New Jersey Assessors Bulletin

AFFILIATES

VOL. 7 No. 3 | Association of Municipal Assessors of New Jersey | SEPTEMBER, 1968

Should Pipe Lines Be Assessed Differently Than Other Real Property

Leland P. Harbourt, Jr.
Tax Assessor, Delaware Township
Hunterdon County, New Jersey

New Jersey law provides that "All Real Property, subject to assessment and taxation shall be assessed according to the same standard of value."

I was upset when on September 26, 1966 I received Special Ruling #3 from the Local Property Tax Bureau. This ruling had been requested through the State Assessors Association by the Associations Pipe Line Committee.

I was upset because several municipalities in Hunterdon County, including Delaware Township had appeals pending before the State Division of Tax Appeals and the County Board of Taxation involving three of the pipe line Companies. I felt that even though the ruling stated that the suggested values would not be evidential, the very fact that this ruling had been issued would be detrimental to these cases.

One of the main features of this ruling and the part that is contrary to law was the establishment of a 45% depreciation factor regardless of the age of the line.

During the past few years, from talking with taxing officials and pipe line officials, from different parts of the country I have come to the conclusion that pipe line companies are trying to have assessments made on a so-called "Lifetime Schedule" throughout the country.

This method of valuing pipe lines, while it is relatively easy, has some defects or hazards. Mr. William Miller, Assessor of College Station, Texas says in an article written by him "Where a Lifetime Schedule is preferred by a taxing district the assessment will need to be much higher than 50% of replacement cost if the value of payments is to even out at some future date." He goes on to say that $1.00 received in taxes 25 years from now at 6% interest is now worth only 23c.

This points out that by deferring the actual tax money to a later date our municipalities are being short changed.

On the other hand, the pipe line companies contend that toward the end of the service life of the lines they will be assessed at more than their true value. This would probably be true except for one thing, under present conditions pipe lines, like homes and other real estate, are appreciating more than they are depreciating.

Another probability in using a lifetime schedule without any basis in law is the possibility that a company may seek relief when, in their opinion, the actual value of the lines are below the assessed value.

In fact, this very thing happened in New York State. Mr. Manley C. Ackerman, Clerk of the Board of Supervisors of Alleghany County, Belmont, New York said to me in a letter referring to an appeal brought by The New York

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Pipe Lines

(Continued From Page 1)

State Natural Gas Corporation vs. some of the towns in Alleghany County. "As you may know, most areas in New York State assess at a percentage of full value. We had a Gentlemens Agreement with the above mentioned Gas Transmission Company entered into in early 1940 for a price of $4.50 per foot and not to change due to the aging of the lines. The gas company personnel who made this agreement have now either passed away or retired."

We assessors should value pipe lines the same as other real property in our taxing district — that is — as close to current market value as is humanly possible. To estimate market value we have three methods that are commonly used: Capitalization of Income, Market Data, and Reproduction Cost less Depreciation.

The first would be hard to use in evaluating pipe lines because of the fact that we are trying to value one small segment of a large system which runs through many states and composes many parts.

Secondly, Market Data, there have been two sales of large pipe line systems within the past few years which help prove that the lines are worth more than book value.

Great Lakes Pipe Line Company sold to Williams Brothers, March 29, 1966 and to break it down simply the gross sales price was $284 million, the book value of the property, plant and equipment was about $85 million. The sales price was 3.17 times book value.

Another sale was that of Buckeye Pipe Line Company to the Pennsylvania Company, a subsidiary of the P.R.R. for about 1.9 times book value.

At hearings I have attended pipe line officials have contended that it is almost impossible to sell pipe lines. In reading the Oil and Gas Journal on July 5, 1965 - page 65 the headline reads "Pipe Line for Sale Attracts a Big Crowd." and further on states, more than 200 oil and pipe line people, investors and bankers turned out in New York City last week at a special meeting at which the details of the sale, etc. were discussed, talking about the Great Lakes Transaction.

Also Buckeye was almost sold to General Transportation Corporation but were outbid by P. R. R. who already owned 1/3 of Buckeye's stock.

While it is impractical to relate these sales to a per foot value, they demonstrate that a line is worth more than book value.

The pipe line people are trying to introduce a fourth method: Net Book Value - Less Depreciation.

As to the third method — Reproduction cost less depreciation — it is our good fortune that the Interstate Pipe Line Companies are required to file an estimate and actual cost figures of pipe line construction with regulatory departments of the Federal Government in Washington: Natural Gas Transmission Companies with the Federal Power Commission and Products Lines with the Interstate Commerce Commission.

Before an interstate transmission pipe line may be built or extended - the company must secure a Certificate of Public Convenience and Necessity from the Federal Power Commission. To secure this Certificate the applicant must reveal among other things, the estimated cost of the facilities, the route, the amount of natural gas requirements and the future gas reserves.

This information is filed in docket form with the Federal Power Commission and may be reviewed by anyone. All that is necessary is for one to go to the Office of Public Information of the Commission in Washington, D.C. and request this information. It may take some time to ferret this out, but it may be done.

The Commission has available coin operated photo copying machines where you may photo copy any part of the public records. Also they have set up a system whereby copies of parts of dockets can be ordered and if necessary or desired certified copies may be obtained, both of these at a nominal charge.

FIGURE I
TRANSCONTINENTAL GAS PIPELINE CORPORATION
Federal Power Commission
Docket CP 66-233
Filed Feb. 2, 1967
Exhibit K, Page A37

COST OF FACILITIES
CASE A
PART III - Station 200 North

FACILITY 35: Proposed 12.00 miles of 42" Pipe Line Extension From Main Line Mile Post 1790.84 to the New Jersey Shore Line, State of New Jersey.

Particulars	Quantity	Unit Cost	Amount
Rights-of-way	3,840 Rods	71.69	$ 275,280
Damages	3,840 Rods	425.02	1,632,060
Land in Feee	1 Lot		125,000
Material			
(1) Line Pipe Delivered			
(a) 42" x .562" X60	64,627 Feet	29.56	1,910,374
(2) Other Materials			
Coating, Valves, etc.	1 Lot		740,371
Installation			
(1) Prime Contractor			
(a) Install 42" Line	63,360 Feet	35.00	2,217,600
(2) Other Installation	1 Lot		367,500
Surveys	12.00 Miles	3,000	36,000
Field Engineering and Supervision	12.00 Miles	9,130	109,560
TOTAL ESTIMATED DIRECT COST			$ 7,413,745

Figure I illustrates one type of exhibit we used in our hearings vs. the pipe lines. This one happens to be a Transcontinental filing of a 42" line which was estimated to cost $117.00 per foot to build. It is a photo copy of their actual filing with the Federal Power Commission. I broke the costs into two parts: Right of Way damages @ $32.07 per lineal foot and Con-

struction Costs @ $84.93 per lineal foot.

I have obtained several of the filings of the companies of the current period for the northeast area and segregated the various sizes to determine and average cost per foot for each size.

In order that you may understand how these were used I should relate some of the history of pipe line assessments in Hunterdon County. When Hunterdon County went to 100% assessments in 1965, assessors with 16" pipe lines running through their municipalities held a meeting and agreed that on a basis of historical assessments in relationship to ratio, $15 per foot would be a proper assessment for 16 inch pipe lines. At that time we assessors did not consider the other sizes. Actually, we considered only the assessment of Buckeye Pipe Line Company. Buckeye appealed this assessment to the County Board and while the County Board upheld the assessors it was developed that other sizes of pipe lines in the County were not being proportionately assessed.

The assessors with pipe lines in their municipalities met again in the fall of 1965 to decide what to do about all sizes of pipe lines for 1966. At this meeting we discovered that in the so-called Middlesex Schedule and in a rendition submitted by Texas Eastern Transmission Company there was a relationship of cost to the square inch cross section of the lines.

We then used $15.00 as a base for the 16 inch pipe line and related this to the cross section of the various sizes of pipe lines to determine our assessment for each size.

