

New Jersey



Assessors



MEMBER
International Association
of Assessing Officers

Bulletin

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FEBRUARY 1988

PRESIDENT'S MESSAGE

I would like to take this opportunity to wish all the members of our Association a very Happy, Healthy and Prosperous New Year . . . especially "G.K."



A New Year has begun, and with the New Year, new Executive Board. New faces, new ideas, renewed enthusiasm and many of the same old problems. Let us hope that we can the existing problems without creating new ones.

Like most people, I try to make New Year's Resolutions, which I usually break two or three days into the New Year. However, this year I have resolving not to smoke, or eat myself into obesity, resolving not to somoke, or eat myself into obesity, I plan to work as hard as I can for our Association... I hope you will do the same.

Part of my plan is to keep every member of our Association aware of everything that goes on. So, Let me fill you in on what has happened since our Annual meeting this past November, and what will be occuring in the near future.

During the month of December, I traveled a little over 1,400 miles and gained ten pounds while attending various County Association Christmas luncheons and dinners, commonly referred to as the "The Banquet Circuit." I would like to thank those County Associations for their hospitality. I truly enjoyed your company and the meals were excellent.

The Executive Committee of our Association will be meeting on January 21st for the purpose of reorganization. Among items to be discussed will be

the direction our Association should take upon the conclusion of the State and Local expenditure, and Revenue Policy Commission Report, and the agenda for the February Executive Board Meeting.

The Vice Presidents have received thier committee assignments and by now should have notified their Committee Chairpersons and set tentative meeting dates for 1988. I will try my best to attend committee meetings when my schedule permits. I hope all Vice Presidents will attend all committee meetings and take an active part in all discussions.

Committee Chairpersons, meeting at Rutgers, or any place where billing will be sent to the A.M.A.N.J., must let our State Secretary know the time and location of the meeting and must co-sign the bill as Committee Chairperson.

I have appointed two special committees at the request of Director Baldwin and Superintendent Raney. The first committee, which includes John Murray, Bill Birchall, George Harraka and myself, will be meeting on a regular basis with the Superintendent to discuss current problems in assessment administration. If you are having a problem that you cannot resolve, please contact the aforementioned committee.

The second Committee will be know as the CAMA Committee. I sent a list of ten members to Jack Raney, three of which will be chosen by the Director to serve on the committee, along with three members of the County Tax Board Commissioners and Administrators Association, and members of the Division of Taxation. Their objective, I understand, is to develop minimum standards for reassessment software programs.

(continued on next page)

(President's Message Cont'd)

The Association of County Tax Board Commissioners and Administrators will be hosting another Unity Day, which will be held during their May Conference at Rutgers. The tentative date is May 25th. More information will follow.

The Assessor's Conference will be held at Livingston Campus from June 21st to the 24th. More information about our Conference will be sent to you from Rutgers Extension Service.

Last year, a coalition of appraisal organizations met to discuss the licensing of all Appraisers in the State of New Jersey. An Ad Hoc Committee on appraisal regulation issues met and a questionnaire, which you will receive shortly, was formulated. After completing the questionnaire, please send it to our State Secretary, Vickie Mickiewicz. The results of the questionnaire will be published in the Assessor's Bulletin.

Counsel for our Association, Ed Rosenblum, has suggested language which he feels would cure the defect in the proposed State Certified Real Estate Appraisers Act of 1987 requiring certification of Real Estate Appraisers performing services for government entities. Ed suggests the following amendment:

Section 2 (F) shall be amended as follows:
"State Certified Real Estate Appraiser" means a person who holds a current, valid certificate pursuant to the provisions of this Act or who is a Certified Tax Assessor having satisfied the requirements of N.J.S.A. 54: 1-35.30.

The Constitution and Bylaws Committee will be working in earnest to try and complete the revisions and amendments you will be voting on at our June Conference. I would hope progress will be made concerning our Code of Ethics. A suggestion was offered to me by one of our members, Christine Wahl, assessor of Berlin Borough, Camden County. Chris suggested that our office should notify all woodland owners who meet the requirements of Chapter 201, Laws of 1986, by certified mail before the end of February. This notification will allow ample time for the property owner to hire a forester to develop a plan. Chris feels this would be good public relations and it would put an end to those who claim not to have known anything about this law. Thanks for the suggestion, Chris. My staff will be sending out the woodland data form and a copy of Chapter 201 by certified mail before the end of the month.

