

New Jersey



Assessors

Bulletin



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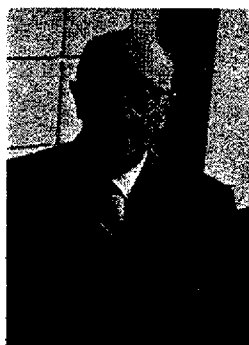
VOL. 10 No. 6 B

Association of Municipal Assessors of New Jersey

AUG., 1972

COUNTY AND STATE BOARDS

WALL STREET JOURNAL



by Roger Payne

I have read with great interest the May 1972 Issue of the N. J. Assessor's Bulletin, particularly "One Man's Opinion" by Lou Schick, and the "President Salmon Addresses Rutgers' Conference."

I have been an avid reader of the "Bulletin" for several years, particularly those articles that deal with performance of the conflicts with County and State Boards of Taxation. Perhaps you would like to

hear from a present Tax Assessor (Franklin Township, Somerset County) who served for 5 years as a County Board Member, and prior to that worked as an appraiser for 10 years, part of my duties being to help prosecute tax appeals for taxpayers.

At many of the meetings I have attended in the past, I have heard Assessors complaining about County Boards, and conversely, County Board Members complain about Assessors. From experience on both ends, I feel there is a serious misunderstanding about each other's responsibilities and duties by all sides, plus some very serious lack of law to correct these misunderstandings.

First, let us examine the County Board. County Board members are appointed by the Governor, with the advice and consent of the Senate. Nowhere in the law governing appointment of County Board members are there any references to the qualifications of such members. No qualifications are provided for in the laws for Secretaries.

County Boards are expected to hear and decide innumerable tax appeals from August 15th to November 15th, (in many counties there can be several thousands of appeals each year). County Board members must rely on the testimony of Taxpayers and Assessors to arrive at their conclusions. No provisions are made in most County Board Budgets to supply

(continued on page 3)



"What do you suggest for someone who's just had his property reassessed?"

AIR RIGHTS ASSESSABLE

The Maryland Tax Court handed down a decision on December 16, 1971 that ruled the city of Baltimore had the right to assess air rights.

No doubt, this decision is unique and may instigate a new source of revenue for some communities but those assessors contemplate using this realize they face a court fight in most cases.

DALLAS BOUND

The International Association of Assessing Officers Conference will be held this year at the Adolphus Hotel, Dallas, Texas, October 15-19. A well rounded program, including a Texas barbecue and varied activities for the ladies, is planned for all conferees. In addition, there will be a New Jersey suite open to all of us who will be attending the conference.

This year New Jersey must be well represented in Dallas because it will take a lot of hard work and voting strength to fulfill our hopes of having Al Greene receive the nomination and win the election as Vice President of I.A.A.O. It will be the first, and perhaps the last time, that New Jersey would be in such a favorable position to have one of our esteemed leaders represent us in an executive office, as well as give the Assessment Administration of New Jersey the recognition it rightfully deserves.

Therefore, all the Assessors of New Jersey should make immediate plans to attend the conference so that we can put Al across the top and make this an eventful conference for the New Jersey Assessors. If you have not already done so, send your reservation to Joseph F. Reilly, Municipal Building, Nutley, N. J. who is handling a charter flight for only \$183. This includes plane fare, transfers, breakfast and hotel accommodations at the New Sheraton Hotel.

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REPORT OF NEW BY-LAWS

The members of the Constitution and By-Laws Committee, headed by Richard Dann, have proposed several changes. Among them are:

1. Membership has been clearly defined with CTA Certificates and Civil Service Titles considered in membership eligibility.

2. The creation of the office of President-Elect so that the incoming President will gain experience working with the incumbent President and have more time to prepare for office and to select committees.

3. The enlargement of the nominating committee so that more knowledge of the membership and the capabilities of prospective officers will be available to the committee.

4. Candidates for office shall be recommended by the nominating committee at an early date so that the membership can be notified of the recommendations 45 days before the election meeting. Members may also be nominated for an elected office by petition. There will not be any nominations from the floor.