FIGURE II

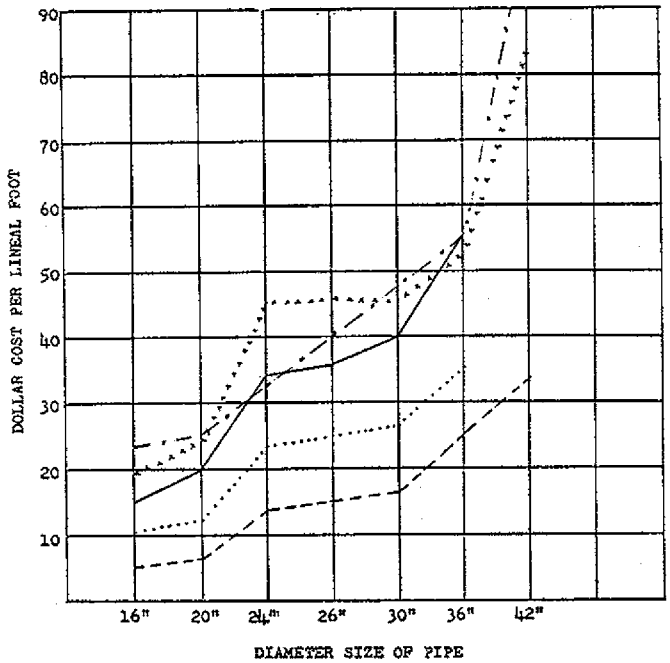

Figure II is a graph which shows a comparison of the different values related to the square inch cross section of various sizes of pipe line.

The bottom line represents the Middlesex Schedule which finally wound up as the suggested State Schedule.

16"	$ 6.60	30"	$17.60
20"	8.80	36"	25.30
24"	14.85	42"	33.00

The next line up represents a rendition by Texas Eastern

16"	$10.20	30"	$27.20
20"	12.80	36"	35.70
24"	22.95		

The third line from the bottom represents values used by the Hunterdon County assessors.

16"	$15.00	26"	$37.50
20"	20.00	30"	40.00
24"	33.75	36"	57.50

We had no 42" line so no value for this size was determined.

The second line from the top represents the average of Federal Power Commissions filings without Right-of-Way. We felt that the actual costs of pipe line would be about the same in all areas, but Right-of-Way costs could vary widely from area to area.

16"	$19.99	30"	$45.11
20"	24.01	36"	52.24
24"	45.82	42"	84.93
26"	45.60 (interpolated)		

The top line represents the average cost taken from the Federal Power Commission filings including Right-of-way.

16"	$22.35	30"	$48.34
20"	25.75	36"	55.69
26"	48.18 (Interpolated. No filings obtained)		
		42"	117.00

I would like to point out that more samples of 30" filings with the F. P. C. were obtained than any other size. In fact only one 42" filing was used in compiling this graph, and it appears that R.O.W. cost in this instance was unusally high.

At hearings before the State Division of Tax Appeals, Algonquin Gas Transmission Company, primarily based its case on Net Book Value less depreciation (not mentioning the state schedule at all.) They claimed that no one would pay more for a pipe line system than its earnings base. The Federal Power Commission determines the rate each company may charge on the historical cost of the system less depreciation.

Actually one witness stated that if the line was fully depreciated at the end of 30 years it would have no value either for sale, to a prospective buyer or for tax assessing purposes.

Product lines are regulated by the Interstate Commerce Commission and are valued for rate purposes by a different procedure. Actual costs are filed with the Commission when the line is built and each succeeding year the lines are valued on a current reproduction costs less depreciation basis, somewhat similar to the way we use our manual in determining the reproduction costs of homes and other structures. The Commission uses a base year of 1947 and uses indices to adjust the values to the current year.

For example, if it cost $182 to build a line in 1960, I. C. C. says it would have cost $100 to

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Revaluations

FREDERICK H. MOTT, ASSESSOR
Township of Wyckoff

This paper was presented at the SOUNDING BOARD session of the 1968 Conference for Assessing Officers. The SOUNDING BOARD was originated as a forum for assessors to present their personal views on subjects related to the assessing field. The subject matter presented herein is the opinion of the speaker and is not necessarily that of the Bulletin.

If what I have to say has any merit, it will be appreciated most by those Assessors who are interested in good public relations and who are trying to do the best professional job, rather than those very few with a "here is your assessment" and the public be damned attitude. I'm inclined to think some mass appraisal firms fall into the latter category. Please remember that my comments are aimed primarily at the assessment of residences. Commercial and industrial properties have some of the same problems and others.

An Assessor who took office 8 years after a complete revaluation soon realized that his assessments were generally low and far from equitable. Sales ratio and coefficient of dispersion studies simply confirmed his suspicions that very little, if anything, had been done to maintain the value of the revaluation let alone update it in accordance with rising sales prices, alterations, increasing land scarcities and area trends. For 2 years, while trying to convince the governing body of the need for a re-evaluation to provide a firm and equitable base of assessment, he spent days and weeks in the field and the office, checking and rechecking to bring as many areas as possible, not up to 100%, but at least up to the rapidly falling sales ratio. There were cries, perhaps legally justifiable, of discrimination. His only defenses were that assessments he made were not in excess of market value, that he could not, without funds, get a complete revaluation, that he was making as many corrections as possible as rapidly as possible and that having 75% of the assessments at 90%, with the balance scattered way below that figure was more desirable than 20 percent at 30 percent, 20 percent at 50 percent, 40 percent at 70 percent and 20 percent at 90 percent or better. Those taxpayers who called on the Assessor were generally patient and understanding. There were few appeals.

Finally the Town Fathers agreed to a new tax map (the old one was a crazy quilt constructed over a 40 year period by a succession of part time engineering firms with some lot dimensions to the center of road, streets that didn't line up, questionable town lines, etc.) and a re-evaluation.

Over 100 Assessors were asked for opinions as to the quality of work performed for them by various mass appraisal companies and a firm was selected to do the job "in accordance with the State Manual."

Up to this point my comments are with respect to my own town. I would like to emphasize that what follows is a concensus of opinions of several Assessors, who have recently had revaluations, with suggestions as to how to avoid the all too common pitfalls. It is not aimed at any one firm. The short comings appear to be more or less universal. Mass appraisal firms are admittedly in business to make money. This is accomplished by cutting as many corners as possible and keeping appeals at a minimum for a 2 year period. They do not have to maintain ratios, co-efficients nor live with the taxpayers as the Assessor does.

Let us look for a moment at some of the shortcuts which the Assessor for an indefinite number of years will have to live with. Some, but not all, of these are in conformity with the manual, but all of them have to do with detail or lack thereof. Some of these details may have little effect on value, but are priceless when the Assessor is trying to convince a taxpayer of the validity of his assessment or to compare it with another.

1st: Sketches and Measurements on the Cards.

What do we in most cases get? A sketch at 30 or more feet to the inch, carelessly drawn with an absolute minimum of detail. No location or dimensions of built-in or attached garages, built-in porches, patios, terraces, outside chimneys, bay windows, overhangs, brick or stone veneer. You may later find it difficult to add a roof to a porch or patio that doesn't exist. Personally, I feel stupid when I cannot tell a property owner where his garage or built-in porch is located.

The measurements are really something. When the fieldman uses a cloth tape, they change with the weather. Of course they do change with time. A physical re-check of some 800 dwellings where there was discrepancy of 2 or more feet in at least one dimension (in one case, 36 feet), (in another the house missed closing by 17 feet), between the original measurement and the new card showed that the errors were only 10% greater in 1967 than in 1956, but 800 dwellings were wrong one time or the other. Why should anyone worry about a 2 foot error? 2 feet in the depth of an 80 foot house is only 160 square feet @ 16.49 per square foot or $2638. It was not until the field work was about 75% complete that the Assessor realized that in 1967 we only measure 2 sides of a building. It takes longer to measure 4 sides and besides the man might have a discrepancy and have to re-check. This takes time. Another thing, I think most of us measure to the nearest 6 inches, but we're too fussy. The mass appraisal way is to measure to the nearest foot from 9 inches. So if a 60 foot overhang is 18 inches wide it equals 60 square feet. 50% discount. "Give the taxpayer the break and show him how liberal you are with him." Do you believe any property owner is stupid enough to swallow this?

2nd. Construction and Interior Detail.

A further recheck of 400 more homes showed that they had gained or lost fireplaces, baths, patios, etc., or that the wall finish or bath tile or

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The SMA News

By Walter W. Salmon, S.M.A.

CONGRATULATIONS — It's a boy!! No, it's a girl!! Wrong again, it's four boys and a girl! You guessed it!! There are five new candidates in the S.M.A. Family!! Let's give the lovely lady first billing since she is Queen for the Day. Lorraine A. Effenberger reigns at the Assessors Office in Berkeley Twp., Ocean County. Geographical location has no hold on the abilities of our new members to come up with the correct answers. For instance, Fred Mott, of duplicity of veterans' fame, comes from Wyckoff way up north in Bergen County; Clark Township in Union County keeps Frank Naples as busy as the proverbial cat-on-a-tin roof. Edward Delzell, more popularly known as "Del," puts all his bets on Washington Township, Mercer - the capitol city county - in the center of the State. Harry Rainey, the mild-mannered mentor from Medford Lakes, enjoys his activities down south in Burlington County, with all us Rebels.

