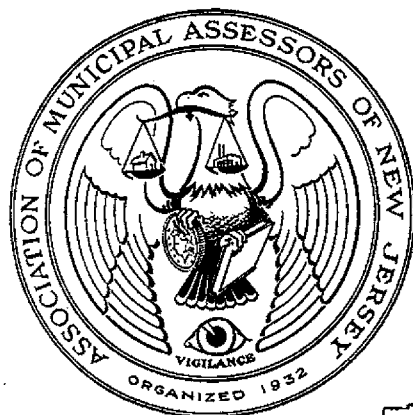


# New Jersey



## Assessors

## Bulletin



AFFILIATES



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Association of Municipal Assessors of New Jersey

MARCH, 1966

### "THE MARKET VALUE CONCEPT"

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#### THE VALIDITY OF THE CONCEPT OF MARKET VALUE

In order to explore the validity of the concept of "Market Value", or "Fair Market Value" as called for in numerous states, a review of the entire structure of this phase should be undertaken if for only a repetition of the basic elements which in turn create value. Ambiguity seldom exists in the various answers since each answer, generally, is as equally correct as it is incomplete. Therefore it is sound reasoning to believe that a countless number of definitions collectively answer the question and voluminous material would be required to comprehensively define the term "Fair Market Value." The content of this section is confined to suggestive material as a supplement to the commonly known interpretation concerning the subject.

#### "VALUE" IS CRUCIAL

The nouns value, price and costs are interrelated and interdependent. Notwithstanding their intimate relationship they are not identical in meaning. Each uniquely imparts a shade of meaning outside the limits of common usage. Value is the desirability of a thing. It is measurable by a ratio of exchange, hence the term, "value in exchange." Money is the common denominator by which value is measured. Value is not money, cost or price. The key to the true meaning of value is the word "desirability".

In terms of monetary value for anything that is tangible, the object must have usefulness somehow, sometime, to someone. Value is "very likely to be used synonymously, or interchangeably, with cost and price unless it is clearly understood and properly reasoned that "need", "desire" and "utility" are the only three components of tangible value.

In proper appraisal terminology, "market" is descriptive of a value to be determined. There is no question that "market price" and "trade price" are somewhat synonymous terms. Interpretations of meaning may be greatly distorted

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### Need For Qualified Assessors Supported By Federal Report

The following article consists of excerpts from the June, 1963, report of the Advisory Commission On Intergovernmental Relations entitled "THE ROLE OF THE STATES IN STRENGTHENING THE PROPERTY TAX".

This report, although a result of a nation-wide study, reiterates the concern of the Association of Municipal Assessors of New Jersey of the need for Qualification and Certification of Assessors in New Jersey.

Good assessment administration, which is fundamental to a good property tax system, is non-existent in many areas. For this reason the property tax is sometimes called the most inefficiently administered tax in the United States. It would be more accurate to say, however, that it has the most uneven quality of administration, for the results range from very satisfactory in some assessment districts to unbelievably poor in others. Good administration is demonstrably feasible but too often it fails to materialize.

Local governments are accustomed to employing trained accountants, engineers, health officers, social workers and school teachers, but they seem willing to elect as assessor any resident citizen who is old enough to vote and does not have a criminal record, and pay him less than most unskilled laborers. Very fortunately, this is not the universal procedure but it is sufficiently

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## THE MARKET VALUE CONCEPT

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when the terms "market value" and "market price" are expressed. How often has it been stated in legal proceedings that "market value" and "market price" are synonymous terms? Herein lies trouble, and trouble refers to the loose implication by many people of the true meaning of the word synonymous.

In the strictest sense, "synonymous" words scarcely exist. Rarely, if ever, are any two words in any language "equivalent" or "identical" in meaning. Where a difference in meaning cannot be easily shown, a difference in usage commonly exist, so that words are not "interchangeable." By "synonymous" words, we usually understand words that coincide or nearly coincide in some part of their meaning, and may thus within certain limits be used interchangeably, while outside of these limits they may vary greatly in meaning and use.

To consider "synonymous" words "identical" is fatal to accuracy. To forget that they are "similar", to some extent "equivalent", and oftentimes "interchangeable", is destructive of freedom and variety. Conclusively, "market value" and "market price", each respectively, is clearly distinguishable in true meaning from the other; however, they oftentimes for the sake of variety are used to substitute each other - "caution" and it is well worth repetition - "To consider synonymous words identical is fatal to accuracy."

From authoritative sources, inclusive of the legal profession as well as appraisers, "Fair Market Value" is synonymous with "Market Value". The crucial question is this: Why do we find in practically all statutes governing the assessment of property that "market value" or "cash value" is preceded by the adjective "fair" or elsewhere, the term "same standard of value"? Implicitly, without exception, the law, the Constitution of the United States of America, relative to the taxation of our citizenry requires "Fair Taxation." Absolute, complete, firm, steadfast, and other words may be used as synonyms for "implicit"; however, the true meaning of the word is - "fairly to be understood, but not specifically stated."

Any assessor who stops short at "Market Value" in its strictest sense may be a little inattentive to the true meaning of the word "Fair" as a specific part of the statutory requirement of "Fair Market Value" or "Market Value" together with the "same standard of value." The same comment is directed to and relates to "Fair Value". If our legislatures intended "Fair Value" to be synonymous with "Market Value" it would appear that the statutes would have been thusly written "Fair Value." More than likely, "Fair" as a governing factor in "what" value to find, describes the "market"; hence "Fair Market" rather than "Fair Value."

Not all courts subscribe to identical definitions of value, but there can be no ambiguities, our courts are "implicit", truly meaning, "Fairly to be understood, but not specifically stated."

### IS THERE EVER BOTH WILLING BUYER-SELLER, ETC., IN THE MARKET?

To say that a "Fair Market" is ever in existence in our tangled economy is a statement subject to challenge. From a practical and logical viewpoint the question is now advanced: "Does an equitable, even, exact, fair, fitting, true, perfect, balanced market ever exist?" The common sense answer is: "no". Supply and demand are the two major factors controlling market prices. Any unbalance in these factors generally cause a change in prices. If something is scarce it may have great value. Because of superabundance, "Air" has no market value, yet it is needed, desired, and has utility.

In attempting to find "Fair Market Value" perhaps

it would help to consider the following:

1. The term "Market Price" being defined as the monetary consideration paid for property regardless of pressures, motives, or intelligence.
2. The term "Fair Market" relates to theory and assumption. It never relates to actuality, except in theory that the factors of supply and demand are balanced constituent elements.
3. "Market" as contained in the term "Fair Market Value" is an adjective. It describes what value, i.e. the value in terms of exchange for money. It does not relate to the price paid. "Market Value" relates to theory and assumption when used adjectively, i.e., What would the property sell for if exposed for sale in the open market? It relates to the future, i.e., the present worth estimate in theory of a trade or exchange that actually has not been transacted and may never be transacted.
4. "Fair Market Value" relates to theory, with "theory" being a plan subsisting in the mind only, but based on principles verifiable by experiment or observation; it is an abstract knowledge of any art as opposed to the practice of it; and is a body of the fundamental principles underlying a science or an application of a science.
5. The major basic principles of real property value are: (1) supply and demand (2) physical and economic change (3) equally desirable substitution (4) the best and most practical use (5) valuing the property as a whole as opposed to a valuation based on one use for land and a different use for building (6) economic conformity (7) anticipation, i.e. future use or benefit as opposed to historic property economics.

