Public liability and automobile liability in amounts not less than those provided by law for any one person and any one occurrence respecting property damage;

3. A performance surety bond in the amount of the contract, executed by a reputable bonding company authorized to do business in this State, subject to reduction to 10 percent of the contract amount upon acceptance of the completed revaluation by the municipal tax assessor. Said reduced amount shall remain in effect until the firm has discharged all obligations respecting the defense of the contract; and

4. The terms and conditions of all the foregoing may be in greater amounts if required by the municipality and copies of all policies shall be provided to the municipality prior to the commencement of any portion of the contract.

18:12-4.11 Delivery and summary

(a) A firm shall provide the municipal tax assessor with completed property record cards filed in sequence by block and lot numbers for all taxable and exempt properties. All supporting data, documentation and special procedures used in deriving values shall also be provided to the municipal tax assessor.

(b) A firm shall make available qualified personnel for the purpose of giving full explanation and instructions to the municipal tax assessor and his or her staff with regard to all materials submitted in all phases of the final revaluation.

(c) A file containing the new values must be provided by the revaluation firm to the municipal tax assessor in a format and medium consistent with the current New Jersey Property Tax.

CHAPTER 12A: COUNTY BOARDS OF TAXATION
SUBCHAPTER 1: GENERAL PROVISIONS
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 be used to justify a need for a revaluation. This is an average deviation from the average assessment 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 greater than 15 percent may indicate a need for revaluation.

iii. Segmented coefficient of deviation: This is an average deviation of assessment 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 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.

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

See: 11 N.J.R. 263(b), 11 N.J.R. 359(b).

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

See: 22 N.J.R. 1350(a), 22 N.J.R. 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 N.J.R. 4850(a), 36 N.J.R. 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).