We wish all of these new family members best wishes, and help if needed, in getting their two narrative appraisals completed before June 14th, 1970. Again, CONGRATULATIONS!

At this time I would like to inform one and all of our new "Guide to Appraisal Report Writing" prepared by the S.M.A. Training Committee. It is a very comprehensive brochure designed to assist all S.M.A. candidates in properly preparing their narrative appraisals. All S.M.A. candidates should have received one.

If you are keeping score on the S.M.A.'s, you may be interested in knowing that there are 31 designees, 22 candidates and 805½ assessors who could be candidates. Don't let the "½" throw you. One source said 858, another 859, and since it is an assessor's license to go up or down, I chose the middle. There must be something to be gained from the preparation for, and the achievement of, the S.M.A. designation. To wit: at the I.A.A.O. Conference in New Hampshire this past May, nine of the main speakers and panel members were S.M.A.'s from New Jersey, approximately one-third of all of the speakers involved. This is certainly high recognition of our fellow assessors and S.M.A.'s, and if you put your mind to it, you too could become an S.M.A. Remember, a pessimist is one who feels bad when he feels good for fear he will feel worse when he feels better.

Group activities planned include the SMA Luncheon on the Sun Porch, Haddon Hall, Atlantic City, 12 noon, November 20th, 1968. Planning is under way for a high level, one-day conference to include luncheon, followed by some blue ribbon speakers, cocktails and dinner, and end the evening with a round table discussion or other appropriate "Good of the Order" sessions. There's lot of "Going's on" coming up soon.

At this point I feel like the doctor whose patient sat on the scalpel and the doctor discovered he was getting a little behind in his work, so I'll get back to mine.

See you in Atlantic City, and keep the news coming, and don't forget to vote!

Al Weiler Award

If your county has not already done so, don't forget the nominations for the "Al Weiler Award". Some deserving assessor from your county may be worthy of receiving this award. Don't deny him this honor.

The official nomination for this award must come from the County Association of which the nominee is a member. Any County Association wishing to nominate one of its members for this award should send the assessor's name and reasons for nomination to : Harry Tracey, City Hall, 10-41st Street, Sea Isle City, N.J. 08243.

League Conference Program For Assessors

The Program Committee of the Association of Municipal Assessors of New Jersey announces their program for the annual League of Municipalities Conference to be held in Atlantic City from November 19 through November 22.

TUESDAY, November 19, 1968 — 2:00 P.M.
Navajo Room - Haddon Hall "S.M.A. BRUSH-UP"

WEDNESDAY, November 20, 1968 — 2:00 P.M.
Viking Room - Tower Floor - Haddon Hall
Chairman: Daniel P. Kiely, S.M.A., President, Association of Municipal Assessors of New Jersey Business Meeting:
Committee Reports - Special Reports
Awards - Election of Officers

THURSDAY, November 21, 1968 — 10:00 A.M.
Viking Room - Tower Floor - Haddon Hall
Chairman: Daniel P. Kiely, S.M.A.
Introduction of Guests: Clarence N. Delgado, S.M.A.
Guest Speakers:
Franklin Hannock, Jr., M.A.I., Appraiser
Lawrence Lasser, Attorney, Lasser & Lasser
Topic:
"Recent Court Decisions Concerning Real Estate And Their Application In The Appraisal Practice"

THURSDAY, November 21, 1968 — 2:00 P.M.
Viking Room - Tower Floor - Haddon Hall
Chairman & Moderator: Daniel P. Kiely, S.M.A.
"UNLIMITED QUESTIONS"
Panelists:
Alfred J. Greene, Jr., M.A.I., Clifton, N.J.
Norman Harvey, Englewood, N.J.
Edward Markowich, S.M.A., Wayne Twp., N.J.
Samuel Befarah, Jr., Asbury Park, N.J.

FRIDAY, November 22, 1968 — 8:00 A.M.
Navajo Room - Haddon Hall
"S.M.A. EXAMINATION"

FRIDAY, November 22, 1968 — 10:00 A.M.
Rutland Room - First Floor - Haddon Hall
"ROUND TABLE DISCUSSIONS"

Subjects	Moderators
Sales Ratio	John Accardi Garwood, N.J. Marriott Haines, S.M.A. Vineland, N.J.
Public Relations	H. Randolph Brokaw Hamilton Twp., N.J.
Data Processing	Noel Haywood Bridgewater Twp., N.J.
S.M.A.	Harley Hesson, S.M.A. Glen Rock, N.J.
Maintainence of Assessments	Claire Young, S.M.A. Tenafly, N.J.
Exemptions	Russel Wilson, S.M.A. Hackensack, N.J.
Transitional Land Problems	Harry Louderback Cherry Hill, N.J.
Pipelines	Leland Harbourt Delaware Twp., N.J.
Veterans & Senior Cit. Ded.	Angela Szymanski Middlesex, N.J.
I.A.A.O. (C.A.E.)	Paul Corusy Chicago, Ill.

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The Advertisers listed herein are helping to produce the Bulletin. When the need for the services they render arises in your municipality, please keep them in mind. Also please mention the Bulletin when making your order.

Mobile Homes

Marriott G. Haines, CAE, SMA, SPA
Assessor, City of Vineland

The subject of mobile homes continues to be a perplexing one to many New Jersey municipalities. Recent developments, as set forth below, should go a long way toward treating them uniformly within the framework of our existing statutes if the town fathers would avoid certain political considerations that seem to creep in whenever or wherever reform is warranted.

As the result of a decision handed down by the Division of Tax Appeals in the case of the Township of South Brunswick vs the Middlesex County Board of Taxation, Commissioner Doherty ruled that mobile homes in trailer parks are personal property. See Case #1, June 16, 1964. This decision answered the question left unanswered in the James O. Keane vs the Township of Elk case decided by Commissioners Doherty and Duffy. See Case #42, Oct. 21, 1958.

The second reason for a change was Chapter 138, Section 12, P.L. 1966, which repealed the assessment of tangible personal property on the local level with the exception of telephone, telegraph and messenger system companies, beginning with the tax year of 1968.

There is nothing in the two decisions referred to above that would prohibit the assessment of mobile homes located on private land if they meet the usual prerequisites of taxable property, such as being used for a specific purpose, actually there as of October 1 of the pre-tax year and have utility connections to the ground.

If discovered during the assessing period, how should they be appraised for assessment purposes? Two methods are mentioned for consideration.

First the Real Property Appraisal Manual for New Jersey Assessors might be used. If so, the class that best reflects the value with the least number of additions and deductions should be applied to determine the appraisal. This manual is not an easy one for appraising mobile homes.

The second method is the use of the "Official Mobile Market Report" otherwise known as the Blue Book as an aid for appraising mobile homes. This book is issued three times annually; January, May and September. It is published by the Judy-Berner Publishing Company and is compiled from reports from the Marketing Committees and Analysis Committees of recognized mobile home industry associations throughout the United States. Suggested values are listed by zones over the entire country and are broken down as to make, model and size. Most of the mobile home owners are acquainted with this publication and accept the values printed therein as authoritative for assessment purposes. This assessor prefers it for our use in appraising mobile homes.

If a mobile home is found on private land during the assessing period and meets the prerequisites as listed above, it is taxable as an improvement on the land, regardless of the type of foundation or whether or not the wheels have been removed. It might be added that any local ordinance on this point does not take precedence over an assessor in the performance of his duties.

Another point in favor of assessing mobile homes on private land as an improvement on the land is where the land is owned by either a veteran or a senior citizen, who actually resides there. In either case, a tax deduction can be granted against the mobile home. Otherwise only a veteran tax deduction can be granted against the land. It is good public relations to extend the benefits of these tax deductions whenever legally possible.

Municipalities can adopt ordinances to bar all mobile homes or permit them to come in. They can be restricted to parks or unlimited as to location. If there are some in a municipality at the time of a prohibition ordinance adoption, these can remain. However, once moved off, they seldom are permitted to return.

This brings us to the next point. What about the parks? Usually they are regulated by municipal ordinance which establish certain guidelines as to space size, utility requirements, laundry facilities, recreational areas, garbage and trash disposal, safety precautions and traffic control regulations. A park license to be granted by the municipality is issued on the payment of a certain fee, which is established by the governing body.