### SALES PRICE VERSUS MARKET VALUE AS AN ASSESSING STANDARD

Prices paid for comparable properties are considered by our courts to be the best evidence of value. When it is apparent that such prices are available as evidence, all other elements of value tend to be obliterated, notwithstanding, as exemplified previously that "Market Price" and "Market Value" are clearly distinguishable and therefore not "synonymous" terms.

### CAN OF BEANS

Housewives, generally, know their "beans" when it comes to shopping at the supermarket. It is intentional, herein, that a ridiculous sub-heading be chosen in order that any husband of one of these experienced "bean" shoppers who happens to be a "bean" appraiser may be given special recognition. These "bean" cans are on the shelf in full view with contents clearly labeled and prices marked. The "bean" appraiser accompanies his wife and selects by price comparison of "comparables" brand "X" as the best buy in the store. His wife, knowing him to be a competent and truly professional appraiser has the utmost confidence that her husband is always on the "beam" even if it is a question of which "bean" to buy. Unfortunately, however good the intentions, the "bean" appraisal was grossly incomplete. The final correlation of value came too late. At the dinner table both the husband and wife agreed that the beans were somewhat tasteless and they (the beans) found their way, because of functional obsolescence and not depletion, to the garbage can. Most "bean" appraisal reports should be labeled, "Beans, with tomato sauce, one pound net, two for thirty cents, and in fine print, "synonymous" with "insult to intelligence". Appraising/assessing will never be a recognized profession as long as prices paid for "beans", synonymous with "properties" are heavily favored as the best evidence of value.

### REAL ESTATE VERSUS REAL PROPERTY

No! Real estate and real property are not always synonymous descriptions. The distinguishable characteristics are crucial to a proper appraisal.

"Real Estate", except for clarification by statute or court interpretation, is not in its strictest sense "synonymous" with "Real Property".

Collectively, "Real Estate" embodies the land and all structures and appurtenances affixed thereto. Specific-

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## QUALIFIED ASSESSORS

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widespread to explain in part why assessing is mediocre to poor in many areas.

The assessment of property for taxation is a technical administrative function which can be performed competently only by well trained specialists using all of the appropriate administrative techniques. Entrusting this job to a non-professional is like assuming that almost any reasonably intelligent citizen can audit a municipality's accounts, handle its engineering, or administer its public health. Part of the solution, therefore, involves the successful professionalization of the assessment function on a statewide basis.

A number of municipalities have been able to professionalize assessing very successfully through good personnel management and others could do so if they wished. The very first step would be the elimination of politically elected assessors. For many small assessment districts some degree of professionalization has been accomplished through the work of State agencies in publishing manuals and other guides. Also, many State and regional assessing organizations conduct conferences and in-service training courses, often in conjunction with Colleges and Universities, and provide various kinds of technical aid. These undertakings are highly useful, but they always will carry a considerable degree of futility until the organization and staffing of all assessment districts create a true potential for professional performance.

On a statewide basis, although the assessment districts vary in size and complexity, the problems of administrative organization and staffing remain the same. It is merely a matter of degree but, regardless of the size of the jurisdiction, the assessor and his staff must be professionally qualified for their responsibilities. To assure such qualification on a statewide basis, the following principles and procedures are proposed.

1. All taxable property in the State should be appraised for taxation only by appraisers certified as to qualifications on the basis of examination by a public agency authorized to perform this function.

2. All assessors should be appointed to office, but with eligibility for appointment based on State certification as to qualifications. Popular election is not the best way to choose an officer to fill a technical administrative position. Some elected assessors acquire skill in office, build up professional reputations, and succeed in being re-elected for term after term; but running for re-election steals time from the work of assessing, and when the turnover in office is frequent a community is likely to experience a succession of incumbents each learning his job at public expense.

3. There should be no requirement of prior residence in the assessment district for appointment to the office of assessor. The requirement

## SALES-ASSESSMENT RATIO PROGRAM UNDER REVIEW

When the Sales Ratio program began in New Jersey ten years ago, experts in this highly specialized field were few and far between. At that time it was necessary to go outside of our own tax field for advice on establishment of the program. Now, ten years later, we have developed our own experts and using these new experts the entire sales ratio program is being reviewed in an attempt to make what everyone agrees is a good program even better.

The Review Committee is made up of County Tax Board members and Secretaries, Assessors, Members of the Local Property Tax Bureau and is headed by the Director of Division of Taxation, William Kingsley. The review so far has covered the problems involved with SR3-A Real property classifications, SR-1-A work flow and refinement of the definitions of the Non-Usable categories. Still to be given detailed examinations is the problem of the length of the sampling period and a revised SR1-A form. The Committee has been asked to report on their findings by the end of March.

of local residence severely limits the choice of possible candidates, may preclude any suitable choice, and is a serious handicap to development of the profession of assessor.

4. Assessors should be appointed by the chief executives or executive boards of local governments when assessment districts are co-extensive with such governments, and by the legally constituted governing agencies of multicounty districts.

5. The State agency authorized to supervise property tax administration should be empowered to establish the professional qualifications of assessors and appraisers and certify candidates as to their fitness for employment on the basis of examinations given by it or of examinations satisfactory to it given by a State or Local personal agency.

6. The State supervisory agency should be empowered to prescribe and enforce minimum professional staffing requirements in all local assessment districts, and also to contact with local districts for the provision of part-time technical personnel.

7. To avoid obstruction to the local recruitment and retention of competent professional personnel, the State Legislatures should not set, or place limits on, salaries paid certified local assessors and appraisers. Professionalizing the assessing function means more than making positions appointive and requiring qualifying examinations and certification. The work itself is sufficiently challenging to interest persons of ability; but to be able to recruit and hold such people it must be made professionally attractive by paying assessors and appraisers as much as they would receive in other public and private business for work requiring similar amounts of training and competence.

## THE MARKET VALUE CONCEPT

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cally, the proper definition of "Real Estate", unless otherwise clarified by statutory definition, as in some states, confines itself to physical attributes.

"Real Property" is something more. In the form of an equation, "Real Property" equals "Real Estate" plus the "Bundle of Right". The additives, collectively, are all the rights and privileges of ownership as though the property were owned in fee simple. A fee without limitations, restrictions, or encumbrances, but subject to the powers of government, is referred to as "ownership in fee simple." It is clear therefore that Real Property comprises the tangible elements, "Real Estate", plus all intangible attributes, "rights of ownership".

### BUNDLE OF RIGHTS THEORY

A review of the "Bundle of Rights Theory" is crucial to a comprehensive understanding of the nature of real property. One of the foremost references is the Appraisal Terminology and Handbook of the American Institute of Real Estate Appraisers.