5. Provision has been made for the possibility of hiring an Executive Secretary who would coordinate the administrative activities and be an official representative of the Association.

6. General membership meetings will be increased to two meetings each year.

The proposed changes have been filed with the State Association Secretary who will mail copies to all members.

DITMARS NEW SUPERVISOR

J. Henry Ditmars has been selected to head the newly consolidated Local Property Tax Bureau and the Public Utility Tax Bureau.

An Engineer, Tax Expert and Administrator, Mr. Ditmars has had the primary responsibility to supervise the revaluation of all railroad property in New Jersey and to oversee the daily activity of the Public Utility Tax Bureau.

Mr. Ditmars, a native of Trenton, joined the State service in 1947.

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BOARDS

(continued from page 1)

the County Board with any independent expertise on which to base their judgments. County Board members are NOT required to take courses in Assessing practices, although some do, to their credit.

There is no requirement that County Boards have an attorney as a member, although on several Boards attorneys do serve as members. The Attorney General is the agency responsible for giving legal advice to the County Boards, and most times this advice is not immediately available, if at all, on particular cases.

There are no requirements that records of the proceedings before County Boards be kept, in fact, most testimony before County Boards is very informal in nature.

Such type of proceedings might have been fine 100 years ago when we were not faced with the complex problems we are today. If it is the desire of the legislature to maintain citizen participation, they then should be provided with an adequate staff of professionals (Attorney, Appraisers and other experts) so that they could not only examine the testimony offered on appeals, but also have an independent source of expertise on which they could base their judgments. With such a staff, they would be in a position to ferret out inequities, and to recommend to Assessors the proper course of action to keep equity in Taxation. NOW LETS EXAMINE THE ASSESSOR'S PROBLEMS:

Many Municipalities (fortunately mine is not one of these) fail to give the Assessor the necessary tools to work with. The Assessor in many cases is looked upon as a necessary evil, or in some cases, the agency to take the blame for the spiraling real estate taxes. In actuality, the Assessor is an appraiser with a big job to do. He needs the necessary clerical staff so that he can devote his time to the appraisal job, which he has been certified to do. He needs all the mechanical devices necessary to operate an efficient office, and above all he **must** have the cooperation of all the other officials of the municipality he serves to assemble the data that he needs to do an efficient job.

From my experience many assessors do not get this cooperation, especially from the municipal attorneys. The attitude of "Let's settle this and get out" can be, and in most cases is, very damaging to the principle of equity and uniformity of assessments. Municipalities should (experience shows that the dollar savings are substantial) supply the assessor with the best legal talent available to advise him and help him defend his appeals. I am very fortunate in Franklin Township that I have a Governing Body that is concerned about equity that only comes with properly equipping the assessor's office, and I am blessed with a municipal attorney who is always ready to advise me on legal problems as well as taking a very active part in defending appeals.

If there is to be equity and uniformity in making assessments state wide legislature must provide the Assessors and County Boards with sufficient tools to do a good job.

As a County Board member, I have sat on cases that took a whole day to hear the testimony of both sides, have made field trips to examine the property, and conferred at length with the other members of the Board to arrive at a decision we felt fair and just, only to have the case appealed to the State Board and settlement stipulated by both parties. On the larger cases many County Board members feel they are wasting their time as appeals to the State Board will result anyway, and as the County Board record is not a part of these proceedings, whatever the reasons for the decision they arrived at are never considered, even though, as County

Board Members they are closer to the scene, and perhaps have a better understanding of the standards being used in the county as a whole.

I believe if a County Board held a complete hearing, and was conscientious in arriving at their decision, that, if an appeal is taken to the State Board by the Taxpayer, the County Board is owed the courtesy of the Assessor and the Municipal Attorney to defend that appeal at the State Board vigorously and thoroughly.