Please feel free to contact me concerning your comments, suggestions, and/or criticisms. Have a good one.

Respectfully Submitted

Bob Pastor, President AMANJ

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NEW YORK HAS RECORD ASSESSMENT VALUE

The City of New York, with an increase of \$6.4 billion in taxable property value, reached a record \$65.7 billion.

If property tax rates remain the same, and Mayor Koch is talking about an increase, the City could collect \$500 million more in property taxes than they did last year.

Manhattan accounts for 69 percent of the increase. The anticipated \$6.4 billion will be received over a period of five years.

A large part of the income attributed to the fact that in 1986 the assessor was permitted to examine the income and expense statements of property owners, something not available to them previously.

In New Jersey Chapter 91 grants the assessor the right to that information.

In New York, according to the City Finance Commissioner, residential properties are assessed at only 18 percent of their market value and next year they will be assessed at only 8.9 percent of value. Mayor Koch said that if the taxes on these homes are not increased, services will have to be curtailed.

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LEGISLATIVE NEWS

President Bob Pastor has appointed ten members to the Legislative Committee to serve during the 1988-89 legislative session.



Since I have yet to receive any of the new proposals being sponsored by this legislature, I cannot help but wonder what is in store for the assessor in the way of new legislation dealing in Property Tax Administration. The reason why my concern is more intense now than in the past is because

two very important commissions have offered many proposals which they feel will result in some sort of benefit to the property owner in New Jersey

Even though many recommendations have already been offered by the Property Tax Study Commission in the early part of 1987, actions on these recommendations were delayed pending the recommendations to be made by the State and Local Expenditures Policy Commission (SLERP).

Many legislators were waiting for the new session of the legislature, hoping by that time, the "Slerp" Commission would have made known its findings.

The Assessor's Association is also anxiously awaiting Slerp's report in order that we may better be able to determine what direction the legislature will be taking if they take into consideration any of the Property Tax Study's report and any of Slerp's report.

You may recall that the Property Tax Study Commission arrived at some thirty-seven conclusions and recommendations. It would be interesting to see, if any, or how many of these 37 will be included or incorporated in the "Slerp" report. It would also be interesting to see what effect any recommended changes will have on assessing administration and the assessor's office. During the past year at the County Board Commissioners-Assessor Programs, we have constantly heard of the need for certain revisions in the administration of property tax assessments. What is unique about some of these

statements is that they seem to be a reiteration of some of the 37 conclusions and recommendations. I certainly hope that contained in the Slerp report will be a recommendation to correct those inequities which have continuously plagued the assessor, the County board commissioners and the County Board administrators.

The Assessor's Association is hoping that whatever the "Slerp" report contains, it is something more than a redistribution of the current spending policies and that it contains an intense effort toward the reconstruction of and the enactment of new property tax laws that will guarantee the professional operation of all offices so concerned.

George C. Harraka, Chairman

SENATE, NO. 3387

An Act concerning the assessment of certain real property and supplementing chapter 4 of Title 54 of the Revised Statutes.

This bill allows certain municipalities to phase-in the assessed value of new residential construction from the average residential assessment level in the municipality to its full assessed value over a period of five years. The assessment phase-in is achieved by granting an exemption, which in the first year equals the difference between the result of the residential ratio times the full assessed value of the property, and the full assessed value of the property. Future exemption amounts are reduced annually by 20% of the first year's exemption amount during each year for the second through the fifth year.

The bill applies to urban municipalities where new residential construction can be expected to free up the municipality's older, more affordable housing stock and where prospective purchases of new residential homes have justifiable "tax lightning" fears which might restrict the marketability of new homes.

Granting owners of newly constructed residential housing in urban municipalities an assessment phase-in will promote that construction, therefore assuring a sufficiency of affordable housing opportunities to persons and families of low and moderate income.

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LIGHT AT THE END OF THE TUNNEL VALUATION OF INDUSTRIAL PROPERTIES

A decision in a matter I recently handled on behalf of Phillipsburg perhaps signals a turnabout by the Tax Court on the issue of the valuation of industrial properties. In *McGinley Mills, Inc. v. Phillipsburg* (approved for publication), Presiding Judge Lasser, held that an industrial building containing special features (although not special purpose) such as air-conditioning, process steam, humidification and disproportionate storage area, all designed to facilitate the textile manufacturing business conducted therein, should be valued not as a general purpose industrial building devoid of these features but in its actual use as a textile manufacturing plant.