The land of a mobile home park and any improvements built thereon should appear on the annual tax list, in the regular block and lot sequence, the same as any other commercial line item. It is incumbent on the assessor to apply the applicable approaches to value, in determining the appraisal, ever keeping in mind that certain utility installations underground have enhanced the value of the land. Two methods of appraising the land are suggested for consideration; either square foot or by the acre. This writer prefers the acre method. We apply the established ratio to the appraised values to compute our assessment.

Some municipalities charge a flat fee per year for each park regardless of size. Others

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Final Report
Veterans Deduction Committee

Frederick H. Mott, Assessor, Wyckoff, N.J., Chairman
Harley Hesson, Assessor, Glen Rock, N.J.
William Brewer, Plainfield, N.J.
James Anderson, Secretary, Point Pleasant, N.J.
Clarence Choyce, Assessor, Hawthorne, N. J.
to
Daniel P. Kiely, Jr., President, Association of Municipal Assessors of New Jersey

CHRONOLOGY:

July 21, 1967 — Committee appointed by Clarence Delgado, President.

August 18, 1967 — Executive Committee approved program presented by this committee.

August, 1967 — Letters mailed to the president of each County Association with copies for distribution to each Assessor outlining program with return stubs to indicate interest.

November 15, 1967 — Publicity at State Association meeting by chairman.

December 1967 — Article in State Association Bulletin.

January 1968 — Article in Local Property Tax Bureau News.

Instructions mailed to those Assessors who indicated desire to participate.

March 1968 — Article in Tax Administrators News — Federation of Tax Administrators, Chicago, Illinois.

April 26, 1968 — Lists closed.

June 25, 1968 Lists mailed to all Assessors who had apparent duplications.

June 19, 1968 — 117600 I.B.M. cards offered to State Bureau for checking against deductions claimed by taxpayers who filed under Personal Property Used in Business. Subsequently picked up by State Tax Bureau who promised to remit $100 if cards are used.

RESULTS:

167 Assessors indicated desire to participate.

127 Assessors supplied lists (approximately 22% of the state)

117600 Veteran's serial numbers listed (Approximately 27% of the state.)

434 apparent duplications (146 internal, 288 external.) These figures have been reduced by the following factors:

1. Listing and key punching errors.
2. The Coast Guard duplicates the numbers of the other services.
3. Contrary to our advance information, officer's serial numbers with the prefix "O" are duplicated for enlisted men without the "O" prefix.

The final tally will probably never be known, but calls from Assessors indicate that sizeable sums will be recovered by some taxing districts.

COST:

Total receipts —	From Assessors	$1,483.40	
	From State Assoc.	100.00	$1,583.40
Expenses —			
	Manley Data Processing	1,238.28	
	Postage	32.04	
	Deposit Stamp	1.64	
	Clerical help	247.00	1,518.96
Balance (check #6 herewith to close account)			64.44
			0.00

COMMENTS AND OBSERVATIONS:

Thanks to all Assessors who participated and particularly to the Members of the State Association Executive Board and the Committee.

Suggest a state wide program by the State Division of Taxation about 1972 with the following recommendations:

1. More careful program to include all veterans (real and personal property.)
2. Plans be made to continue file of serial numbers to add and delete annually.
3. Will be happy to contribute any knowledge we have gained.

FREDERICK H. MOTT,
Committee Chairman

OFFICIAL NOTICE

The Annual meeting of the Association of Municipal Assessors of New Jersey will be held at 2:00 P.M. on Wednesday, November 20, 1968 in the Viking Room - Tower Floor - Haddon Hall - Atlantic City, New Jersey.

POSITION AVAILABLE

Qualified Tax Assessor
Full Time — Salary Open
Township of Franklin
Somerset County

— CONTACT —
James D. Westman, Township Manager
Administrative Offices
Somerset, N. J. 08873

Phone 201-844-9400

"A Growing Future Under Council — Manager Government"

Letters To The Editor

To The Editor:

Ever since the advent of the Farmland Assessment Act of 1964, Hunterdon County Assessors have been plagued with the seemingly lack of tools to administer the law. While there appear to be features in the Act distasteful to the assessors in respect to qualifications, there seemed to be no county-wide uniform pattern of administration. If invited, rural assessors could doubtless be of assistance in pointing out apparent weaknesses in the present regulations and suggest possible remedies. However, this letter does not attempt to exploit the virtues or lack of them in the law; rather in the administration of the law as it presently exists.

We found that the soil maps given us several years ago were of a 1918 vintage and were so small and soilwise obsolete as to be almost useless. At best, trying to determine proper soil classifications was a hit or miss proposition.

To accelerate the completion of modern soil maps, the Hunterdon County Board of Freeholders appropriated $30,000. for this purpose. These are now completed and appear to be refined to some 95 percent of accuracy. In 1969, for the first time, assessors will be able to evaluate and judge the various soil classifications for use in the computations so necessary for fair application of the land class values that are suggested by the State Farmland Evaluation Advisory Committee.

Needless to say, the Application itself provides but a summary. The classification detail, so important, is lacking. A number of Hunterdon assessors had contrived their own method to glean this information. Others had not. In an attempt to help each other, a Committee of four assessors was appointed at a County Association meeting with approval of the members of the County Board of Taxation who met with us at the time.

Cooperation of the Soil Conservation Service, Farmer's Home Administration, County Agent and County Board of Agriculture was enlisted and received. Fortunately harmony prevailed all along the line. As a result, a uniform letter and Standard Supplemental Farmland Assessment Form was devised and since prescribed by the County Board of Taxation to be used by all the assessors confronted with farmland filings. These have been distributed and will be employed for the 1969 year.

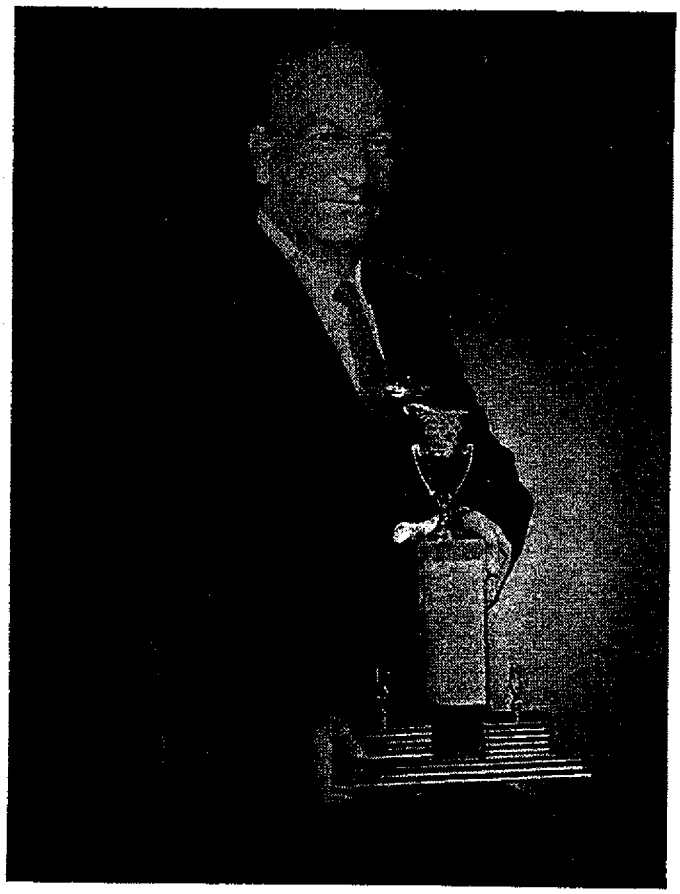
Another problem was the assessors' confrontation of applying the roll-back tax. Although the same procedure is to be used as with omitted assessments this is quite a different kettle of fish. There being no standardized complaint prescribed for all counties, one was prepared for this purpose.

For practical reasons, in-as-much-as the local assessor would be nearest to the circumstances, generally he would initiate the complaint but the form would not restrict anyone else from doing it.

It is very likely that in the future we may be able to improve on what we have done so far. However, we're further along toward uniformity than we ever have been before. Perhaps our experience would be of benefit to others who have pondered the same situations.

We also welcome suggestions from others who have invented a better mouse trap.

Reynier V. Jones, Tax Assessor
Franklin Twp., Hunterdon Co.
Pittstown, N. J. 08867



Bob Petrallia of Irvington is shown with the fishing trophy he is entitled to keep for a year. Out of the thirteen "Jumbo Blues" caught, Bob landed the largest one.

Become An S.M.A.

Rutgers To Develop Courses On A.D.P.

Dr. Ermest C. Reock, Jr., Director, Bureau of Government Research, Rutgers University has informed the Bulletin that the Bureau has received an additional grant of $7,762.00 from the Department of Community Affairs. This money will be used to develop courses in Automatic Data Processing of Tax Assessment and Tax Collection records.