From text: Bundle of Rights Theory — An undivided ownership of a parcel of real estate embraces a great many rights such as the right to its occupancy and use; the right to sell it in whole or in part; the right to bequeath; the right to transfer by contract for specified periods of time, the benefits to be derived by occupancy and use of the real estate. These rights of occupancy and use are called beneficial interests. An owner who leases real estate to a tenant transfers one of the rights in his bundle, namely the beneficial interest or the right to use or occupancy, to the tenant in accordance with the provision of the lease contract. He retains all others rights in the bundle. As compensation for the temporary relinquishment of the beneficial interest in the real state, the owner receives rent. This rent constitutes a property separate and apart from the property comprising the untransferred rights in the bundle. After the lease is consummated, therefore, the owner is the possessor of two different properties: (1) the lease and the income it commands; and (2) the title to the fee, subject to the lease, including the right to the recovery of the beneficial interest in the real estate at the expiration of the lease contract.

Any appraisal of the property value, unless otherwise specifically stated, and specifically for assessment purposes, must be an appraisal of the bundle of rights relative to the real estate, the subject of the appraisal. A value stated for the tangible real estate may be substantially at odds with the value of the real property as though owned in fee simple. It is conceivable that the great dispersion in values in condemnation appraisals, as an example, may be due to the bundle of rights appraisal being the highest evidence of market value as opposed to the estimate of a probably market price for the tangible real estate being the lowest.

### DESIREDABILITY AND USEFULNESS

The basic elements of Market Value or (1) desirability and (2) usefulness. One other element affecting sales price is "Purchasing Power." The latter refers to the degree of attraction that the property will command in terms of invested capital. When this element is added then it becomes conceivable that Value, Market Value, Fair Market Value, Value in Exchange, Actual Cash Value, Fair Cash Value, and other related terms are fairly equivalent and interchangeable and therefore "synonymous".

An insertion herein of what constitutes "Market Value" as a widely and authoritatively accepted definition highlights these basic elements of value:

"Market Value represents the highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who would buy with knowledge of all the uses to which the property is adapted and for which it is capable of being used, with both parties acting intelligently, and not under duress.

Market Value is clearly distinguished from Market Price in this definition. "Intelligence" and "Knowledge" are crucial characteristics, neither of which are even remotely

necessary considerations in "Market Price". The definition is a subjective premise because the elements of value being (1) Desirability, (2) Usefulness and (3) Purchasing Power. If this definition is authoritatively stated, and in fact it is, the most often phrased Market Value synonym of our courts, then a truly professional and proper appraisal of property value must be founded on "theory" in order to comply with the legal definition of value. Sale prices do not even remotely, directly or indirectly, hold to theory. Therefore, notwithstanding the fact that prices paid for comparable property are considered to be the best evidence of value, there should be no substitute for a properly prepared professional appraisal report of "Fair Market Value". A theoretical appraisal is one that embraces all of the basic principles of real property value.

There are many misconceptions of value but impressions become most facetious with respect to value in use and value in exchange. Market Value is synonymous with exchange value. "Use Value" in contradistinction to exchange value as an example, is the value of a property designed to fit the specific requirements of the owner but which would have little or no use to another owner. In fact, such properties seldom if ever command attraction of capital in the open market because they lack usefulness to anyone other than the owner or lack usefulness for any purpose outside the design requirement of the property.

In order to adhere to the subjective premise of property value for finding the market value for a special purpose property the professional appraiser may choose one of two concepts: (1) eliminate the element of "purchasing power" from the three constituents of Market Value or (2) define the market as a "Fair Market" hence "Fair Market Value". In the latter choice his target is the value based on the degree or measure of desirability and usefulness expressed in terms of money for the entire bundle of rights which represent the property. "Fair Market Value" in this latter concept, assumes a reasonable balance in the supply and demand market factor.

Value is a word of infinite interpretations as to meaning. A proper professional appraisal therefore can be nothing more, or less, than symbolic logic or correlation of the basic principles of property value. The word "value" is not fully capable of precise definition whereas the word "price" is of absolute meaning.

Chief Justice Holmes once stated, quote: "A word (value) is not a crystal, transparent and unchanged; it is the skin of a living thought, and may vary greatly in color and content according to the circumstances and the time in which it is being used."

The crucial question remains, "Is 'Fair Market Value' objective or subjective, theory or fact? Comment: Sales prices are factual??? Property appraised values embrace all the basic properties of real property value.

### THE PRINCIPLE OF UTILITY VALUE

Valuation theories have been evolutionary since the beginning of mankind and have developed as various means of commodity exchange were introduced. The barter system, in the beginning, produced the objective concept of value. Under the monetary system, various theories have been advanced and correlated to the current day accepted practice of the subjective theory of value. Since value is so elusive to absolute definition as well as determination, evolution of theories, undoubtedly will be forever unending.

### MONEY, COST, PRICE AND VALUE

Money is most popularly known as a medium of exchange. Complimentary with this use money serves as a standard of value.

Value is expressed in terms of price. Value and price however, are not the same. Value is a relationship; it means the worth of one commodity in terms of other commodities. Price levels will constantly fluctuate but the value of all commodities is stabilized and expressed in terms of single commodity, i.e., gold as the monetary standard.

Money is a commodity and its value is determined by the relationship between the demand, for and the supply of money. The value of money constantly changes subject to the volume of transactions, upon the population and upon the extent of the use of credit. The demand for and the supply of money is always a balanced equation, i.e., the supply always equals the demand. Price levels always balance the equation because changes in price levels

represent, inversely and concurrently the value of money. Since the purchase power of money constantly fluctuates, market value or value expressed in terms of money will constantly fluctuate in accord with the rise and fall of price levels. Price and cost indexes were therefore developed as measurements of price levels and today are used inversely to measure the purchase power of money.

The entire economic system coupled with government, provides the means by which people obtain their livelihood and satisfy their wants. Money is a standard of value crucial to interchange in any economic system.

## VALUE

Fundamentally value means the esteem in which a thing is held, but under ordinary commercial conditions it means power in exchange. There is no conflict of ideas under normal conditions simply because the more intense the desirability the higher the power of exchange. It is the abnormal condition which distorts the concept of value. Imagine the desirability (value) of water to a man dying of thirst on a desert. In spite of (scarcity) desirability, water would have no power in exchange if the dying man had nothing to give or offer for the water. Obviously, value is a ratio of exchange, but the ratio is a by-product and not the real essence of value. The principle of valuation rests on physiology and not social arrangement.

The superabundance of air, in spite of desirability, results in no purchase power for air. There is nothing abnormal about breathing. It simply is human physiology, that if someone has available to him all he wants of something then power of exchange can not exist. Apparently the law of supply and demand is much deeper than the organization of the market, the type of government or the organization of society itself. Market Value and prices are merely expressions of physiological law.

