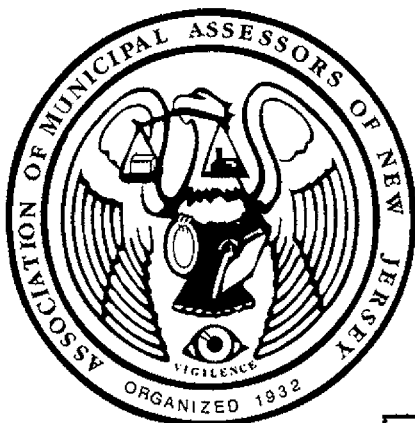


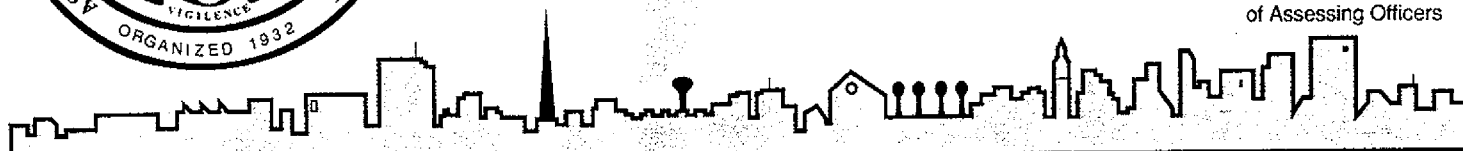
New Jersey



Assessors Bulletin



MEMBER
International Association
of Assessing Officers



VOL. 30, No. 4

November 1991

PRESIDENT'S MESSAGE

With the successful completion of the League of Municipalities Conference left behind, I have focused my attention on the future goals and objectives of the A.M.A.N.J. in the years to come. In order to best address the leadership direction, the 1992 committees of our Association have been reviewed with some committees being given expanded responsibilities and a few that will be reorganized or disbanded. I consider the information and concerns that come as a result of membership brainstorming in committee to be the most appropriate vehicle that the leadership of AMANJ can gauge where the Assessors of New Jersey want the greatest attention directed.



Although the transition from President Elect has been smooth, I expect to see many battles during the next two years. Not only is S-2734 still alive and A-5046/S-3595 under major debate but other issues such as tenure and the right-to-know relative to property record cards are under legislative review. Fortunately, our association is blessed in having a strong Legislative committee, legal council and support groups, such as the League of Municipalities to voice a loud, clear and united position on all such important topics when called upon.

This first message would be incomplete without a statement of tribute to Victor A. Hartsfield, Sr. I certainly hope that I will not be taken to task the

(continued on next page)

FAREWELL ADDRESS

Without question, the last two years have been the most gruelling years we have experienced in our association. We have certainly experienced many trials and tribulations as well as many gratifications and delectations in our efforts to protect the rights and interests of our members and indeed, all New Jersey Assessors.



Many of our goals and objectives have been successfully achieved while some have been set aside by the indignation of S-2734 which caused quite a bit of trepidation amongst our membership.

Recall with me, if you will, on November 15, 1989 when I stated in my acceptance message that we should "watch out for Equity 21, SLERP, S-1952, S-3353, and the like." I said that "We better stay on our P's and Q's and be prepared for anything. State assessing, Property Tax reform or some kind of change in our property tax system seems almost inevitable." And we saw the unscrupulous attempts to change the property tax system lash out of the pages of S-2734 enkindling the very soul of this association and its membership, and I might add; a few harbingers that came out of the woodwork to toy with our senses with hyperbole of what we should or should not do and then disappeared again when things calmed down.

At the insistence of our membership we retained the Marcus Group to lobby our interests
(continued on next page)

(PRESIDENT con't.)

way that Victor was during the last two years. In Victor, AMANJ, was given a gift of a hard and tireless worker who tried, with the best of his ability, to present only a positive image of assessors through the State. Personally, I have great admiration for the dedication and direction that he provided during his term as president.

Lastly, I wish to thank the Atlantic City Committee for their fine organization of all our League Functions. These workers were: Doug Stewart, Mary Ann Mason, Kathi Maile, Brian Vigue, Victor, Tom Glock, Vicki Mickiewicz, Christine P. Wahl and Mike Sheridan.

Joseph M. Gallagher
President-A.M.A.N.J.