Association of Municipal Assessors of New Jersey

NEW JERSEY ASSESSORS BULLETIN

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EDITORIAL COMMENT

SUPERIOR COURT OF NEW JERSEY LAW DIVISION – MIDDLESEX COUNTY DOCKET NO. L-21521-67

THOMAS R. LAWRENCE, :
Plaintiff, : Civil Action
vs. : JUDGE'S DECISION
TOWNSHIP OF MONROE :
and DANIEL A. ARBACH, :
Defendants.

New Brunswick, New Jersey
Friday, June 21, 1968

BEFORE:
HONORABLE JOSEPH HALPERN, A.J.S.C.

APPEARANCES :
MILFORD E. LEVENSON, ESQ.
For the plaintiff
J. SCHUYLER HUFF, ESQ.
By WILLIAM C. MORAN, JR., ESQ.
For defendant Township of Monroe
DAVID M. FOLEY, ESQ.
For defendant Arbach

THE COURT: I am going to take a little more time than I might otherwise in giving my opinion in this case, because I am fully aware of the importance of it to the litigants who are involved, particularly since it involves a public office. The cut-off date appears to be July 1, 1968, depending on my decision, or any appeal which may be taken from my decision.

I say at the outset that this is a very novel situation because we had an election for the office and the loser now comes in and says, "We shouldn't have held the election at all because I had tenure, it was all a big mistake."

Plaintiff brings a declaratory judgment suit seeking this court's order declaring he has tenure as tax assessor for Monroe Township under the provisions of N.J.S.A. 54:1-35.25, et seq., particularly 54:1-35.31.

Plaintiff moves for summary judgment; there are cross motions by both defendants seeking an order from this court declaring that defendant,

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Winer v. Township of Randolph Docket No. C-2408-67

This matter comes before the Court on the return date of an Order to Show Cause why paragraph 5 of Ordinance No. 13-68 should not be set aside as being in conflict with N.J.S.A. 40:46-23 and to compel the defendant treasurer and payroll clerk of the Township of Randolph to pay to the plaintiff all salaries due and owing him as of March 7, 1968, at the rate of $2200.00 per annum and to continue to pay to said plaintiff at the rate of $2200.00 per annum until the expiration of his term of office (June 30, 1971) or until such time as he shall resign from the office of Secretary of the Board of Assessors of the Township of Randolph.

Factually, it is undisputed that the plaintiff was appointed to the Board of Tax Assessors for a four year term on July 1, 1959; that he was reappointed to the same post on July 1, 1963; that he was appointed Secretary of the Board of Tax Assessors to fill out the unexpired term of Frank Thorburn on February 3, 1966, and that on July 1, 1967, he was reappointed as Secretary for a full four year term.

At the time of his reappointment the office of Secretary was compensated for at the rate of $2200.00 per anum. On April 4, 1968, the Township Committe passed ordinance #13-68, the pertinent sections of which reads as follows:

"(4) The annual salary of each member of the Board of Assessors shall be the sum of Two Hundred ($200.00) Dollars.

"(5) The annual salary of the Secretary of the Board of Assessors shall be Four Hundred ($400.00) Dollars."

The basis of the plaintiff's claim for relief is that the Committee's action of April 4, 1968, is in violation of N.J.S.A. 40:46-23. This Statute gives to municipalities the power to fix by ordinance the amount of compensation to be paid to

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Pipe Lines

(Continued From Page Three)

build in 1947, and the same line would cost $205.00, in 1966, (the last year indices are available at the present time) and depreciation would be applied to the latter figure.

Thus we have two methods from which we can estimate how much it would cost to build a pipe line on a given date. The first would be to obtain the current filings of the companies with the regulatory bodies for our area and average these costs. Secondly, we could use the actual cost figures for the particular segment in our area and convert these costs to our base year by using the I. C. C. Indices.

If a schedule was desired, an average of the two methods could be used. I am not an engineer and, of course, know nothing about actual methods and problems of pipe line construction, but would estimate that there is not too much difference between the construction of the two types of lines. In fact, when Texas Eastern acquired the Big and Little Inch lines from the government, they converted the lines from products to natural gas, and now according to I. C. C. personnel, are reconverting part of these lines back to products in Ohio. Both lines operate at nearly the same pressure, generally from 700 to 900 pounds.

After determining the cost of these lines, it is necessary for us to ascertain how much depreciation shall be allowed. It would be impractical for us to use the rates established by the Federal regulatory bodies as they are arrived at through negotiation and vary widely.

To illustrate: The F. P. C. published a bulletin in 1961 entitled "Depreciation Practices of Natural Gas Companies." This publication tells us that with 13 companies reporting there is a range of from a high of 6.4% (15 year life) to a low of 1.43% (69 year life) depreciation allowed per year. In examining orders issued by the I. C. C., I find that the depreciation allowed varys from a high of 3.35% (29 year life) to 1.82% (55 year life) per year.

Figure III

HYPOTHETICAL COMPUTATION

Assumes: Four (4) Identical Pipelines Installed In One (1) Municipality In 1947
Cost $100 per foot

	Pipeline "A"	Pipeline "B"	Pipeline "C"	Pipeline "D"
	UNDER F.P.C. HISTORIC COST		UNDER I.C.C. REPRODUCTION COST	
	LESS ANNUAL DEPRECIATION			
	15 Year life (6.64% dep. per year)	69 Year life (1.43% dep. per year)	29 Year life (3.35% dep. per year)	55 Year life (1.82% dep. per year)
COST PER FOOT 1947	$100.00	$100.00	$100.00	$100.00
REPRODUCTION COST 1959 (12 years later)			$182.00	$182.00
12 YEARS DEPRECIATION ALLOWED	79.68	17.16	73.16	48.05
F.P.C. OR I.C.C. VALUE FOR RATE PURPOSES 12 YEARS LATER (1959)	20.32	82.84	108.84	133.95
TAX ASSESSMENT IF F.P.C. OR I.C.C. BOOKKEEPING VALUES WERE USED INSTEAD OF STATUTORY TRUE VALUE	20.32	82.84	108.84	133.95
VARIATION	15.17% of D	4 times A	5.35 times A	6.59 times A

Figure III shows a hypothetical computation. Using these depreciation rates and the different methods of the F. P. C. and I. C . C. we could have widely varying assessments for identical lines for say 1959. Picture if you will, four Identical Pipe Lines installed in one municipality in 1947 at a cost of $100 per foot; Pipe line A and B under F. P. C. Historic cost and pipe line C and D under I. C. C. reproduction methods.

Cost of each per foot 1947 - $100.

Reproduction costs of A and B would not be determined.

The reproduction cost of C and D would be $182.

12 years depreciation for "A", 6.64% would be $79.68, for "B" would be $17.16, for "C" would be $73.16 and for "D" would be $48.05.

F. P. C. or I. C. C. values, (or assessment if these values were used instead of statutory True Value) would be: "A" $20.32, "B" $82.84, "C" $108.84 and "D" $133.95.

The variation if this method were used shows that "A" would be assessed 15.17% of D, "B" four times "A", "C" 5.35 times "A" and

(Continued On Page Twelve)

Pipe Lines

(Continued From Page Eleven)

"D" 6.59 times "A" - for identical lines in one municipality.

The natural gas lines are striving to have us value their lines at book value less a depreciation of approximately 3% per year and the products lines valued on a reproduction cost with the same rate of depreciation, depreciating the right-of-way along with the pipe itself. However, even this argument is losing some of its validity because the I. C. C. during 1967 issued a new depreciation schedule for the Buckeye Pipe Line Company, reducing the depreciation for their long lines to 1.85%.

We should allow depreciation on the pipe line in the same manner that depreciation is allowed on homes, that is, use an effective age and not be bound by chronological age. Also the R. O. W. should not be depreciated.

We are all familiar with an old house that has been fixed up and is in as good condition as a house that is a lot newer, and conversely with a house that is fairly new but has been allowed to deteriorate due to lack of maintenance by the owner.

I had an opportunity during the summer of 1967 to see the Big Inch and Little inch line exposed by Texas Eastern and to take some pictures of these lines. These lines are in excellent condition. The mill markings look like they have just arrived from the factory.

Today lines that are being built have better coatings and are being cathodically protected when built. Cathodic protection has been added to most of the older lines since they have been built.

With this cathodic protection, modern coating and internal corrosion control techniques there is practically no physical deterioration of the lines.

Actually at the hearings that I have been involved in the companies are willing to concede that the physical life of these lines are indefinite and possibly could be in use 50 or 100 years from now.