Now "Fair" as descriptive of the "Market" or "Value in Exchange" must be even deeper in meaning than Market Value, or even Fair Market Prices. Is it conceivable that Fair Market Value means power in exchange in a very practical and normal and balanced sense within the entire framework of economics???

## FORCES AFFECTING VALUE

There are four major classifications of dynamic forces constantly at work changing values, namely; (1) Social ideals and standards, (2) economic adjustments and changes, (3) political or governmental regulations and (4) physical or natural forces. Money, Cost, Price and Value are all interrelated and inter-dependent because of the tremendous influence, singularly and collectively of the forces classified.

From these same basic forces evolved our present day concept of appraised value in which the value is interrelated and inter-dependent upon (1) desirability - in the sense of something attainable in contrast to wishful thinking, (2) Usefulness - in the sense of fitness to supply the desires and needs of mankind (3) Scarcity - as related to all three factors affecting supply and demand such as population, purchasing power of the dollar, price levels, wage rates, taxation and government controls and (4) Purchasing power in the light of utility and scarcity creating desire in the market of a purchaser who has the resources (purchasing power) to buy. Any appraisal of property value which fully accounts for these four characteristics must be based on the subjective theory, primarily due to the affects of desire, scarcity and purchasing power of buyers. The inclusion of Item 4, in this concept of Appraised Value is a debatable question relative to the determination of "Fair Market Value."

## PURCHASING POWER

In its strictest sense of meaning or interpretation, Market Value in a preceeding section was challenged as being identical or interchangeable with "Fair Market Value". There can be no question but what the "purchasing power" of money is a basic factor contributing to Fair Market Value. There may be conditions, however, where the purchasing power of a potential buyer as a major factor of affect on Fair Market Value may be questionable yet at the same time the Market Value or price may be entirely contingent upon the purchasing power of a potential buyer.

One of the foremost factors affecting the demand for money is credit to include the extent and use thereof. It is safe to say that possibly 75% of all business trans-

actions are consummated by use of credit in some form. This is to say that credit actually serves as a medium of exchange while at the same time it does not displace money. Nevertheless, it is factual that an increase in the volume of credit advances prices as effectively as does an increase in the supply of volume of money. The extent of use of credit does not change equitably and uniformly for all commodities, prices and market values will adjust upwards accordingly for that class. This would then tend to unbalance value in exchange or market value between commodities but not necessarily in all cases the Fair Market Value, if the appraiser properly considers the affect of the money market with respect to any subject property

In substance, a price higher or lower than fair market value may be paid for a property contingent upon the financial arrangements involved in the transaction.

## VALUE IN USE

Unique conditions of special design requirements for custom built residences, industrial plants and other special purpose or uniquely designed properties actually affect market prices because of the lack of ability of the property to arouse the desire in the market of a potential buyer with or without purchasing power. The market value therefore is limited or in extreme cases, non-existent. The same reasoning applies to public utility properties, due of course, to such industries being regulated by the government in addition to their unique characteristics as compared to real property in general.

Assets are anything of material value belonging to a person, firm or corporation. The term includes, not merely real property and tangible personal property, but also good will, copyrights, patent rights, and all other rights, privileges, franchise, and property interest having any value. Pursuant to the bundle of rights theory previously advanced in another section, the allocations of the values of all the property rights is difficult, if not impossible, to define with absolute accuracy, particularly in the case of a

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# Conference For Assessing Officers

This year the 1966 Conference for Assessing Officers will begin on June 14th and end on June 17, 1966. The planning committee has submitted the following tentative schedule.

**Tuesday, June 14, 1966**

8:30 a.m. **CHECK-IN AND REGISTRATION**  
9:45 **WELCOME TO THE  
CONFERENCE**

Dr. Ernest C. Reock, Jr., Director, Bureau of Government Research, Rutgers — The State University.

Clarence N. Delgado, President, Association of Municipal Assessors of New Jersey.

Russel T. Wilson, Tax Assessor City of Hackensack, Co-Director Conference Staff.

10:00 **NEW DEVELOPMENTS IN  
NEW JERSEY TAX LAW**

Presiding — Mr. Wilson

Speaker — Leo Rosenblum — Tax Counsel, Association of Municipal Assessors of New Jersey.

11:00 **INTERMISSION**

11:15 **QUESTION - ANSWER SESSION**

12:30 p.m. **LUNCHEON**

1:30 **THE EQUALIZATION  
PROGRAM - POSSIBLE CHANGES**

Presiding — Mr. Delgado

Suggested speaker — William Kingsley, Director, Division of Taxation.

3:00 **INTERMISSION**

3:15 **PLOTTING LAND VALUES BY  
COMPUTER**

Suggested speaker — John Gieger, Planner

6:00 **DINNER**

7:30 **ART OF COMMUNICATION**

Presiding — Raymond D. Bodnar, Associate Extension Specialist, Rutgers - The State University.

Suggested Speaker — Irving Perlmuter, Manager, Personnel Relations, Fibers Division American Cyanamid Company.

**Wednesday, June 15, 1966**

7:45 a.m. **BREAKFAST**

9:00 **THE SOUNDING BOARD**

Presiding — Edward P. Markowich, Assessor, Wayne Township. Papers on particular areas of assessment will be solicited and approximately four will be selected for presentation.

10:30 **GENERAL DISCUSSION  
SESSIONS**

Alan Hart, State Supervisor, Local Property Tax Bureau.

Margaret Jeffers, Chief Assistant Assessor, City of Jersey City.

James Reeves, Assessor, Township of Cinaminson.

Clifford Ryerson, Assessor, Township of Vernon.

Albert R. Galik, Assessor, City of Passaic

Daniel P. Kiely, Assessor, City of Plainfield.

Norman Vaughn, Assessor, Township of Deptford.

12:30 p.m. **LUNCHEON**

1:30 **BUILDING NOMENCLATURE**

Presiding — Mr. Kiely

Suggested Speaker — O. W. Freeman, Assessment Evaluator, Local Property Tax Bureau.

3:00 **NEW BUILDING MATERIALS  
AND TECHNIQUES**

Suggested Speaker — An architect.

6:00 **DINNER**

7:30 **ARCHITECTURAL HISTORY**

Presiding — Mr. Galik.

Suggested Speaker — Dr. John Richert, Research Associate, Center for Urban Regionalism.

Alternate — Dr. Edward B. Wilkens, Professor of Regional Planning, Rutgers — The State University.

**Thursday, June 16, 1966**

7:45 a.m. **BREAKFAST**

9:00 **DEMONSTRATION APPRAISALS**

Old Residential

Mr. Markowich.

Drive-In Eateries.

Marriott G. Haines, Assessor, City of Vine-land Strip Shopping Center.

Edward McKenna, Assessor, Borough of Fair Lawn.

Neighborhood Shopping Center.

Mr. Wilson

Garden Apartments.

George Acolia, Supervising Field Representative, Local Property Tax Bureau.

10:30 **SPECIAL PROBLEMS IN  
ASSESSING**

Presiding — Alfred J. Greene, Jr., Assessor, City of Clifton.

Session devoted to discussion of problems solicited from County Boards of Taxation and individual assessors.