(FAREWELL con't.)

and concerns on "The Property Assessment Reform Act", and I am pleased with their vigor in carrying out their solicited responsibility and I am most appreciative of their efforts to keep us informed on all the legislative issues that meant anything to AMANJ. With their help and that of the entire 2734 committee we were able to send out a message to all concerned, that we are opposed to S-2734 for many cogent reasons, and through the tenacity of our membership we were able to, at least, stay the progress of this bill. But let me reiterate that we better stay on our P's and Q's because I don't think we have seen the end of this yet.

Certification, recertification, better educational courses and seminars, licensing, and professional advancement were all constant agenda items, and we were able to see most of these things come to fruition.

The assessors certification programs may witness the advent of a Senior Certified Assessor designation in conjunction with a much needed recertification program which may serve as a partial remedy for other disaffected legislation.

Better educational programs have been brought about by the hard work of our education committee who have fostered the concepts and realities of bringing IAAO courses to New Jersey which will be taught in lieu of RPA I, RPA II, and by our newly certified New Jersey IAAO instructors.

Licensing and certification of Appraisers has become a reality in New Jersey and nationwide. Although it is not mandatory for assessors, it would not hurt anyone to prepare for anything the future might hold. I urge all assessors to get involved with this program.

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Professional advancement of New Jersey assessors is another primary concern. The formation of the New Jersey Association of Assessing Officers (NJAAO), a charter of IAAO, will be the leading force in these endeavors. Through the candidates club the members of NJAAO, AMANJ, and other affiliated groups can obtain IAAO professional designations. Every member of AMANJ as well as the County Commissioners and Administrators and other assessment officers should take advantage of the opportunities afforded them through membership in NJAAO. To assure that AMANJ members seize the opportunity, perhaps a modest increase in association dues should be considered.

One of the most pressing issues of the last two years has been the changes and amendments to the Constitution and By-Laws. A gruelling task, to say the least, but the committee is to be commended for the hard work and dedicated service to the completion which is now more than three years in the making.

Another big concern of AMANJ is legislative issues and we have seen quite a number of bills emerge from the annals of the legislature during

(continued on next page)

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(FAREWELL con't.)

1990 and 1991. We are fortunate to have a strong legislative committee who kept us well informed. Just a glance at any issue of the New Jersey Assessors Bulletin confirms the agile, integral, and exhaustive diligence of our legislative advisors and we commend them for their contributions.

We learned a lot from our various committees and sub-committees. The ones that were actively involved in their responsibility and the business of AMANJ are commended for their efforts. The ones that were inactive taught us that to carry them by title only should be our focus until the need to activate them again arises.

We thank all the well-wishers, the committed, the loyal, the dedicated members and friends for all they did to help us through these troublesome times. Special thanks to the League of Municipalities for sticking by us on all the issues; to our newly appointed Director and Assistant Director of the Division of Taxation for their initial understanding and willingness to work with us; to the media for helping us get our points across; and to our distinguished executive committee who kept things in line and never faltered in their commitment to serve this great association.

To all the disconcerted, the rebel-rousers, and shepards who lead their agnostic flocks only to the point of complete anonymity when the call for nominations to office came about, we say thank you also. Thank you for the learning process in which we found out who are friends are and who has genuine concern for AMANJ versus egoistic solicitude. I challenge you one and all, to profit from our experiences over the past two years and give your full support to Joe Gallagher so we can fulfill all our goals and objectives in the coming years.

We did not take an epiphanous attitude about our position or office, nor did we consciously delete,

omit or turn our backs on any concerns of our membership. We only tried to serve you as best we could, and we thank you for the opportunity to do so.


If it all had to be done over again, we would accept the challenge knowing, as we do now, that in the final analysis, something good and positive came out of it all. To that extent I thank God Almighty for hearing my daily prayers that He stand by me and help me remember that nothing could happen to me that He and I together could not handle.

Thank you all so very, very much.

Respectfully submitted,
Victor A. Hartsfield, Sr.
CTA, RPA, SPA, CREA, SCPA
President



Henry Ditmars in his garden.



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LEGISLATIVE REPORT

It's That Time Again

It's hard to believe that another two-year legislative session is about to wind down and that in January we will have a changing of control in the Legislature.



With the passing of election day, the countdown begins and activity usually increases. Members of both houses, not wanting the favorite bill passed into oblivion, can be expected



to push for their passage and the Governor's signature before the end of the session. Of course returning members may pre-file their bills for the 1992 session to restart the process.

We all need to be alert to activity in Trenton over the next several weeks. While we may benefit from our relationship with the League of Municipalities legislative staff and our access to scheduling information from the Government News Network, we still need to be prepared for action.