In court, in analyzing the highest and best use for the property, conclude that:

"The purchaser who will pay the highest price for the subject property is a purchaser who intends to use it for textile manufacturing. A purchaser who would buy the subject for a different use, such as a warehouse, would not be able to take advantage of the real property in its present configuration and therefore would not pay a price equal to its highest present value." At p. 9.

Significantly, the taxpayer offered no proof to demonstrate that there was no market for a textile manufacturing plant on the applicable assessment date. See *CPC International, Inc. v. Englewood Cliffs*, 193 N.J. Super. 261 (App. Div. 1984).

This case represents a departure from the principles laid down in *Sunshine Biscuits, Inc. v. Sayreville*, 4 N.J. Tax 486 (1982) which involved the valuation of an 870,000 square foot complex of 16 industrial buildings utilized as a bakery for the manufacture of cookie products. In valuing the pro-

perty as a general purpose industrial complex, the court held:

"Property should not be valued as a specialty merely because it contains certain features adapted to plaintiff's use. In this case the testimony by plaintiff's experts and also by defendant's appraiser was to the effect that the the subject property could be used for other light manufacturing or as a warehouse and distribution center. There was no evidence to indicate that the property was so uniquely suited to plaintiff's business as not to be reasonably adaptable to other industrial uses." At p. 495.

Based upon the foregoing, it is clear that the courts in *Sunshine* and *McGinley Mills* took an entirely different approach in addressing the issue of the degree to which the value of an industrial building should be influenced by special features which facilitate the current owner's use. We have the *Sunshine* opinion, on the hand, which disregards the incremental value of these features as long as the building is "reasonably adaptable to other industrial uses" while, on the other, we have *McGinley Mills* which values these feature in conjunction with a highest and best use analysis, as long as the taxpayer is unable to establish the absence of a market for the property in its current configuration.

Although some would argue that *McGinley Mills* comes perilously close to introducing a value in use concept into the field of real property taxation, I believe that it merely reinforces the principle laid down in *CPC* that the property must be valued on the basis of an arms length sale to hypothetical purchaser. Since the *McGinley* textile plant was originally conceived as and still used for a textile manufacturing plant on the assessment date and, indeed, the owner had recently renovated the office areas and loading platforms, it is safe to assume for tax assessment purposes that such a hypothetical purchaser exists - *McGinley* itself.

Edward G. Rosenblum

APPRAISAL OF A MOTOR FUEL SERVICE STATION

The appraisal of motor fuel service stations is a challenging assignment in today's environment. The oil industry is mature but continuously changing and restructuring to be more competitive. In the 1970s we had several oil "shortages," which brought about enormous changes in marketing strategies and the public attitude toward the availability and use of petroleum products. Today, the oil rich and oil poor nations are in competition for control of the pricing structure of the industry. Most of the major oil companies in the United States are in the process of realigning their retail marketing tactics both nationally and locally.

Local, poorly located, low gallonage locations are being deactivated or sold, often with petroleum product sale restriction clauses. Well-located sites that can achieve high gallonage volumes are being modernized and refurbished with multiple self-service pump islands and sales outlets for marketing automotive products and convenience items. New choice sites that meet oil company criteria for volume and profit are being avidly sought in new population areas or at important interchanges.

Since 1981, when Federal price and supply controls were dropped, the major oil companies have closed many refineries, severed their relations with independent jobbers pumping less than approximately 2,000,000 gallons of gasoline per year, and deactivated many service station sites because of market reevaluations and the oil glut. This flux, which affects all levels of the oil industry, must be taken into account in appraisals of motor fuel service stations for ad valorem tax purposes. Each of the three traditional approaches to value—market, cost and income—should be evaluated for its applicability to the appraisal.

Motor fuel service stations are undergoing changes in both numbers and types of facilities. The trend is for the major oil companies to refurbish proven sites and to seek strategic locations as populations, roadways, and traffic pattern change in order to receive an acceptable return on investment in both land and buildings. The popular method of doing this is marketing motor fuels in association with some other product, most commonly, convenience items.

In terms of the appropriateness of appraisal methods, the market data approach is the most acceptable and enduring. When qualified sales of service station sites are available, a front foot valuation method should be used unless the site is irregular in shape.