12:30 p.m. **LUNCHEON**

1:30 **PERSONAL PROPERTY  
ASSESSMENTS**

Presiding — Mr. Delgado.

Suggested Speaker — Norman Tanzman, Assemblyman, Middlesex County.

John A. Borden, Chairman, Governor's Committee on Chapter 51.

Sidney Glaser, Assistant to the Director, New Jersey Division of Taxation.

George Linger, Assessor, Borough of South Plainfield.

Alternate — Honorable John Lynch, President of Senate, State of New Jersey.

6:00 **BUFFET SUPPER — Wood Lawn**

**Friday, June 17, 1966**

7:45 a.m. **BREAKFAST**

9:00 **TAX EXEMPTIONS**

Presiding — Dr. Reock.

Suggested Speakers — Dr. Mabel Walker, Executive Director, Tax Institute.

Elias Abelson, Deputy Attorney-General.

11:00 **PROSPECTS FOR ASSESSOR  
QUALIFICATION BILL**

Suggested Speaker — David Goldberg, Counsel to the Governor of New Jersey.

12:30 p.m. **LUNCHEON**

## LEGISLATIVE REPORT

**S-57 Musto, Kelly, Guarini 1-18-66**

Authorizes and directs the State Highway Authority to enter into agreements with municipalities, wherein it acquires lands for its projects, to pay such municipalities reasonable sums to compensate for the loss on tax revenues on such lands.

**S-122 Woolfenden, Forsythe 1-24-66**

Requires the State to pay annually to municipalities in which property was acquired for recreation and conservation purposes, a sum equal to that last paid as taxes upon such land for the taxable year immediately prior to the time of its acquisition and thereafter for the next 12 years on a decreasing percentage basis, to compensate for loss of tax revenue; retroactive to June 3, 1961.

**A-399 Woodcock, Curry, Albanese, Skeyin 2-14-66**

Permits two or more municipalities to establish the office of joint municipal tax assessor for a term of four years; provides that the Consolidation Municipal Services Act (P.L. 1952, C. 7) shall be applicable to these positions.

**A-401 Curry 2-14-66**

Provides that real property acquired by the State, any State, any state agency or any authority created by the State shall not be tax exempt until the next January 1st, if acquired before October 1st, and not until the second succeeding January 1st, if acquired after October 1st.

**SCR-10 Woolfenden 1-24-66**

Proposes an amendment to Article VIII, Section 1, paragraph 4 of the State Constitution to authorize an increase in senior citizens tax deduction from the \$80.00 deduction to \$120 for citizens between the ages of 68 and 72 and up to \$160 for those who are 72 or more years of age when their annual income is \$3,000 or less.

### JOINT MEETINGS BETWEEN COUNTY ASSOCIATIONS?

Some discussion has led to a suggestion that it would be quite valuable to have an occasional joint meeting, say one or 2 a year, of adjoining County Associations. It seems like this could become quite informative, productive and enlightening, and each County Association president is urged to give serious thought to the idea.

### REASSESSING? ? ? ? ?

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## Innovations at Rutgers Conference

This year two new sessions will be presented at the Conference for Assessing Officers. One called "THE SOUNDING BOARD" will be presented at 9:00 A.M. on Wednesday, June 15th. At this session there will be a presentation of papers solicited from County Board Members, individual Assessors and representatives of the Local Property Tax Bureau. These papers should deal with particular problems or interests related to the assessment field.

Papers should run from ten to twenty double spaced typed pages. Entries must be submitted to the Bureau of Government Research, 18-1/2 Morrell Street, New Brunswick, N. J., no later than May 2, 1966. A screening committee will select four or five papers to be read by the author on June 15th.

The other new session called "Special Problems In Assessing" is scheduled to be presented at 10:30 A.M. on Thursday, June 16th. For this session a number of special assessing problems will be selected for discussion. These problems will be typed and distributed to groups of Conference students at the beginning of the Conference. After working through the problems each group will offer its solution at the June 15th session.

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Quarterly Publication

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## **EDITORIAL COMMENT**

### **REQUIEM FOR CHAPTER 51?**

The whole life of this publication has been a period during which Chapter 51 existed, as a law, a postponed law, a revised law, but mostly as a controversial issue. Some of the provisions of Chapter 51 relating to household personal property and real estate, have never been seriously criticised, and provide workable answers to some previously sticky problems. On the demise of that ill-starred legislation it is presumed that those provisions will be retained, namelessly and innocuously incorporated as part of Title 54, losing their identity as part of despised Chapter 51.

The butt of attack, ridicule, anger and frustration has ever been the Chapter 51 treatment of personal property used in business. Originally intended to eliminate or ameliorate the "inequities" observed and reported by committees and commissions for years before passage, it only succeeded in providing a reform which was itself attacked as inequitable. Overnight, the lack of uniformity typical of laissez faire administration and of complete disregard of the law became the desirable criterion by which to measure the "inequity" of the new law!

The naive expectation that the correction of an alleged wrong would find acceptance and approval from those who thought they were the victims of the wrong and who turned out to be the beneficiaries who are now adversely affected, is the story of all tax reform.

During the debate on the matter over the last five years, the State Association has done its best to remain aloof and has urged County affiliates and individual Assessors to do likewise and stay out of the philosophic discussion. Virtually all our recommendations were directed toward administrative detail. The one ex-

ception was in pointing out that as originally enacted Chapter 51 would have adversely affected districts which had been doing the best administrative jobs under the old law and provide a windfall for those guilty of neglect or intentional evasion. Recognition and solution for part of this problem came with the passage of legislation providing for dual tax rates and the return of the 20% depreciation floor. The wide spread of tax rates on business personalty within Counties, with assessments at or near the same ratio, gave ample evidence of the wide disparity of concepts of "true" value as compared with taxable values based on a percentage of book value.

It now appears that Chapter 51 of the Laws of 1960 is about to be laid to rest on the scrap heaps. We still decline to condemn or approve the basic philosophy of personal property taxation. Only the legislature may define what is equitable, as they face the problem of getting more and more revenue from taxpayers without shifting the burden to anyone likely to complain, and all the while relieving the burden of those already complaining.

In saying farewell, however, we must insist that Assessors not share in the blame or credit for the departure. The Governor's Committee Report is in error wherein Assessors are held culpable in what is described as spotty, careless implementation. Admittedly there are those among us, probably the majority, who are not well prepared and not experienced in accountancy. But in a field where attorneys and accountants testify they do not understand the law, the forms, the regulations or anything else it suits them to criticize, Assessors, with precious little help except from each other, turned in an extremely creditable job of first year administration. What is more, if and when a better job is done under any new proposed tax on local business the Assessors will be a part of it.

So, if Chapter 51 is the wrong way to levy local taxes, so be it, but let's not pretend it is because the local Assessors can't handle it.