Bills which have been discussed or summarized in the Bulletin during 1990 and 1991 may now be moving through the hearing process and headed toward floor votes. Your local legislator may be the key to having your association's position expressed and understood by those who have vote on the issues. You can help the Legislative Committee and your association by being ready and willing to voice our concerns to your local legislators.

**Bill Birchall & Walt Kosul,
Co-Chairmen**

STATEMENT

to

Assembly Municipal Government Committee

Re: A-5089

by

William E. Birchall, Jr.

Chairwoman Mullen and members of the Assembly Municipal Government Committee. Thank you for allowing me to appear before you today. My name is William E. Birchall, Jr. I am the Assistant Assessor of Manchester Township, Ocean County and a Co-chairman of the Legislative Committee of the Association of Municipal Assessors of New Jersey. My purpose today is to express the Association's opposition to A-5089.

In reviewing A-5089, A-5090 and AJR-112, I sense a strong feeling of familiarity. The issues, fiscal shock and impact of revaluations are not new. They have been visited in depth before without lasting result.

In 1986, during my term as President of the Association of Municipal Assessors of New Jersey, I attended many meetings of the Property Tax and Assessment Study Commission. The Property Tax Assessment Study Commission members represented many of the same interests listed in A-5089. That body, in addressing the same questions as are contained in A-5089, heard testimony from many state, county and local officials as well as officials from other jurisdictions. At the conclusion of their efforts, the Commission issued a report containing their recommendations for improving assessment practice and relieving the fiscal shock impact on residential property owners.

We believe that the Property Tax Assessment Study Commission Report contains the answers to the questions raised in A-5089 and that further study be another Commission is not necessary.

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it probably isn't over yet**

**There are transplants today for almost every
organ of the body but intestinal fortitude.**

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ASSEMBLY No. 4537

AN ACT concerning assessments for improvements in a special improvement district and amending P.L.1972, c.134.

STATEMENT

This bill would permit municipalities to provide incentives for commercial property owners in special improvement districts who make facade improvements to their properties. The bill would provide an annual credit, for a five-year period, against the assessment or tax for the purpose of operating or maintaining facilities within the special improvement district, to the owners of commercial property within the special improvement district.

Specifically, this bill permits the governing body of a municipality in which a special improvement district has been established by ordinance, to provide by ordinance or amendment to an existing ordinance, an annual credit for five years against the special improvement district assessment or tax charged to property owners of properties within the district for improvements to the facade of any commercial property in the special improvement district. The bill provides that the amount of the annual credit provided pursuant to the provisions of the bill would be equal to the market value of the facade improvements as verified by such proofs as the municipal tax assessor may require, multiplied by the general municipal purposes tax rate for the preceding year. The annual credit, however, would not exceed the annual assessment or tax on the property in the special improvement district.

The bill requires that commercial property owners in the special improvement district apply to the municipal tax assessor for the credit. Upon approval by the municipal tax assessor, the applicant would be entitled to a credit as set forth in this bill for special improvement district taxes on its commercial property.

Improvements to commercial properties within special improvement districts enhance the image of that commercial district and serve to enhance the public's interest in the businesses within the commercial district. Therefore, it is in the best interests of commercial property owners to maintain and improve their structures. The annual tax credit for improvements to such properties as provided in this bill will serve as an incentive for these owners to upgrade and maintain their building facades for the benefit of the entire commercial district.

He that waits to do a great deal of good all at one time, will never do anything.