For improved sites, when the improvements to



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the property are proper in terms of highest and best use, use the selling price per square foot of building, to include land and site improvements; when the improvements are not proper, use the selling price per square foot of land, to include building and site improvements.

The cost approach is always appropriate method and is most useful with new structures. With older or changed-use structures, a charge to physical, functional, or economic obsolescence must be made.

The income approach is appropriate with existing service stations. One of the residual approaches should be used when land or building value is known and economic rental information can be discovered. The property residual method can be used when neither the land nor building value can be estimated reliably. The gallonage valuation method should be left to management for those few appraisers who specialize in service station appraisal, since this method tends to value the business and not the real estate.

William Lynam, I.A.O.

I.A.A.O. Assessment Digest

Dickie, aged three, did not like soap and water. "Don't you want to be a clean little boy?" asked his mother.

"Yes," he tearfully agreed, "but can't you just dust me?"



EXECUTIVE COMMITTEE MEETING THURSDAY, JANUARY 21, 1988

The Executive Committee Meeting of the Association of Municipal Assessors of New Jersey was called to order at 10:05 am on Thursday, January 21, 1988 by President Robert W. Pastor.

There were thirteen (13) members present.

President Pastor stated that the purpose of the meeting was to make plans for the year. He asked each member of the Executive Committee what they thought the priorities of the AMANJ should be. Some of the items that were of concern are: Education, especially the instructors that are teaching the Assessors' courses; That we should have our own Branch or Division; Legislation; Newspaper articles service; Dual Attorneys for the AMANJ; and a Lobbyist.

President Pastor appointed a committee to investigate who might be desirable as a lobbyist for the Association: Bill Bailey, Chairperson, Steve Kessler, & Bill Birchall.

Victor Hartsfield reported that there has been some expenses for the 1989 NRAAO Conference and there is no line item in the current budget to cover these expenses. Bill Bailey made a motion, 2nd by Bernie Marx, that the NRAAO Committee should be loaned \$1,000.00 from the current budget. This budget item will be repaid when the NRAAO Executive Board meets in June and authorizes an advancement for the 1989 Conference to be held in New Jersey.

There was a lengthy discussion on the instructors of the Assessors courses. It was decided that the Education Committee of the AMANJ should set up the guide lines which should then be sent to Jack Raney and Ray Bodner.

President Pastor asked if there should be speakers at the Executive Board Meetings of the AMANJ. It seemed to be the general consensus that it might be desirable to have a speaker on occasion, especially if we could streamline our meetings.

President Pastor would like to extend an invitation to Jack Raney, Local Property Branch, and Frank Delello, President, County Tax Boards and Administrators to attend our Executive Board meetings.

Bill Birchall will have a report of the exempt status of the AMANJ at the February meeting.

Everyone should be thinking of another designation to replace the "SARP" designation. Some states have Certified Assessor I, II, & III. We should also look into getting legislation passed so that the Towns have to pay an Assessor for the designations.

Whenever there is a change in Committee Chairpersons, the new chairperson should receive all

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the pertinent information from the previous chairpersons.

Vicky Mickiewicz, Secretary

ASSEMBLY, NO. 3836

An Act concerning tax refunds for reassessed properties in certain municipalities, and supplementing Title 54 of the Revised Statutes.

STATEMENT

This bill permits a first-class city with a population of less than 300,000 to provide property tax refunds to owners of residential properties of not more than four units which were selectively reassessed for the 1985 tax year.

The bill requires the tax assessor to provide a list of qualified properties within 90 days the bill becomes law, after which the city may adopt an ordinance to provide for the refunds.

The bill also authorizes the city to provide for the refunds from a special emergency appropriation and to finance the appropriation from surplus funds or by issuing emergency notes.

A farmer had just taken out an insurance policy on his barn. As he signed the final papers, he asked his agent, "Now if my barn burns down tonight, what would I get?"

The amused agent replied, "Oh, I guess about ten years."

**ASSOCIATION OF MUNICIPAL
ASSESSORS OF N.J. ANNUAL MEETING
BALLY'S PARK PLACE
ATLANTIC CITY, N.J.
NOVEMBER 18, 1987**

The Annual Meeting of the Association of Municipal Assessors of New Jersey was called to order at 10:30 am on Wednesday, November 18, 1987 by President William E. Birchall, Jr.