**TAX APPEAL OPINION****McCRORY STORES CORPORATION  
vs. THE CITY OF ASBURY PARK**

This case involves an appeal to the Superior Court, Appellate Division, from a judgement of the Division of Tax Appeals reducing the assessment on the variety store property located at 632-644 Cookman Avenue, Asbury Park for the year 1962. The property had been assessed at \$521,000. The Division of Tax Appeals reduced the assessment to \$325,000.

The property was leased to McCrory in 1955 for a term of 40 years at an annual net rental of \$41,000. The westerly half of the property had been sold in 1960 for \$288,000. The property consists of two 50-foot wide buildings, both of which were occupied as one H. L. Green variety store.

The expert for the City applied the three approaches in arriving at his estimates of value.

1. Cost or summation approach.
2. Income Approach.
3. Market data approach.

The experts for the taxpayer testified to the value of the property based upon the two recognized approaches to value.

1. The cost or summation.
2. The income approach.

The Division of Tax Appeals "rested its determination as to the value solely on a formula based on the sales volume on the Green (Mc-

Crory) store," (income approach).

The Court found that there was not sufficient explanation by the Division of Tax Appeals for its failure to use comparable rentals, the actual rental of the property, the reproduction cost less depreciation approach or the actual sale of the property. All of these considerations were held by the Court to be evidential. They appeared to have been disregarded by the Division of Tax Appeals.

The Court discussed the use of the actual net rental and the sale of the property which appears to have been based upon this net rental. The Court suggests that these two elements will lead to a determination of the market value of the property and that this market value to be used for assessing purposes.

The Court found that the decision based solely upon a **rental derived from the sales volume** of the store was not satisfactory.

With respect to the use of this criterion alone as a measure of rental value, the Court said:

"But power to discount the weight to be given the actual rent would hardly seem to justify disregarding it completely in this case and adopting a rental value computed by a formula based on **sales volume** which 'is subject to the variables of good will and management practices.' If anything, the inability of the Division to determine the fair rental value from a consideration of the McCrory rental and the rentals being paid for other commercial property in the area suggests that it should have adopted some recognized approach to value other than the income approach."

The Court reversed the decision of the Division of Tax Appeals and remanded the case for retrial.

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## THE MARKET VALUE CONCEPT

(Continued From Page 5)

highly unique and productive industrial type property as an example.

The purchase power factor, listed fourth as a requirement in our present day concept of appraised value, is eliminated in the value estimate when reproduction cost less depreciation is used as the appraisal approach to value. This latter method of valuation has been deemed a proper method for certain unique properties by many of our courts and by statutes in some states when it is evident that the market or market date for such properties is extremely limited or even non-existent. Obviously such properties are properly subject to a Fair Market Value concept as distinguishable in a previous section, from Market Value.

### LAND VALUE IS RESIDUAL

It is authoritatively and widely accepted that the value of any real property is the value of the land plus what value, if any, the improvements add to the land value.

Seemingly, the foregoing statement of value makes the land and land alone the basic or primary step in a proper valuation process for real property. The theory of surplus productivity is one in which the land value is residual. Property value is governed by the prudent proportioning of the cost value of the four value producing agents, namely (1) Labor, or wages, (2) Management, (3) Capital Investment and the residual agent (4) Land.

Insight to this theory discloses the underlying reason why some lands have remained idle, vacant or in a state of waste for centuries. In the latter case the cost of labor, management and capital required to make the land productive (useful) has been prohibitive. As use-density increases in the sense of the fitness (utility) of the land together with the improvements thereon, to supply the desires and needs of mankind, the land values increase in the areas of highest use-density. There is of course, a limit to use-density, or use-density may be controlled by zoning. As maximum use-density is approached in any given area, and if there is a residual land value, other areas and lands become desirable to some degree of value. All other lands do not proportionately increase in value. Only the lands necessary or anticipated, to be necessary to supply the desires and needs of mankind are desirable for improvement. There may of course even be a forced sale consummated due to only certain lands (scarcity) being in the market.

The market value of a parcel of land may be one figure, yet at the same time, the Fair Market Value figure may be considerably different due to land value actually being a residual value in our economic system.

The residual for land value tends to increase in high use-density areas, not simply because of the approaching of maximum use, and not necessarily because of the element of scarcity, but probably due to depreciation of depreciable property. Three of the four agents of production which we will sum up as improvements to the land, will eventually find their way to the graveyard through the action of depreciation accrued due to the uneventful physical, functional and economic wear out. This depreciation, in our economic system and basically because land is a residual value, is seldom if ever a loss. The depreciation in a sense is residual and therefore tends to support a residual partner, namely land. Hence the concept that land is not depreciable; in fact, this land concept ties in with the theory of world wealth whereby wealth (land) tends to forever increase in value.

The "Fair Market Value" concept, particularly for ad valorem tax purposes, has lived through challenge, criticism, changes in valuation theories, modification of statutes and court decisions for years. The acid test of the validity of any theory is its ability to endure practice and time.

The Principle of Utility Value follows the present

\* The recapture provision in the Capitalization process commonly represents depreciation of the property itself but it is not lost, it is the return of un-depreciated capital to the investor or buyer.

day subjective theory of value. It is not the value in use concept. It is a theory of relationship, not limited to the degree of desirability between the object and the individual, but a theory which properly considers "Utility"; first in the sense of fitness of the property for some desirable, serviceable, necessary or practical purpose within the economic system; second, in a political, economical and ethical light the fitness of the property to supply the natural needs of men and third, from a philosophical point of view that the fair market value relates to utility as it affects value, being the end result of the actions of the four dynamic forces affecting value, namely (1) social ideals and standards, (2) economic adjustments and changes, (3) political or governmental regulations and (4) physical or natural forces.

May it be said that the Utilitarian theory of value may be best explained by one example: It is the value found by starting with the price of a can of beans and then adjusting up or down, that price by the quality perceived through the sense of taste. If tasteless, then find someone who is craving for beans.

In order to illustrate this more closely let us first assume the beans were needed to satisfy hunger. However when classified as tasteless they became waste as far as the particular taster was concerned. In spite of this someone else may have thought the beans tasteful because he was so hungry he would eat anything; hence the beans may possess some degree of utility. The tasteless bean eater may lack cash to buy tastier beans but through credit, sufficient purchasing power may be obtained for him to buy the beans. Informed and knowledgeable buyers may at the same time be paying prevailing prices for tastier varieties of beans. The tasteless beans as a class on the market, may eventually become a surplus class of all the beans. Their prices may be low but the possibility may exist in another trade area where unsuspecting and uninformed buyers will buy them, even if governmental restrictions would require labeling the beans as surplus.

One of the morals of this story is that the Market Value of surplus as in the example of tasteless beans, does not change the fair market value of beans as a whole and in particular the fair market value of the more tastier varieties which, undoubtedly appeal to the greater number of bean eaters.

The vacated floor spaces in the hard core areas of "Main Street" are surplus quantities. Admittedly, surplus, is of little value. What affect if any does the surplus have on space required and necessary to meet the demand of buyers???