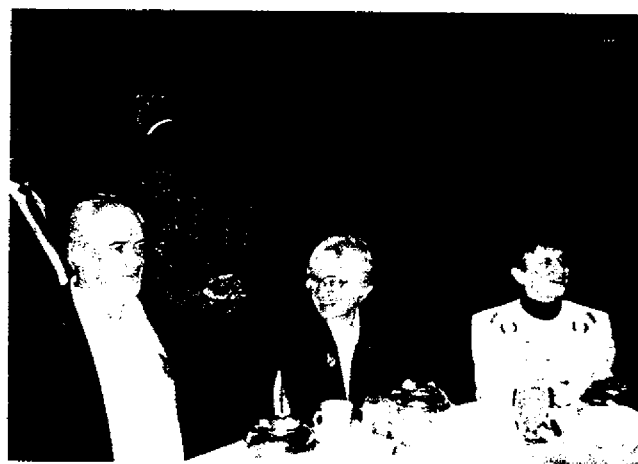


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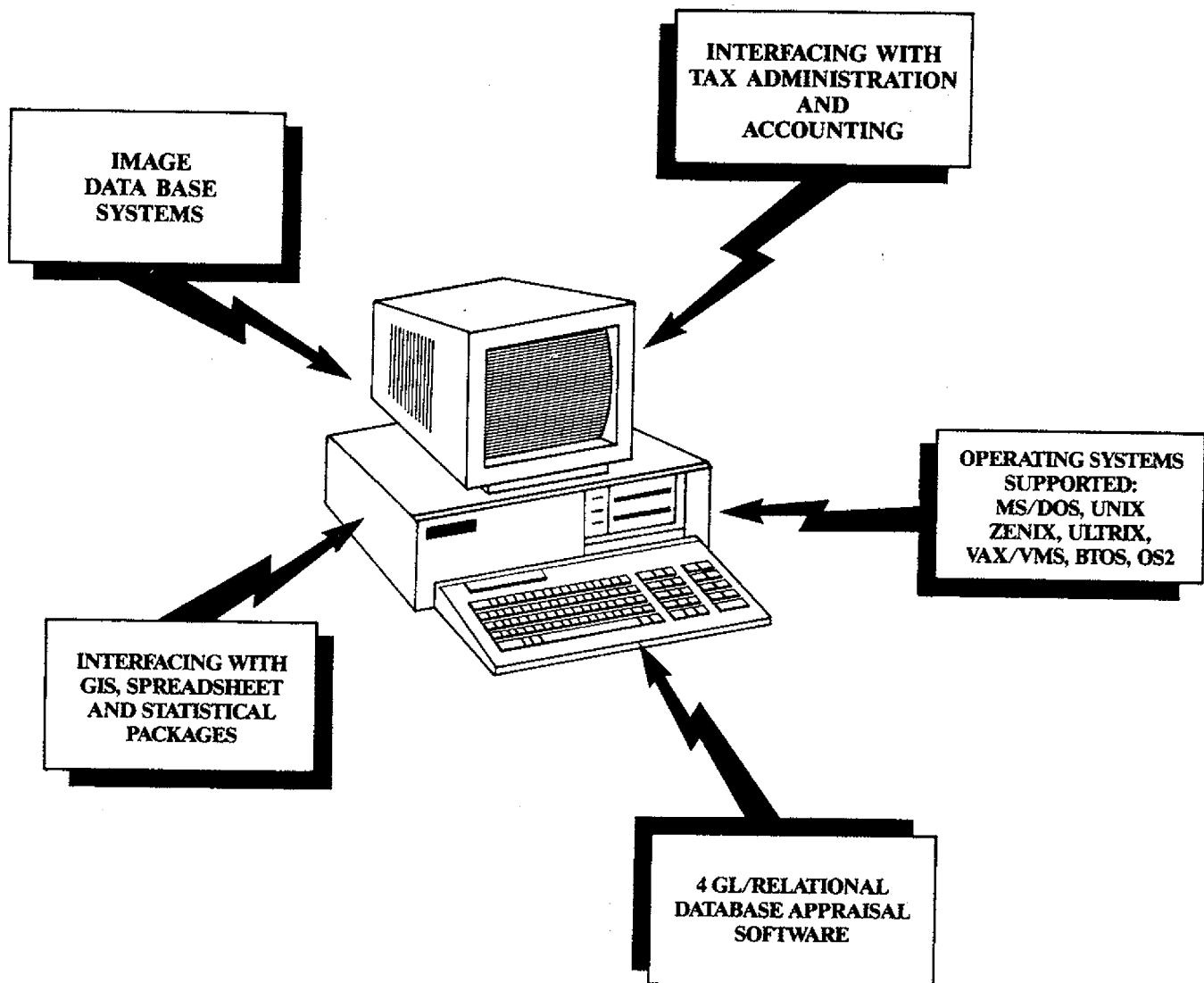


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TAX COURT OF NEW JERSEY 1991
CUMBERLAND HOLDING CORP., PLAINTIFF, V.
VINELAND CITY, DEFENDANT

UNITED STATES REALTY & INVESTMENT CO.,
PLAINTIFF, V.
VINELAND CITY, DEFENDANT

CEDAR PARK ASSOC., PLAINTIFF, V.
VINELAND CITY, DEFENDANT

CAMELOT COURT ASSOCIATES, PLAINTIFF, V.
VINELAND CITY, DEFENDANT

TAX COURT OF NEW JERSEY
February 20, 1991

In local property tax appeals filed directly with the tax court, defendant city moved to be permitted to file answer and counterclaim or cross claim out of time. The Tax Court, Lario, J.T.C., held that: (1) statutory extension of 20 days after service to file counterclaim to complaint filed directly with tax court is deadline which is nonmodifiable jurisdictional requirement, and city was out of time, and (2) statutes authorizing extensions of time for appeal on property taxes were confined to appeals to county boards of taxation and did not authorize extension of time for city to file counterclaim or cross claim in direct appeals to court.