President Birchall read a letter from the law firm of Finley, Kumble, Wagner, Heine, Underberg, Manley, Meyerson & Casey, Washington D.C., advising the AMANJ that the designation "SARP" should not be used by the AMANJ because it infringes on the registered servicemark of the Society of Real Estate Appraisers and it is confusingly similar to the "SRPA" designation of the Society. If the AMANJ should refuse to comply with the request, there would be a civil complaint filed in Federal court against us.

The AMANJ responded that we would comply with the request not to use the acronym "SARP" and would inform them of the designation when decided.

Ed Rosenblum, AMANJ's Attorney, reported on the following cases: Case #1 William Reeser, Mullica Twp., Atlantic County. Case should be heard before Judge Rimm within the next 30 days. Mr. Reeser received a 4% raise when the other employees received a 10% raise. Case #2 John Johnson, Hackensack, Bergen County. All employees were given increases in their salary, except for Mr. Johnson. (The Town did the same thing two years ago: Mr. Johnson hired an attorney and the town settled on the day the case was to be heard. This appears to be harrasment of Mr. Johnson and might be grounds for legal action. Case #3 Harold Braumwoll, Rockaway, Morris County. Mr. Braumwoll's case has been settled; he is to get his back pay and certain sick pay when he retires on December 31, 1987.

Mr. Rosenblum briefed the AMANJ on the A-4426 Bill (Real v Personal Property). We were successful last year in getting Chapter 117, Laws of 1986 passed, which provides a statutory definition of what is real property and what is personal property for local property assessment purposes. However, A-4426 has been introduced by Kamin, the "Manufacturing Retention, Equitable Taxation Act." This bill will completely reverse Chapter 117 and would exempt all machinery and equipment used in the manufacturing process regardless of the size or manner of attachment. This bill would exempt oil refineries from taxation and would completely erode the tax bases in many Municipalities and would result in fiscal catastrophe in some. This is a very dangerous bill. Everyone should let their

governing bodies and counsels know about A-4426 and do what ever you can to make sure this bill does not pass.

President Birchall announced the Nominating Committee's recommendations for the positions on the Executive Board:

Treasurer - Eli Serlenga, Assessor, South Brunswick, Middlesex County.

Sergeant at Arms - Brain Vigue, Assessor, Pleasantville, Port Republic, Atlantic County.

V.P. Burlington, Monmouth, & Ocean - Bernard J. Marx, Assessor, Colts Neck, Fair Haven, Little Silver, & Shewsbury, Monmouth County.

V.P. Essex, Morris, & Union - Victor A. Hartsfield, Assessor, East Orange, Essex County.

V.P. - Mercer, Middlesex, & Somerset - Roy H. Taylor, Assessor, Watchung, Somerset County.

Larry Henbest made a motion, 2nd by Tony Leone, that the Secretary cast the unanimous ballot for these individuals. Motion Passed. All of these people will be sworn in at the conclusion of the Assessors Luncheon, except for Roy Taylor who is ill.

COMMITTEE REPORTS

The Audit and Budget Committee met at the Alumni Club on Tuesday, November 10, 1987 and all records of the Treasurer of the AMANJ were found to be correct.

The following Counties have contributed to the Hospitality Room in Atlantic City for 1987: Atlantic, Bergen, Cape May, Essex, Gloucester, Hudson, Hunterdon, Monmouth, Morris, Sussex, Union, and Warren. There were four individual contributions. A big thanks to all who supported the Hospitality Room, and a very special Thanks to our congenial bar tender, Dennis Dekleck from Vineland!

On February 2, 1987, and October 1, 1987, Victor wrote to Director John Baldwin requesting a meeting with him, regarding positions in the office of Assessor that no longer requires a C.T.A. designation. There has been no response from Mr. Baldwin to date.

The following awards were presented on Wednesday, immediately following the Assessors Luncheon by Joyce Jones, Chairperson: Thomas C. McCandless Humanitarian Award presented to Bruce Coyle, Monroe Twp, Gloucester Cty. Achievement Award (Rookie) presented to Kathi Meale, Millville, Cumberland Cty. Presendential Citations were presented by President Birchall to: Jim Anderson, Jim Andrea, George Brown, Frank Delello, John Dyksen, Bob Ebert, George Harraka, Victor Hartsfield, Joyce Jones, Steve Kessler, Walt Kosul, Dante Leodori, Kathi Meale, Vicky Mickiewicz, Dorothy Montag, John Murray, Bill

(continued on next page)

Meeting continued

Nikitich, Bob Pastor, Courtney Powell, John Raney, Beverly Scarano, Alberta Scates, Lee Serlenga, Charles Shutt, Roy Taylor, Ralph Todd. President Birchall presented appreciation plaques to the outgoing officers: Vice President - Joyce Jones, & Tom Lawrence, Treasurer - Ralph Todd, Sergeant-at-Arms - Walter Kosul.