From my experience, I believe the Association should address itself to three main aims in trying to secure equity and uniformity of assessing practices:

1. Legislation to assure Assessors of proper staff and tools to perform his duties, including assurance of proper legal counsel and assistance.

2. Provide County Boards with the necessary expertise, including legal assistance to do the job they are charged with under the law. One suggestion would be that timing of appeals could be changed to March 10th (when the books are certified) through August 15th, with all decisions by November 15th, thus giving the County Boards more time to handle their work load. With expert personnel any claims of inequity could be properly investigated, both on behalf of individual taxpayers, and adjoining municipalities within a County.

3. Change the procedure to provide that a record be kept of all proceedings at the County Board level, and that this record be forwarded to the State Board on all State Board Appeals.

4. Provide for uniform procedures at all County Board levels, as well as uniform procedures for all Assessors. This could include uniform standards to be developed to be used on a county wide level.

I firmly believe that all of us associated with the administration of the Local Property Tax are trying to the best of our abilities to do a good job. We just haven't been given the proper tools to work with.

ROGER S. PAYNE
Tax Assessor
Franklin Township
Somerset County

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A full time Assessor is wanted for Piscataway Township, population 36,000.

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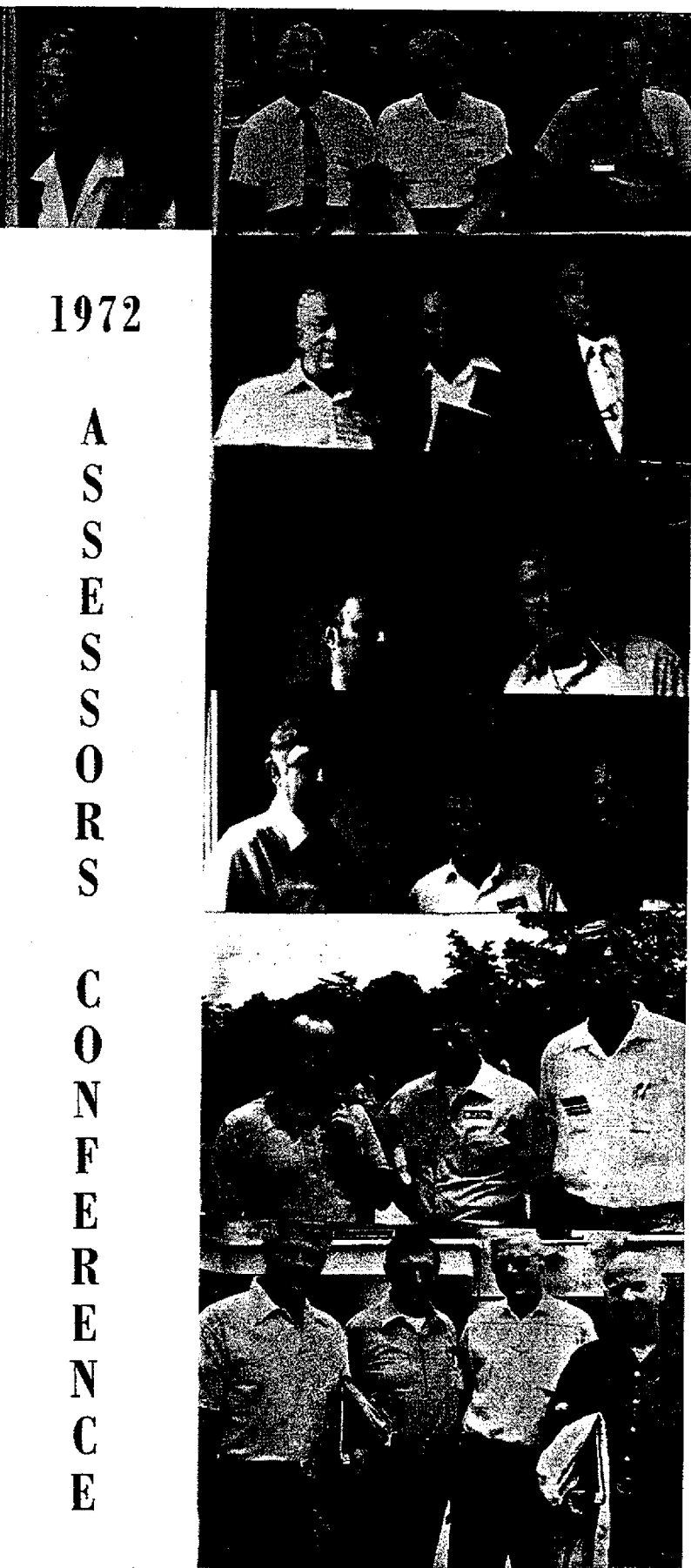
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Association of Municipal Assessors of New Jersey