Motions denied.

TAX COURT OF NEW JERSEY 1991
INTERCARE HEALTH SYSTEM INC., HARTWYCK
WEST, INC., PLAINTIFFS VS.
CEDAR GROVE TP., DEFENDENT

TAX COURT OF NEW JERSEY
DECEMBER 14, 1991
SYNOPSIS

Nursing home claimed local property tax exemption. Exemption was denied by the city taxing district. Nursing home appealed. The Tax Court, Hopkins, J.T.C., held that: (1) Nursing home did not operate as a hospital since it did not provide accurate care, and (2) nursing home was not fully integrated into functions of authorized operating hospital.

Assessments affirmed.

It has been said, lots of things are opening by mistake, but none so often as the mouth.



Association of Municipal Assessors of New Jersey

NEW JERSEY ASSESSORS BULLETIN

P.O. Box 187, New Brunswick, NJ 08903—(908) 249-5233

Quarterly Publication

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ASSEMBLY No. 4553

AN ACT concerning property assessment and supplementing Title 54 of the Revised Statutes.

STATEMENT

This bill establishes a program of State grants to counties for the purchase of computer equipment and software so as to facilitate computer-assisted mass appraisal system usage.

Specifically, the bill requires the Director of the Division of Taxation in the Department of the Treasury to establish standards and methods for computer-assisted mass appraisal systems for use by municipal tax assessors in concert with their county boards.

Computer-assisted mass appraisal systems hold the potential to facilitate effective annual review and up-dating of assessments so municipalities may keep previous property revaluations current. Only a few New Jersey municipalities have made progress in this direction. Steps must be taken so that their output may be kept as compatible as possible with other local systems.

The bill provides that the director shall accept written application from any county for a grant-in-aid to implement the standards and methods for computer-assisted mass appraisal established by the director. The director, in his discretion, approves or disapproves of each application, and allocates grant amounts among approved applicants, according to a priority system based on one or more of the following criteria:

- (1) The potential for revaluation induced fiscal shock;
- (2) The extent to which computer-assisted mass appraisal in a particular local unit is achieving or

can be expected to achieve the long term goal in facilitating the successful implementation of computer-assisted mass appraisal systems Statewide; and

(3) A local unit's capacity to promptly install and implement a computer-assisted mass appraisal system in conjunction with a pending revaluation.

Further, each county awarded a grant under this bill must match the amount of that grant on a dollar-for-dollar basis. Also, the county may appropriate county tax board filing fees for the purpose of raising the amount of the required county match. In a year in which a county expends all or part of the amount originally raised in the match required in the bill, the county may require any municipality seeking the use of its computer-assisted mass appraisal system to pay an amount not exceeding 25% of the amount which the county so expends. In any subsequent year, the county may require that a municipality seeking the use of its computer-assisted mass appraisal system pay such annual fees or charges as are necessary to defray the costs of the use of the system by the municipality, except that a municipality which paid a portion of the county's match pursuant to this subsection shall be allowed credit against the annual fees or charges, the cumulative amount of which shall not exceed the portion of the required county match paid by that municipality.

The bill anticipates the utilization of up to \$10,000,000 in undesignated realty transfer tax revenue in fiscal year 1993 for computer-assisted mass appraisal systems.

Better to have a lock without a key, a puzzle in steel to solve, than keys to nothing.

ASSEMBLY No. 4732

AN ACT concerning retirement benefits for certain county and municipal employees.

STATEMENT

This act provides for additional benefits for certain county and municipal employees who retire under the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF), or the Alternate Benefit Program (ABP) between November 1, 1991 and March 1, 1992. The act would be effective only in counties and municipalities in which the governing body adopts its provisions on or before September 30, 1991.