If the surplus space does affect the value of required space it is important to note a lowering in value for the required improvements. However, since the accrued depreciation of the surplus is probably residual, the depreciation of the improvements probably goes to land. This undoubtedly accounts for a property being sold and the building being razed so that the property may be used for parking as an example which use (utility) supports the value (utility) of property required or necessary to meet the desires and needs of buyers. This then raises a question: In such an instance is the entire transaction including the cost of demolition, the result of a "forced

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sale" or "forced purchase" or a practical, normal and balanced event in our economic system?

#### CONCLUSION AND ALTERNATIVES

Sales prices by themselves will never substitute "Market Value" as an assessing standard. Sales prices tend to fluctuate so greatly between classes of property, e.i. residential properties vs. industrial or special purchases properties.

To further illustrate the latter class of property as relating to market price versus market value, I quote herewith excerpts of article authored by David M. Bone, C.A.E. in the February, 1965 issue of I.A.A.O. Newsletter:

"Market for industrial property is limited and the financial condition of the owner tends to place the sale on a forced basis. The competitive method of disposal tends to sub-normal prices — With the potential purchasers aware of this, he attempts to acquire industrial property at a sufficiently low price to give him a distinct advantage, rather than at a price that is fair and reasonable," considering the property and its potential use to him."

"It likewise holds true the larger the plant, the more restricted the market and the less the opportunity for its disposal. From studies of sales prices, it is safe to say the market for industrial property is depressed. But this is not to say the value of the industrial property is depressed.

"Income-producing property is likewise affected by the taxing policies of the International Revenue Service. High tax rates and capital gains provisions greatly influence the market price of this type of property." "Income property is managed in the light of the best advantage to be obtained from the standpoint of depreciation for federal tax purposes."

"Property that is at the end of its economic life, from the standpoint of federal income tax depreciation becomes less profitable to own."

"The cost approach to value has long been the assessor's main guide to valuation. If the value arrived at by use of reproduction cost takes into consideration accurate and realistic allowances for depreciation and obsolescence, the cost approach may well be the sole criteria to sound market value." This is particularly true when the assessor is limited to dealing with information relative to properties within his own taxing district and attempting to maintain the "same standard of value" or reflecting "Fair Market Value."

With the advancement of the assessing profession throughout the country, and the publication of cost manuals and depreciation guides available to the assessors, another alternative could very well be available. We are all aware that assessing buildings is a very consuming matter and that land value studies through use of "bench mark" parcels are continuously under study. Why then, for the sake of uniformity within the time available for the assessor to complete his rolls is it necessary to annually (according to most laws) change building values? Wouldn't it be more realistic, once building values have been established through cost manuals, to allow those values to remain for a prescribed period of time (say five or even ten year intervals) and concentrate reflected changes in land values only. Other changes in building values, from the so-called "base year" for unusual circumstances could be handled separately. This would leave the assessor more time to concentrate on land appraisals through use of "bench mark" appraisals and would result in better and more uniform assessment rolls.

Another major factor in keeping land more current than building values is that the higher the land values and the resultant tax, the more pressure is on the land holders to develop and improve the vacant lands. Needless to say, if land is taxed proportionately low, more land is held off the market to get a speculatively higher price and inversely the higher or more current the land value, the more stable will become land prices now inflated by speculation and scarcity.

There have been many schools of thought by assessors that classification of real property is in order in today's ever changing economic spiral. If this is true, wouldn't it be wise to classify improvements at a ratio less than land? This could, in turn, put undeveloped land to an improved property status much sooner, and might possibly speed rehabilitation or modernization of existing structures without the fear of an excessively high additional tax because of the improvements being made.

## Governor's Report Reviewed

The Personal Property Sub-Committee of the Executive Committee of the Association of Municipal Assessors of New Jersey submitted the following report to the Executive Committee at its meeting held in Asbury Park on March 11, 1966. The Executive Committee unanimously approved the report.

The Sub-Committee consisted of Margaret Jeffers, Evelyn Moore, Edward Markowich, Edward McKenna, Alfred H. Greene, and Peter Torre.

We are aware of the fact that much time and diligent effort went into not only the preparation of the report, but the statistics and thoughts to support it. However, as the Committee on Personal Property, appointed by the President of the State Association of Municipal Assessors, we would like to make the following observations as an aid to the Executive Committee in formulating their decision:

1. The implementation of the recommendations of the Governor's committee means that the assessment of personal property, as we know it today, is removed from local jurisdiction and transferred to the State level.

2. The assessment of personal property is presently being administered on a local level simultaneously with the assessment of real property, thus maintaining a minimum cost for ad-

(Continued On Page 15)

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## **Society of Municipal Assessors (S.M.A.) Application Procedure**

The S.M.A. Committee reports receipt of many inquiries about the requirements for the professional designation. Listed below is the application procedure and elsewhere in this issue of the Bulletin is the application blank. The complete application should be mailed to Claire M. Young, Municipal Building, Tenafly, N. J.

The S.M.A. Committee has set April 16, 1966 as a tentative date for the next examination. All pending applicants will be notified when the date is finalized.

### **ELIGIBILITY REQUIREMENTS**

Application for membership in the Society Of Municipal Assessors is open to assessors who are regular members in good standing of the Association of Municipal Assessors of New Jersey.

Membership qualifications require a thorough knowledge of the fundamentals of the valuation of real property, statistical analysis, map reading, tax administration, and statutory and decisional law pertaining to property assessment.

The applicant must have been actively engaged in the assessment field for at least five years, and a member of the State Association for three years.

Applicants having less than five years appraisal experience, or those in doubt of the acceptability of their qualifications, should outline their backgrounds in a letter to the Secretary of the SMA Certification Committee for a special ruling. Active appraising may be represented by either full-time assessment work or part time assessing. The applicant must be not less than thirty years of age.

### **MEMBERSHIP APPLICATION FORM**

Great care should be taken to see that all data requested on the application is provided, as this is the basis of the Committee's consideration of the Applicant's eligibility. The application must be signed and submitted to the SMA Secretary with the application fee.

### **APPROVAL OF QUALIFICATIONS**

Upon receipt of the completed application, it will be processed by the SMA Committee. The applicant will be notified by the SMA Committee of the approval of his qualifications.

### **APPLICATION FEE**

The application fee is \$20 payable when the application is made. If the application is declined, the fee shall be refunded.

### **EXAMINATION**

Following the approval of the applicant's qualifications, he will be notified when and where the examination will be conducted. The examination requires about six hours to complete and must be monitored by a member of the SMA Committee. If the examination is passed, the applicant, will be notified. If he fails to achieve a passing grade, he must wait for the next scheduled examination, at which time an alternate test will be available to him. If the second

examination also receives a failing grade, the application will be discontinued.

### **DEMONSTRATION APPRAISAL REPORTS**

In addition to the written examination, two demonstration narrative appraisals must be submitted and meet the approval of the SMA Committee. These appraisals may be submitted at any time, but not later than one year following the date of the written examination.

Both appraisals must disclose a thorough personal inspection of the property, collection of related data, analysis and correlation of the information, and a written report giving an individual conclusion of the value of the property. The reports must be in the narrative form required by good appraisal procedure. The appraisals will not be returned.