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ONE MAN'S OPINION

At the time of this writing Bobby Fischer and Boris Spassky are in Iceland huddling over a chess board fooling around with kings, queens and pawns.

To some people chess is child's play compared to the maneuvering in Trenton following the defeat of the Governor's Tax Policy Reform.

Although the Governor declared tax reform "dead", administration attorneys have already begun to attempt to salvage what was left of the fifty-odd bills and three proposed constitutional amendments which comprised the tax package. A point to remember is any one of these bills could be picked up by a legislator, altered to his fancy and pushed through the proper channels and brought to a vote.

The New Jersey Tax Policy Commission made many recommendations that would directly affect assessing procedures or its relative fields and our State Assessors Association Tax Policy Committee recently had a meeting whereby each point was discussed in length.

The Committee's approach was most intelligent and comprehensive. If a point did not meet with the approval of those in attendance, a recommendation was made to improve that specific point. In other words the members did not say, "We don't like it" and let it go at that. Instead, they said why they didn't like it and proposed something better.

The findings of this committee will be sent to the Presidents of the County Assessors Association who, in turn, will make them known to their respective members. Any contrary viewpoints will be taken into consideration.

Our Association has a fine Tax Policy Committee, which is headed by Jim Reeves, and I'm sure they will stay on top of the situation. However, I believe each and everyone of us should keep our ears and eyes on Trenton to make sure a bill isn't passed that would not be beneficial to the assessors and we find ourselves being moved around like human pawns.

LOU SCHICK

C.T.A.

Forty eight persons were successful in passing the ninth examination for a Tax Assessor Certificate held on March 18, 1972.

CONCEPTS AND TECHNIQUES OF LAND VALUATION

The IAAO will hold four conferences on the concepts and techniques of land valuation. They will be held in various parts of the country and the one closest to New Jersey will be in New York at the Americana Hotel on September 21-22.

The two day program is designed to improve appraisal capabilities through an intensive examination of the concepts and techniques of evaluating land.

A registration fee of \$65.00 per person will be charged and will include luncheon and coffee breaks on both days plus a free copy of "Site Analysis and Evaluation" which sells for \$15.00.

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Municipal Revaluation for Assessment Equalization

MULTIPLE REGRESSION ANALYSIS IN ASSESSMENT PRACTICE

by Norman Harvey



In order to understand the rationale of Multiple Regression Analysis (MRA) it would be helpful to look at where the assessment profession has been in terms of the appraisal function. As neophytes we learned of the three approaches to value. You will remember that there was the income approach, or capitalization approach as it is sometimes known, the replacement cost less depreciation approach, and the comparison or market data approach. Both the income and replacement cost approaches require fairly extensive calculations. So the computer could be advantageously used for both of these because of its speed in performing the computation. The market data approach, however, is not so much a matter of calculations as physical comparison, where the value conclusion is based on the premise that if property with comparable features and characteristics sold in arms length transactions, it would be reasonable to assume that a given property would bring approximately the same price in the market place. The use of the computer, therefore, in the market data approach, would be confined to a retrieval capability, which is to say that the data on sales could be stored on the computer's memory core and retrieved on demand to suit the property under consideration.