The companies claim that there is a great deal of economic obsolesence. While there may be some obsolesence due to newer methods and procedures for the construction of pipe lines and the transportation of material through them it appears that they will have the material to transport for a long time to come.

Information filed with the F. P. C. shows that the Natural Gas companies have contracted for supplies that will last for 15 to 20 years. Geologists have told me that we have used one-half of our known gas reserves and that only one-half of what is in the world has been located; in other words, we have used about one quarter of our natural gas. Also, in the future, they expect that gas will be made from coal economically and we have a 1000 years reserve of coal.

Using the effective age principal, it is not necessary for us to know the actual service life of these lines. If the condition of the lines are as good as a new line, and if they are transporting as much material as a similiar line built today, I would say that very little depreciation should be allowed. When a change occurs we should then take this into consideration and value the lines accordingly, although I would not be adverse to using a service life of approximately 100 years.

In the case of New York State Natural Gas Corporation vs. several towns in Alleghany County Justice of the Supreme Court, Hamilton Ward stated in his decision at Buffalo, dated May 26, 1967 From page 3 - "It is stipulated that this review is limited to value determined by the formula of cost of reproduction new". From page 10 - "To this court, however, the value of the real property of the petitioner for assessment and tax purposes is tested by the same measure as the value for the same purpose of the farmer's barn, outbuildings, and homes or the villager's real property subject to real property tax and that is the physical condition of the property at the time the proposed assessment is found". From page 14 - "The real problem here is to arrive at a decision determining the annual rate of depreciation, sometimes referred to as straight-line depreciation."

From page 17 - "On all the evidence herein, I find that the annual rate of depreciation of No. 24-20" pipe line and No. 14-14" pipe line in the Town of Allen is 1.25% per year."

This amounts to an 80 year life.

Revaluations

(Continued From Page Four)

type of heat had changed.

According to the firm's interpretation of the Manual, bath walls are tiled or not, no full or wainscote. Basements, attics or the finish therein are either full, 75 percent, 50 percent, 25 percent or none, with anything 5 or 6% under taking the next lower figure. Check the difference sometime between a 2000 sq. ft. building lacking 120 sq. ft. of basement with the same building having a 75% basement. Basement apartments or recreation rooms will show more serious discrepancies using the same formulae. If the house is part 1 story and part 2 story drywall take out a total 2 story figure. They very carefully (?) note the baths and kitchens as "modern." "average" or "old" and the roof as "flat," "hip" or "gable," the furnace as "gas" or "oil," but make no distinction as to value.

Items such as inter-comms, dish-washers, water softners, built-in vacuums, garage door openers, fire alarm systems, heated driveways, built-in lawn sprinklers, to name a few, are totally ignored. Would you make no distinction in value between a simple fireplace and a huge corner or full wall job?

"Six rooms" doesn't tell nearly as much as "living room, dining room, 3 bedrooms" or "living room and 4 bedrooms" as the case may be.

Admittedly many of these items may add a very small amount percentage wise to the total, and probably not enough to reflect the difference in sales prices, but to ignore them is to lose all of that difference. To include them will convince the owner that his house was thoroughly inspected and given the attention to which he is entitled. It may not be important whether you check "oil" or "gas" for furnace, but you don't have much defense if the owner says that an appraiser who can't tell the difference can't be very bright. The mass appraisal firm says these details are un-important, take too much time and are not considered by the County Board. I say they are important, do not take too much time and knowledge and accuracy will avoid many appeals and will work in your favor with the County Board, because you can convince the Board that you have done your job carefully. Actually this question of time is a little contradictory. The only complaints I had from property owners with reference to field men were — "He was in and out like a shot," "He wasn't in here 6 seconds," "I let him in the front door, walked back to the kitchen and he was gone," "He didn't go upstairs" etc. So I guess time is important. Of course this might account for the fact that no one had time to see the passenger elevators in 2 of our houses. Oh! I did have a complaint from one property owner to the effect that the man who spent less than 2 minutes in his house sat outside in his car for an hour and a half.

3rd. Pricing. Strictly according to the Manual.

On page 234 —

A one story 10.8A of 1600 sq. ft. @ 13.35 = $21,360
1700 sq. ft. @ 13.00 = $22,100
1799 sq. ft. @ 13.00 = $23,387
for 1954.

However the use of page 235 reduces the appraisal firm's clerical costs.

1600 sq. ft. = $21,360
1700 sq. ft. = $21,360
1799 sq. ft. = $21,360

Now, let's project this to 1968.

1799 sq. ft. @ $13.00 x 137% =	$32,040
1799 sq. ft. = $21,360 x 137% =	$29,263
Difference	$2,777

Quite a difference.

In our town this means $81.64 in taxes this year. This could be difficult to explain to a property owner making comparisons.

How do you explain, when an owner proves conclusively that his area is over measured by 118 sq.ft., that his assessment cannot be reduced because he was charged for only 2000 sq.ft.? Of course, if a comparatively new 10.7 doesn't come in close enough to the sale price you can always make it a 10.8.

Now compound this by the other short-cuts mentioned above, plus some we haven't told you about yet and you've got a lot of trouble and little confidence.

4th. Age.

How much effort does the appraisal firm make to establish the age? Ask at the door? At each door or once in the block and assume they are all the same? If the person asked is the second or third owner, he probably doesn't know anyway. How come we find 7 year old garages attached to 5 year old houses? Speaking of garages, would you believe that a town with 4000 houses from 10.5 to 10.9 has only 4 garages that are not 16.2's?

5th. Land Dimension and Values.

The values, of course, are based on $/ft.ft. and factors for depth, frontage, shape, topography etc., but don't forget to round off and give the tax payer the break. Never forget that. Try to convince him that he is the only one getting the breaks. Approximate, round off-never include decimals, even 99/100ths. Now I'll admit that in most cases this has little effect on the value or the assessment, but it hurts my sense of something or other to see property after property

(Continued On Page Fourteen)

Revaluations

(Continued From Page Thirteen)

in the tax book which I know is 25,000 sq. ft. in accordance with zoning requirements, multiplied out as 9.5, 9.7, 9.9, lots of 2500 sq. ft. each simply because it was too much trouble to be accurate.

6th. Hearings and Reviews.

The hearings are a farce as usually conducted by the fieldmen who couldn't measure, couldn't bother with details and couldn't see fireplaces, baths, etc. They are conducted at 10 minute intervals and if the fieldman happened to do the particular house under discussion it is pure luck. I suspect that in some cases the man could not read someone else's card. I know there are a lot that I have trouble with and I know the town. Comments such as "I'm not here to give you a lesson in appraising" or "That's It. If you don't like it , here is a review form. Fill it out and mail it in." are not conducive to good public relations.

One man I know of didn't know the difference between depreciation and economic or functional obsolescene. If a review form is filed, never, if it can possibly be avoided, go back to look at the house. This takes time and costs money. Who cares if it makes a friend or an enemy for the Assessor? Who cares if it satisfies the property owner and makes him feel that he is getting the consideration and treatment to which he feels entitled? I'm not talking about the crack-pots, but I am talking about the honest citizen who is terrified by his ever-mounting tax bill, only wants to understand, and resents getting short answers and being pushed around. In most cases if the owner has a proper assessment and has received proper treatment at the hearing, there would be no review form or appeal.

So far all I have done is gripe about the short-comings of mass appraisal, to try to point out why the results fall short of the expectations and hopes. We have re-evaluations when we are disgusted with what we have on the books or when the County Board demands it. Having reached this point, what do we hope for? Enough to get by for awhile, 3, 5, or maybe even 10 years which seems to be the history of mass appraisals?, or something so correctly solid that it can be used as a base to be adjusted as necessary to meet changing conditions and values for a long time to come. If you are interested in the latter, a few of us who have been through it lately offer these suggestions in addition to the recommendations in the State Handbook and the usual "know your firm" etc. These suggestions are not listed in order of importance and some provide for choices to be made by the individual Assessor.