There were about 60 registrants from New Jersey who attended the I.A.A.O. Conference in New Orleans in September, 1987.

It has been suggested that the AMANJ ask the I.A.A.O. to give courses in New Jersey so that our members can become RES or CAE designated. This suggestion was well received by "Bud" Carman, President Elect of I.A.A.O.

Jim Anderson recommended that you should not carry dual titles after you receive tenure. You should have the title, Chief Assistant Assessor, or what ever you are under Civil Service, and change the title to Tax Assessor so that you will get more protection.

The 1988 Conference will be in Bretton Woods, Mt. Washington Hotel, N.H., Sunday thru Thursday, June 5th thru June 8, 1988. Anyone interested in going by bus, please call Victor Hartsfield and let him know of your interest. Anyone interested in working on the 1989 Conference, please get in touch with Victor.

NEW BUSINESS

There were two motions approved at the regular Executive Board Meeting which was held on Thursday, October 16, 1987, to be voted on by the general membership at the Annual Meeting. Motion #1 - The threshold of the AMANJ Self-Insurance Fund to be lowered from \$1,000.00 to \$250.00. (This would lower the deductible amount of money an individual applying for assistance from the Fund would be required to pay.) Larry Henbest made a motion, 2nd by Tony Leone that Motion #1 be approved. Motion passed. Motion #2 - If the prior motion is adopted by the general membership, the decrease in the threshold be retroactive to the inception date of the insurance program so that it would effectively cover any action instituted after the effective date of the program. Tony Leone made a motion, 2nd by Frank Leone, that Motion #2 be approved. Motion passed.

Mary Dougherty asked if the AMANJ would look into the Transfer Fees and how the Assessors could receive some benefit from them. This will be explored further.

President Birchall advised the Association that there is an AdHoc Committee that is studying the proposed licensing of Appraisers on the Federal level which may effect the Assessors in New Jersey. There are three members from each of the appraisal

organizations on the committee.

Meeting was recessed until after the Assessors Luncheon.

At the Assessors Luncheon, President Bill introduced William S. (Bud) Carman, President Elect of I.A.A.O. who invited everyone to Nashville, Tenn., Wednesday, September 7, through Sunday, September 11, 1988 for the 1988 Conference.

President Elect Robert Pastor introduced the guest speaker, the Honorable Garabed (Chuck) Haytaian, Majority Leader, New Jersey General Assembly, who pledged his help and support to the AMANJ whenever possible.

The Annual Meeting reconvened at 2:10 pm with the presentations of the awards.

President Birchall affirmed his continued support of the AMANJ and the NRAAO in the years to come. President Elect Pastor presented President Birchall with a Past Presidents Plaque, and thanked him for a job well done.

The Honorable Haytaian swore in the new officers.

Newly installed President Robert W. Pastor congratulated the new officers of the AMANJ and commended the retiring officers for their dedication.

One of the important goals that Bob would like to achieve during his tenure is to have the I.A.A.O. present educationall programs in N.J., so that everyone will have an opportunity to advance toward an RES or CAE designation.

We should continue our efforts to work closely with the Legislature, the League of Municipalities, and the Association of County Tax Board Commissioners and Administrators.

Bob will appoint a committee to meet with Jack Raney, Superintendent, Local Property Branch, in order to discuss issues that will concern all Assessors.

President Pastor urged all members of the Executive Board to attend every Executive Board Meeting. If anyone is unable to attend a meeting, then a representative should attend in their place.

President Bob Pastor thanked everyone for the honor bestowed on him today. He encouraged everyone's active participation in the future.

Past President Birchall presented President Pastor with the President's gavel.

Meeting was adjourned at 2:45 pm.

Vicky Mickiewicz, CTA, SPA, Secretary

People are very open minded about new things, as long as they're exactly like the old ones.

The real source of joy in life are not the results of easy tasks but of hard ones.