Let us consider the way the computer may be used in the most popular approach for mass appraisal, which is replacement cost new less depreciation. Land values may either be entered as a lump figure or the computer may be utilized to calculate it when the unit value per front foot (or whatever unit is used) is already in the memory bank. In the latter instance, the dimensions or characteristics which are variable from prop-

erty to property are entered, the price per unit is drawn from the memory bank, the calculation performed by the machine and the land value is produced in much the same way as it would be done manually in the orthodox mass appraisal system. In order to find the value of the improvements, the computer would have to be prepared with the unit prices for the physical characteristics that would be collected as pertinent data. In other words, there would be stored in the computer a table of prices per square foot, prices per plumbing fixture, prices per garage area unit, etc. When the corresponding dimensions or units are supplied the machine would do the necessary calculating and produce the theoretical replacement cost new as of the base year for the unit prices in storage. The process would be completed with a cost conversion factor locally determined and a factor reflecting various forms of depreciation. The result would be an estimated price of the structures in their net accrued condition. The premise, insofar as the structures or improvements are concerned, is that the cost and observed condition will be the principal consideration of the buyer and seller in some future transaction.

The use of the computer in the income approach is primarily to perform the arithmetic required to process an income stream to estimate the amount of the investment such an income would attract. In this case, as in the cost approach, the judgment of the appraiser in interpreting such factual information as he can garner is the only discretion used in the process. All else is simple arithmetic.

In the market data approach, the determinant is more precisely the collective judgments of buyers and sellers in actual transactions. Where the appraiser, in considering a particular property as a subject for estimating its selling price, will look at a limited number of specific sales with closely related characteristics, the computer now opens the door to the consideration and processing of all the market data that can be related to the subject. The possibility of failure to include pertinent data in the value conclusion is minimized. The end product of MRA is not necessarily a final answer. It is still a guide. But theoretically it is a better guide than is possible with the limited research facilities of the average appraiser.

(more next issue)



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Rutgers Holds Assessing Conf.

The Douglass Campus was the scene of the 19th Annual Rutgers Conference for Assessing Officers. One hundred and thirty five registered for the conference that heard as its principal speakers, Senator Harry L. Sears, a proponent of the Tax Reform Bill, and Senator J. Edward Crabel who was against the bill in its present form.

Twenty one years ago the Assessors initiated a training program and one year after its inception, Rutgers University joined with them to conduct the conferences.

Some of the subjects discussed at the conference were: The Governor's State Tax Policy, Maryland's Program of Surveying and Appraising Exempt Property, Demonstration Appraisals, Round Table Discussions, New Developments in New Jersey Tax Laws and Advanced Aspects of Income Property Analysis.

Al Greene To Be Honored

A "Jersey to Dallas" cocktail party honoring our candidate, Alfred J. Greene, Jr. for the next Vice President of the International Association of Assessing Officers will be held Wednesday evening August 23, 1972, 7:30-9:30 at the Beacon Manor, Bayhead (adjacent to Point Pleasant), New Jersey.

Donation — \$11.00. Please make checks payable to Assessors International Seminar.

AL WEILER AWARD

The annual Al Weiler Award will be made in November at the New Jersey State Assessors Association Convention in Atlantic City.

All county assessors associations are requested to send resumes of their respective nominees as soon as possible to the secretary of the State Association, William Bailey, Assessor, Municipal Building, Ryders Lane, East Brunswick, New Jersey.

The award is presented to the individual who has done most in the field of education for the advancement of assessing.

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IAAO AWARDS PROGRAM

Each year at its International Conference on Assessment Administration, IAAO presents awards in several categories to selected members.

Some of the awards for which nominations may be submitted are: Most Valuable Member (Presented to the member who has been most effective in promoting IAAO.); Distinguished Assistance Award (Presented to the organization

which gives the most effective assistance to the cause of assessment administration); Donehoo Essay Award (Presented to the member who writes the best essay on any type dealing with assessment administration); "I" Award (Presented to the office or departments that developed the best ideas in public information and office procedure).

For further information interested parties should contact Joe Krupinski.

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