1. Property Record Card Layout.

There are almost as many varieties of property record cards as Assessors, but most of them are similar in at least 2 respects. Space is wasted by repetitious items which could be consolidated. I.E.: 1 family dwelling, 2 family dwelling, 3 family dwelling, 4 to 12 family, # families, with a place to check the applicable item instead of ..... family dwelling. No blanks are provided for the rarely used description which is not printed on the card such as under wall construction where 10 to 22 varieties may be listed without a space to write in the odd ball that no one ever saw before. Some cards have 15 lines for annual assessment listing, but it is only necessary to post when the assessment changes, not every year. Provide space to write in those extras like dishwashers, vacuums, inter-comms, door openers, water softeners, etc. and space to note better than standard kitchens, baths, fireplaces, etc. Avoid the use of % (particularly with a 25% spread) for basements, attics and the finish therein. Use square feet even if it is only approximate. The figures will be a lot closer than 25%. Dormers come in more than 3 sizes. Provide adequate space for future additions and alterations and changes in land values. Be sure to provide enough sketching space for a 100' house at 20' to 1". Put on the front of the card everything required for the tax book. The proper layout for you will require a lot of study and review, but it will pay off. Don't be stampeded by the firm's standard card that they say everybody uses.

2. Property Record Card Use.

Having laid out the card you want, there must be a thoroughly understood and contractural means of establishing how they are to be used. If I ever have it to do again I think I will pick out 8 or 10 diversified houses and let the applicant do them and review his work myself before I sign a contract. This will provide standards to be adhered to with respect to sketches, measurements, details and classifications.

Some (and you may think of more) of the things these standards must include are:

Measurements to 6" on all sides of the building.

Building description code.

Land areas shown also by acres or lots as required.

Inclusion of details whether valued or not.

Property classification.

Zone.

Tax Map page.

Computation in detail. No rounding off or "close enough." Separate the "adds" from the "deducts."

Land and building assessment to the nearest $50.00.

Allowance for land easements with particular reference as to whether or not they affect market value.

The assessed value of pools, whether to start and remain at 50% or to start at 75% and be depreciated annually.

3. Service.

The firm should establish an office in town with phone service for the duration and must handle all details and answer property owners questions with respect to when certain areas are to be covered, call backs, hearings etc. The firm must advise the owner of the new values, broken down by land and improvements, record the date

mailed, set up very specific hearing and review dates and advise the owner in writing of the final figures. These details as well as the dates of inspection, call back etc. should be posted by the firm on the cards. The Assessor should not be involved in any of this.

4. Control.

The Assessor must reserve the right to spot check or criticize appraisals or any of the items listed under 2. or 3. above.

5. Hearings.

Hearings should be conducted only by qualified men who do know the difference between depreciation and obsolescence and are willing to answer even seemingly foolish questions courteously.

6. Identification.

Have your police department fingerprint and check out all fieldmen. Supply them with I.D. cards, preferably with photos, signed by 1 or more municipal officials, (Mayor, Clerk, Police Chief, etc.)

7. Accuracy.

Check all cards against old records as to outline, dimensions, details, age, etc, before any extensions are made. Insist on re-check of discrepancies without divulging the old record. This may be waived if moonlighting is indicated.

8. Estimates.

Accept no estimated appraisals unless admittance has been refused. Insist on as many callbacks as necessary to reduce estimates to the absolute minimum.

9. Public Relations.

Keep the public posted in the newspapers, before, during and after. Explain why. (emphasize equalization) Tell where men are working. Advise calling the firm for information, to advise of vacations, Saturday only, etc. Assessment and review letters must advise owners not to compare old assessments with new, not to apply old tax rate to new assessments and always point out that appeals may be made to the County between July 1 and August 15.

10. Have firm do added assessments the first tax year (optional).

11. Include previous values on new cards and ratio between the 2. (optional)

12. Include exempt properties, particularly land values.

13. Include photographs of dwellings. (optional, but desirable.)

14. Firm to publish list of new assessments to be available to the public in the Library or Municipal Building, prior to the hearing dates, not in the Assessor's Office. (optional).

15. Timing.

This item is in my opinion one of maximum importance. Try to provide at least 18 months for the job, but do not plan to use 18 months. Establish a schedule so that at least 15% of the field work is to be completed in each of the first 3 months, the balance in the following 3 months. All call backs and rechecks by the end of the 7th month. Then, if you haven't done it before, review the whole picture. See if identical houses, built by the same builder, but in different areas are classified the same. Check current sales against the new assessments. Values may have to be adjusted in certain areas. Then send out the letters, hold the hearings and reviews in the remaining 3 months. Adjust this schedule to your own taste and stay with it by means of a penalty clause. The first date that is not met requires action. You cannot live with promises. Do not get caught with an incomplete re-evaluation too close to tax book time. Allow a cushion so that, if necessary, you can pay for work done, cancel the contract and have the time to finish by other means. Let the firm know in the beginning that you can and will do just that if necessary.

16. Land Value.

Insist on a land value map that is clear and concise, including applicable formulae for frontage and depth factors in each area or zone. Personally, I do not agree with the manual that a 200' to 249' deep lot has the same value. There is no law that says the manual is a bible, but you must have standards to be used consistently in the entire town.

I cannot stress too much the importance of 2 things.

First: Make up your own mind as to what you want and tie it up with a contract concise enough and strong enough so that you get it. Like the man who told his 6 year old son that if the boy would jump from a 10' height he would catch him. At the moment of the jump the father walked away and then remarked, "That will teach him not to trust anyone, not even his father."

Second: This, perhaps, is the more difficult. Be prepared to pay for it. I don't know about the rest of the state, but 30% of the towns in Bergen County have been told to revalue for 1969 and the appraisal firms are having a field day.

Some of these towns had re-valuations not too long ago which did not stand up, either because the job was sloppy or was not up-dated properly or perhaps both. Assessors in New Jersey, more than any other state, have attained professional status. Let's live up to it and not take the easy way out by leaning on mass appraisal firms. If they cannot or will not provide what we want, consider the practicability of, with the same amount of money, doing it with extra help under your own supervision. I believe this approach has great possibilities.

After "sounding off" up here for 2 years in a row, I had promised myself to relax this year, but this subject has bothered me for the past 8 or 10 months. I have tried unsuccessfully to get someone else to do it and finally, at the last moment, I let myself be talked into the job. I'm afraid that one of the results is that, because of lack of time, I have rambled and been repetitious. For this I apologize.

All through this paper I have referred to Public Relations which are an important part of

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Revaluations

(Continued From Page Fifteen)

Professionalism. Good Public Relations leading to the property owners' confidence in and respect for you will add immeasurably to the personal satisfaction that makes work a pleasure instead of a job. You must have all the facts to inspire this confidence just as the Doctor must have all the symptoms of a patient, or a Lawyer must have all the facts to advise a client. Each Assessor must decide for himself what details are important to proper assessment and use them consistently.

Winer v. Twp. of Randolph

(Continued From Page Ten)

all its officers and employees, excepting the members of the governing body and the chief executive officer, whose salaries are to be fixed otherwise. Under this statute, the municipality is granted the express authority "to fix and alter the salaries to be paid to any appointed * * * assessor * * * but no such ordinance shall reduce the salary of any such officer during the term for which he shall have been * * * appointed." (Emphasis added)

It is the defendant's position that the office of Secretary to the Board of Assessors does not come within the purview of the latter clause of 40:46-23 and therefore, the Township Committee had the right to reduce the salary of this plaintiff.

It is for this Court to determine the meaning of the term of "Assessor" as used in N.J.S.A. 40:46-23.

N.J.S.A. 40:46-6.3 interprets the term "assessor" to include "members of the Board of Assessors".

In 1959 the Township of Randolph duly created a Board of Tax Assessors to replace the office of Assessor. This Board was created pursuant to N.J.S.A. 40:145-19 which provides that "any township not governed by the commission form of government * * * may abolish the office of assessor and appoint a board of three assessors of taxes to appraise and value the property in such township * * *". Thus, this statute makes a board of assessors the equivalent of a tax assessor.

The 1959 ordinance provided in part:

"Section 1. The office of assessor of taxes in and for the township of Randolph shall be abolished as herein provided. There shall be appointed in lieu thereof a Board of Assessors of Taxes to appraise and value property in the township: * * *

Section 3. The Board of Assessors of taxes shall consist of three members * * * The Township Committee shall designate one of such members as the Secretary thereof. * * *

Section 4. The said Board shall perform all the duties imposed by law upon assessors in townships * * *

Section 5. The members of the Board shall receive such salary or compensation as the township committee shall from time to time fix by ordinance.

The position of Secretary of the Board of Assessors of taxes is not a post separate and apart from that of "member of the Board". An examination of the ordinances of the Township of Randolph from 1959 to the present and the affidavits submitted by the parties indicates the following:

(1) The office of Secretary is an inherent part of the Board of Assessors of Taxes.

(2) It is not a position separate and apart from that of "member".