The reports will be rated as to form and content. They must be complete in all respects and deal in detail with the three usual approaches to value. The appraisals are to cover a dwelling property and an income property, such as an apartment house, stores, industrial building or office building.

One complete copy of each report must be forwarded to the Secretary of the SMA Committee, typed on 8½ inch by 11 inch paper, and enclosed in an adequate cover or binding.

If the report is found unacceptable, it will be returned to the applicant along with the comments of the reviewers. He will then be given an additional time in which to prepare a revision or submit a new report, whichever is recommended by the reviewers.

### **DEADLINES**

If the applicant fails to meet any of his intermediate deadlines, his application will be discontinued. Reasonable extensions of deadlines will be considered upon written request and show of cause. Each extension of deadline for submission of an original or revised demonstration narrative appraisal report, will require payment of an additional fee of \$5.00.

Neither a third examination nor a third report will be accepted as part of a completely new application.

## **Individual State Membership**

Your State Association Secretary, Ted Swarer, would like to clarify a point concerning membership in the Association of Municipal Assessors of New Jersey. Some individual Assessors, who are members of a board of Assessors, are of the opinion that if their municipality pays for one membership in the State Association, all members of the board automatically become members. This is not so. Each individual Assessor must apply and pay the \$3.00 annual dues to be a member. Also, when you apply for State Membership, whether individually, by voucher or through your County Association, please give the complete Name, Address, and Title of the person for whom the dues is being paid. This will expedite the receipt of membership cards and assure receipt of the N. J. Assessors Bulletin.

# Application for Membership

## SOCIETY OF MUNICIPAL ASSESSORS

No. ....

Of The State of New Jersey

Chairman

SMA CERTIFICATION COMMITTEE

Name of candidate ..... Age .....

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City ..... Zone ..... State .....

Employer .....

Title (or describe type of work) .....

Business Address ..... Phone .....

Residence address ..... Phone .....

Place of birth .....

I hereby apply for membership in the Society of Municipal Assessors.

I agree to abide by the Code of Ethics and in no way to misrepresent the membership classification to which I may be admitted. If admitted to membership and subsequently dropped from membership in the Society for unethical or unbecoming conduct as determined by the Certification Committee, I waive any claim whatsoever against the Society.

I understand that an investigation will be made of my appraisal ability, experience and business reputation. I have not withheld any detrimental information about my background or reputation.

I agree to submit to an examination on appraising as required of all applicants.

The narrative appraisal reports to be submitted for this application was personally prepared without aid in selecting data or forming the conclusion.

Date ..... Signature .....

**Your experience and training in real property appraising:**

Number of years with present employer or in current business .....; total years in appraising .....

approximate total number of **all types** of appraisals made .....; total in last 5 years .....

Approximate number of **residential** property appraisals made .....; total in last 5 years .....

Approximate total number of **narrative** appraisals made .....; total in last 5 years .....

In addition to your appraisal work, in what other branches of the real estate or mortgage lending

business have you had experience? .....

Have you made speeches on appraising or assessment administration? (If so, please give subject, occasion and date) .....

Have you written any unpublished papers or published articles on appraising or assessment administration? (If so, please give full titles, name of publication and date) .....

Have you experience in instructing? (Explain) .....

**Education:**

High School ..... No. of Years ..... Graduate .....

College degree ..... in ..... conferred at ..... year .....

**TECHNICAL TRAINING**

| Courses in appraising and related subjects | Sponsoring Institution | Length of Course | Year taken | Grade |
|--|------------------------|------------------|------------|-------|
|  |                        |                  |            |       |
|  |                        |                  |            |       |
|  |                        |                  |            |       |
|  |                        |                  |            |       |
|  |                        |                  |            |       |

**Professional Activities:**

With what trade or professional associations are you affiliated? .....

.....

Have you held offices in these associations? .....

.....

On what professional committees have you participated? .....

.....

**Personal references:**

Name ..... Address .....

Business ..... Phone .....

Name ..... Address .....

Business ..... Phone .....

Additional information .....

.....



## GOVERNOR'S REPORT REVIEWED

(Continued from Page 11)

ministration. At a State level, this will require a brand new department with considerable personnel at an exorbitant unknown cost of administration. The State of New Jersey in that first year will have to first ascertain the names of all personal property taxpayers; they will have to issue new forms which will not be a great deal different than form PT-1 itself. This will require the hiring of accountants, lawyers, investigators and other trained personnel.

3. One of the reasons for removing the administration of personal property to a State level is evidently the quality of administration at a local level. We do not believe it is fair to make a judgment on the experience of the first year. During this year, due to various amendments, the Assessor had to process two sets of forms PT-1 and PT-2, and due to various postponements a taxpayer could file as late as December 1, 1964 on his 1965 assessment. We do not feel in the first year that the Assessors had the proper time to administer this law. We feel that proficiency would occur as the years go by the same as occurred with the assessment of real estate. We believe that if the recommendations of the committee are adopted the administration of same will be just as chaotic in the first year.

4. While a shift occurred in the implementation of Chapter 51, we believe a shift will occur again since no one knows the impact of these new recommendations. A corporation may be subject to the corporation net income tax as well as the tax on machinery and equipment and the turnover tax. As far as unincorporated businesses are concerned, we believe that no one knows what type of a levy or shift this tax will create.

5. There are also a few items which should be of great concern to local governing bodies as well as to Assessors.

(a) The Governor's report does not spell out any formula for the distribution of the monies collected by the State nor is any formula spelled out for provision of growth. The report does not state to what level of government this money will be applied.

(b) Personal property ratables are included in the apportionment of county taxes on an equalized basis. The removal of personal property taxes at the local level from the county abstract leaves a very great unknown factor as to what shift will occur in the payment of county taxes. The Governor's committee makes mention of this matter under the title "other problems" on page 57 of their report but leaves the matter unresolved.

6. The committee recommended that the 22 million dollars derived from the taxation of personal property owned by Telephone and Telegraph Companies would remain at a local level.

However, it does not state under what formula or just how they will be assessed. The 22 million dollars paid by the telephone companies was based upon 25% for inventory and 65% for machinery and equipment and in the majority of instances reflects a payment on a dual tax rate.

The committee endorses the recommendation that thought be given to the amendments of Chapter 51 in line with the recommendations made at the annual meeting in Atlantic City, November, 1965. The committee feels that the Executive committee as quickly as possible should inform the various County Assessing groups of their recommendations in this matter.

## Show Your Talent

President Clarence Delgado wishes to inform all Assessors of their opportunity to present a "Paper" for possible presentation at a session called "The Sounding Board" at the Rutgers Conference this year. These papers may deal with any facet of the assessing field such as appraisals, unique assessing situations, revaluations, tax laws, etc. The papers should be ten to twenty double spaced type written pages. All entries must be submitted to the Bureau of Government Research, 18-1/2 Morrell Street, New Brunswick, N. J. no later than May 2, 1966. A screening committee will select a number of these papers to be read by the author at the session on June 15th.



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