Association of Municipal Assessors of New Jersey

NEW JERSEY ASSESSORS BULLETIN

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ASSEMBLY, NO. 4567

An Act concerning tax exemptions by municipalities for certain rehabilitation and construction projects, amending P.L. 1961, c. 40, P.L. 1965, c. 95 and P.L. 1986, c. 86.

This bill amends the "Urban Renewal Corporation and Association Law of 1961", P.L. 1961, c. 40 (C. 40:55C-40 et seq.), also known as the "Fox-Lance Act" and the "Urban Renewal Non-Profit Corporation Law of 1965", P.L. 1965, c. 95 (C. 40:55C-77) et seq.) so as to allow municipalities to calculate a developer's payment in lieu of taxes on a basis of 2% of the annual assessed value of the project, rather than 2% of the initial project cost. This provision would apply to all financial agreements entered into or renewed after the bill becomes effective. Existing agreements, being contracts protected by the constitution, are not affected. The bill also permits all existing and future projects to benefit from the exemption extensions allowed by P.L. 1986, c.86, at the option of the municipality.

COMMUNITY DEVELOPMENT

Allows in-lieu-of-tax payments on certain tax exempt development projects to be calculated on 2% of assessed value of project.

LOCAL PROPERTY TAX—Statue Forbidding Assessment of New Single-Family Dwelling Until Actual Occupancy In Unconstitutional—N.J.S.A. 54:4-23a, which was approved on December 29, 1982, provided that new single-family dwellings would not be assessed for real estate taxes until a certificate of occupancy was issued, or until actually occupied as a dwelling, whichever occurred first. The exemption was limited to 24 months.

The law was intended to encourage new-house construction, and it was argued that unoccupied new dwellings did not impose a burden on the municipi-

palities in which in which they were located.

In an action brought by the New Jersey State League of Municipalities and others, the Superior Court, Law Division, held that the statute was unconstitutional as special legislation in violation of the taxation Article VIII, Sections 1 and 2 (197 N.J. Super. 89, Law Div., 1984).

The Appellate Division reversed in 204 N.J. Super. 323 (App. Div. 1985). The League appealed.

The Supreme Court held that this was special legislation and in violation of Article VIII, Section 1, Paragraph 1. This clause provides that real property shall be assessed according to the same standard of value. The paragraph was adopted by the Constitutional Convention in 1947. It was part of a compromise under which it was agreed that the Legislature could never mandate unequal treatment of real property based on the classification of the industry or the taxpayer.

As part of the compromise, paragraph 2 of Article VIII, Section 1, permits the Legislature to be flexible in taxing or exempting all kinds of property except real estate. This interpretation has been followed since adoption of the 1947 Constitution. Realty tax exemptions for senior citizens, disabled persons, and their surviving spouses were approved by Constitutional amendment, not by legislative action. Changes in exemption and tax treatment of categories by business and persons, except for realty tax treatment, have been adopted by legislative action without the necessity of Constitutional amendment.

Based on this, the Supreme Court reversed the judgment of the Appellate Division and ruled that the special exemption of new housing was unconstitutional.

N.J. League of Municipalities v. Kimmelman—105 N.J. 422 (1987).

SENATE, NO. 3594

An Act concerning property tax deductions for certain senior and disabled citizens and amending P.L. 1963, c.172.

(a) "Income" means all income from whatever source derived including, but not limited to, realized *net* capital gains except for a capital gain resulting from the sale or exchange of real property owned and used by the taxpayer as his principal residence, and on which he received a deduction allowed by this act, and, in their entirety, pension, annuity and retirement benefits, *provided, however, that realized net capital losses shall be deductible from all other income for the purpose of determining eligibility hereunder.* For the purpose of claiming a deduction from taxes for any tax year, pursuant to this act, "income" shall be deemed to be equal in amount to the income which the taxpayer reasonably anticipates he will receive during the tax year for which such deduction is claimed and shall be exclusive of benefits under any one of the following:

(1) The federal Social Security Act and all amendments and supplements thereto;

(2) Any other program of the federal government or pursuant to any other federal law which provides benefits in whole or in part in lieu of benefits referred to in, or for persons excluded from coverage under, (1) hereof including but not limited to the federal Railroad Retirement Act and federal pension, disability and retirement programs; or

(3) Pension, disability or retirement programs of any state or its political subdivisions, or agencies thereof, for persons not covered under (1) hereof; provided, however, that the total amount of benefits to be allowed exclusion by any owner under (2) or (3) hereof shall not be in excess of the maximum amount of benefits payable to, and allowable for exclusion by, an owner in similar circumstances under (1) hereof.