Employees who are 50 or more years of age and have 25 or more years of service credit under PERS or TPAF as of the effective date of retirement will receive an additional five years of service credit. Employees who meet these age and service credit requirements and retire on special veteran's retirement under PERS and TPAF will receive an additional pension in the amount of 5/60 of their final year compensation. Members of ABP who are 50 or more years of age and have 25 or more years of service with public employers in this State participating in the program for which contributions were made by the employee to the program will receive an amount equal to one year of salary, based upon their base salary, at the time of retirement. Employees who are 60 or more years of age and have 20 or more years, but fewer than 25 years, of service as of the effective date of retirement will receive payment of premiums for retired coverage under the State Health Benefits Program for themselves and their dependents, but not including survivors, whether or not the county or municipal employer participates in the program with respect to its active employees.

A county or municipal employee retiring under PERS or TPAF between November 1, 1991 and March 1, 1992 who has an outstanding loan which was made prior to November 1, 1991 would have the option of repaying the balance plus interest by deductions from retirement benefit payments in the same monthly amount that was deducted from the employee's compensation preceding retirement.

The cost of enhanced pension benefits for PERS and TPAF members will be funded through increased contributions to the retirement systems by employers which adopt the program, calculated separately for each county and municipality. The cost of the cash payments for the ABP members will be paid by their several county college employers out of those employers' respective operating budgets. The cost of the health benefits payments for 20-to-

25 years employees shall be paid by the county or municipality on a current cost basis.

Where the needs of a county, county college, or municipality require the services of an employee who elects to receive a benefit under the act, the governing body of the county or municipality may delay the effective retirement date of the employee for up to one year, but not later than March 1, 1993. The authorization for delays in effective retirement dates does not extend the dates for qualification for benefits under the act.

Eligibility for benefits under this legislation is limited to employees of counties and county colleges and municipalities.

Five years of service credit would increase retirement benefits in the amount of 8.33% of final average salary, or \$833 for every \$10,000 of final average salary. The annual premium for employee and spouse coverage under the State Health Benefits Program for the next fiscal year will be \$4,700.

The employees eligible for the benefits under this act are all eligible to retire under their respective retirement systems. Hopefully these additional benefits will induce a large number of them to retire and thus assist in reducing the workforce in county and municipal government and at the county colleges in this time of fiscal crisis.

SENATE, No. 3595

AN ACT concerning the taxation of certain business personal property, amending R.S.54:4-1 and P.L.1986, c.117 and supplementing chapter 4 of Title 54 of the Revised Statutes.

STATEMENT

This bill amends the definition of locally taxable real property to create a broad exclusion for machinery, apparatus and equipment used or held for use in research and development or the manufacture, assembly or processing of property or in the sale of services or goods.

In addition this bill rejects and reverses the classification of property and narrowing of business personal property exclusions accomplished by a series of recent New Jersey Tax Court decisions, including Texas Eastern v. Div. of Taxation, 11 N.J. Tax 198 (1990); Am. Hydro Power Partners v. Clifton, 11 N.J. Tax 12 (1990); and Badische Corporation v. Town of Kearney, 11 N.J. Tax 385 (1990).

The sponsor believes that these decisions reversed New Jersey's long-standing policy of excluding business personal property from local property taxes and misinterpreted the Legislature's

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intent in the enactment of P.L.1986, c.177. As a result of these decisions, the application of the exclusion of business machinery, apparatus and equipment intended by the Legislature in the 1986 amendments to subsection b. of R.S.54:4-1, was made dependent on the type of structure in which such property was located or to which such property was affixed. These Tax Court decisions have made much of the production machinery of chemical, pharmaceutical, automotive, brewing, cogeneration and other industries subject to local assessment and taxation, reversing the exemption of this property from local property tax accomplished by P.L.1966, c.136, and thereby eliminating an important element of New Jersey's economic development policy in place since 1966.

Further, the sponsor understands that the vulnerability of New Jersey's economy to further losses of manufacturing jobs and plants makes it essential that the Legislature eliminate the discriminatory classifications established by the Tax Court deci-

sions. This bill replaces those classifications with a clear and broad exclusion for personal property used in the production of goods or services, regardless of the type of structure or real property to which such property is affixed.

Petroleum refineries are specifically deemed to be real property under this bill and are intended to continue to be taxed as real property because, for many decades, they have been recognized as real property subject to local taxation; however, it is not intended that items of machinery, apparatus or equipment used for such purposes as cogeneration or for chemical or petroleum manufacturing be taxable as a real property even if they are located on the grounds of a petroleum refinery. Also, the bill defines items of personal property affixed to a structure other than a petroleum refinery as real property only when they are affixed with the primary purpose of enabling the structure to support, shelter, contain, enclose or house persons or property.

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