SENATE, NO. 3117

An Act concerning the assessment for tax purposes of waterfront lands designated as "commercial fishing lands" and supplementing chapter 4 of Title 54 of the Revised Statutes.

The assessor in valuing waterfront land which has been so declared as commercial fishing land, and as to which the owner thereof has made timely application for valuation, assessment, and taxation hereunder for the tax year in issue, shall consider only those indicia value that the land has in view of its use directly for at least six months of each year for the purposes specified in section 2 of this act. In addition to the use of his personal knowledge, judge-

ment, and experience as to the value of waterfront land in commercial fishing use, he shall, in arriving at the value of the land, consider the range of values established by the State Commercial Fishing Land Evaluation Advisory Committee.

The purpose of this bill is to protect and preserve the limited waterfront property in our State, and to provide for a more equitable method of the assessment for property tax purposes of waterfront land used for commercial fishing purposes. The commercial fishing industry in New Jersey has for many years been in decline. The bill will give the commercial fishing industry some of the help it requires in order to become economically whole.

The State of New Jersey recognizes the economic contribution of the commercial fishing industry; however, because of the rapid decline of docking facilities, there is a great need for tax incentives to maintain these facilities to ensure the continuation and growth of the commercial fishing industry as well as related support industries.

JOB OPPORTUNITY

Tax Assessor - Township of Mount Olive (population approx. 21,000) is seeking a full-time Tax Assessor, CTA required and experience in all classes of property appraisal a must. Township encompasses 32 square miles and 5,700 line items. Excellent fringe benefits. Salary Range: \$17,750 to \$34,500. Send resume to: Greg Hill, Business Administrator, P.O. Box A, Rt. 46, Budd Lake, NJ 07828

Assistant Assessor - East Brunswick Township is accepting applications for F/T position of Assistant Tax Assessor. High School Diploma or equivalent and CTA certificate. Two years experience in assessing field or related work. \$23,700-\$30,000 based on experience. Apply Personnel Office, 1 Jean Walling Civic Center, East Brunswick. EOE

ASSEMBLY, NO. 4273

An Act increasing property tax deductions for veterans and amending P.L. 1963, c. 171.

Every person a citizen and resident of this State now or hereafter honorably discharged or released under honorable circumstances from active service in time of war in any branch of the Armed Forces of the United States and a surviving spouse as defined herein, during her widowhood or his widowhood, and while a resident of this State, shall be entitled, annually, on proper claim being made therefor, to a deduction from the amount of any tax bills for taxes on real or personal property or both in the sum of \$50.00, *prior to the 1988 tax year, and \$100.00 for the 1988 tax year and each succeeding tax year*, or if the amount of any such tax shall be less than \$50.00 or \$100.00, as appropriate to a cancellation thereof.

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SENATE, NO. 3630

STATEMENT

This bill provides for a loan program through which low income senior and disabled homeowners may, on the strength of the equity in their homes, defer property tax payments on those homes, and establishes a "Senior and Disabled Citizens' Property Tax Deferral Fund" to provide State reimbursement to municipalities for taxes deferred.

Essentially, the bill provides for the equivalent of annual home equity loans in the amount of property taxes due from these homeowners. The loans will be repaid from the estate of a qualified homeowner upon his or her death, or by the homeowner upon the transfer of the home to a person who does not qualify.

Specifically, the bill applies to any homeowner who is 65 years of age or older, 55 years of age or older and disabled, or the surviving spouse of any such person who was allowed a deferral during his

or her lifetime. The bill establishes income limits of \$13,650.00 for a single person, and \$16,750.00 for a married couple.

To qualify for a deferral, a homeowner must have at least 50% equity in his home. Deferred taxes will carry interest at 1% below a recognized national average of interest on tax-exempt public bonds. The bill limits the cumulative allowable amount of deferrals and interest to 50% of residential value. A homeowner whose equity exceeds 50% of value may, with the approval of the Division of Taxation, defer taxes and interest up to 80% of that equity.

The bill provides for annual State reimbursement to municipalities for the early years of the deferral program. It is anticipated that, as deferred taxes and interest are repaid, the program will become self-supporting.

The bill appropriates \$5,500,000.00 for the first year's reimbursements.

Association of Municipal Assessors of New Jersey

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