(3) It has, since the inception of the ordinance creating the board, been the obligation of the Secretary to

(A) Prepare the tax duplicate book;
(B) make field measurements;
(C) make the actual assessments of real property within the Township;
(D) enter the assessments on the property index cards;
(E) supervise the transfer of the data from the cards to the tax duplicate books;
(F) maintain all correspondence to and from the Assessor's office;
(G) answer all questions from taxpayers regarding their individual assessments;
(H) appear on behalf of the Township in connection with tax appeals at both the County and State levels.

(4) All members of the Board sign the tax duplicate book.

(5) The other two members of the Board have on occasion assisted the Secretary in making field measurements.

(6) All three members vote on any matter before it.

(7) At least two members of the Board must concur on any matter voted upon.

It is evident that the person holding the post of Secretary does not perform any function not performed by an individual assessor under the system in existence prior to 1959.

The ordinances which were passed since 1959 establishing the pay scales for the board members makes a distinction as to remuneration based solely on amount of work performed within the Board itself, and not on the basis of distinctions in functions, i.e. the Secretary is not paid any additional monies for work not connected with the job of assessor.

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Superior Court Decision

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Arbach, is duly elected tax assessor.

The admitted facts are that on January 11, 1964 plaintiff was appointed to fill an unexpired term as tax assessor for the Township. He had been elected assessor for the Township by an election held in November 1963. He took office, by virtue of said election, on July 1, 1964 for a term of four years, and has been in continuous service since January 11,1964. On August 2, 1967, in accordance with the provisions of the statute then in effect, he received a tax assessor's certificate from the Division of Taxation. At the general election held for tax assessor on November 11, 1967, plaintiff was defeated at the polls by the defendant, Arbach. In a recount Arbach was affirmed as the winner and now claims he is entitled to take office as of July 1, 1968.

The narrow issue is whether plaintiff has tenure entitling him to the office despite his defeat at the election.

The defendants contend:

1. Plaintiff does not have tenure.
2. This is actually a **quo warranto** suit and not a declaratory judgment suit, and under **Rule** 4:88 since it was not brought within 45 days after the recount, it is now barred.
3. Plaintiff is estopped from now questioning the results of the election because of his alleged laches.
4. If the statute is deemed to give plaintiff tenure it is unconstitutional since it benefits only a special class.

I start with the principle that one must read **N.J.S.A.** 54:1-35.25 through 35.34 as a whole to ascertain the intent of the Legislature, including the preamble annexed thereto. It appears obvious that the Legislature felt it necessary to enact laws setting forth standtrds for persons seeking the position of tax assessor. They provided that only persons with college degrees, who took special examinations and passed them, may qualify for the job of tax assessor. There is no need to discuss the validity of establishing such standards since they are obvioius. However, it is also clear that the statutes indicate the Legislature's further intent to create grandfather provisions for assessors then holding office. The statutes went into effect May 4, 1967 at a time when plaintiff was in office.

I think it would be helpful if I briefly referred to sections of these statutes. If we are to look first at the preamble it recites:

"WHEREAS, The local property tax is the major source of revenue in State-local finance in New Jersey; and

WHEREAS, It is certain that the property tax will remain vitally important to New Jersey in the foreseeable future; and

WHEREAS, It is essential that the burden of the property tax be distributed equitably among the taxpayers in accoradnce with the law; and

WHEREAS, It is recognized that no other single factor is so important in insuring the competent and equitable administration of the property tax as that the tax assessment be made by a well-qualified person;" (and I am underscoring the last few words.)

So we turn to the statute—bearing in mind that this was passed in May of 1967, and was looking into the future—

"Commencing in 1968, the Director of the Division of Taxation shall, annually, in March and September of each year, hold examinations of applicants for certification as tax assessor."

As far as I can recall, this is the only statute that makes this type of provision for a public official, requiring him to take an examination, pass it and be certified, to be sure that he is qualifed to serve in the position to which he was elected.

It goes on—and I am not going to give all of the standards—it sets an age limit, it requires an examination, the man must be a graduate of a 4-year college, an approved college, before he can even qualify to take the examination, or to run for the office, or to be appointed to the office. That is the first section.

I am skipping two because it has no bearing. I am skipping three because it has no bearing. Then I come to Section 35.28, which is entitled, "Certificate issued without examination." It says:

"In the case of an applicant who, on or after effective date of this act but not later than June 30, 1969, while actually in office as an assessor or performing the duties of an assessor, whether in the classified or unclassified service, under Title 11, Civil Service, or in a municipality which has not adopted Title 11, Civil Service, shall furnish proof that he has received certificates indicating satisfactory completion on or before June 30, 1969 of training courses heretofore designated***" "the director shall issue to such applicant a tax assessor certificate*** This is loosely called a grandfather's clause for those in office who may qualify under this statute, provided it is done before June 30, 1969.

Then there is the next provision dealing with revocation or suspension of these certificates. Then we get to the next section dealing with certificates necessary for appointment, reappointment, election or reelection. I refer to it only because it points up that the Legislature was intending to deal with the future. It starts off by saying, "Except as herein otherwise provided, no person shall on and after July 1, 1971, be appointed or reappointed, or elected or reelected, as tax assessor in any municipality in this State unless he shall hold a tax assessor certificate." I am not reading the balance of that section because it clearly points up that they were dealing with the future. No one after that date would be able to serve as tax assessor unless qualified under the provisions of the statute.

I turn now to the one the plaintiff relies upon, Section 35.31. The Title is, "Reappointment or re-election; term; removal."

"Notwithstanding the provisions of any other law to the contrary, every person

(1) who, upon reappointment or re-election

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Superior Court Decision

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subsequent to having received a tax assessor certificate and having served as tax assessor or performed the duties of assessor for not less than 4 consecutive years immediately prior to such reappointment or re-election***" I am stopping there to interject that obviously the Legislature there is dealing with what was to happen in the future under Section 1. Then it goes on to say,

"or (2) who, on or before June 30, 1969, shall have received a tax assessor certificate while actually in office as assessor or performing the duties of an assessor, and who, on or before June 30, 1969, shall have served as assessor or performed the duties of assessor for not less than 4 consecutive years,

shall hold his position during good behavior and efficiency notwithstanding that such reappointment or re-election was for a fixed term of years, and he shall not be removed therefrom for political reasons but only for good cause***"

It is clear to me that Section 2 deals again with what I term loosely as the grandfather provision for those who are in office, provided they comply with the terms of that statute, which I will refer to in just a moment. Turning now to the next section, it creates the tenure of office, and it says:

"On and after July 1, 1969 no assessor shall acquire tenure of office under any law of this State unless he shall have received a tax assessor certificate. Nothing herein contained shall be construed to affect tenure of office theretofore acquired nor to affect in any way the unexpired term of office of any assessor theretofore appointed or elected,***"

The quoted portions of the Act are what I consider to be the important or relevant parts of that particular statute. I am of the opinion that Section 1 of N.J.S.A. 54:1-35.31, which I have just read, is meant only to apply to persons seeking the office of tax assessor in the future.

Section 2, however, is what I term the grandfather provision, it gives tenure to those in office on May 4, 1967 who, on or before June 30, 1969, have received their tax assessor certificate, and who, on or before June 30, 1969, shall have served as assessor for not less than four consecutive years. Plaintiff having been appointed January 11, 1964, and having received his certificate August 2, 1967, and having served four consecutive years, meets the conditions in Section 2 and has tenure.

On this point my thinking is corroborated, if you will, by the publication put out by the State of New Jersey Local Property Tax Bureau News, Department of the Treasury, Vol. XV, #2, February 1967. While I fully recognize it is not binding on me, it certainly expresses the views of those who are knowledgeable on this subject and vitally interested in this type of legislation. I am only going to read the portions that I think are applicable.

"The main purpose of the bills—" and they are now talking about the statutes I have referred to, "—is ultimately to insure professional administration of the property tax by establishing certain minimum qualifications for assessors, by encouraging training programs, by examining for professional skills and by protecting the professional assessor. Special provision is made to certify and protect assessors now in office who have successfully completed certain courses; other assessors now in office will be exempt from the examination features of the bills***" "Assessors now in office, however, can achieve certification without an examination. If the assessor successfully completes Principles of Municipal*** the assessor may receive a tax assessor certificate without examination." Finally, near the end of the article the author writes:

"However, assessors now in office can win tenure without re-election or reappointment if they have served four consecutive years in office and have achieved certification by June 30, 1969.

It appears that under the new bills it will be possible for a substantial number of assessors now in office to acquire tenure of office as soon as the bills become law and the certification process is established***."

The present suit is properly brought for declaratory judgment and not as a prerogative writ action. Plaintiff has a right to have a declaratory decision by this court as to whether or not he has tenure. A declaratory judgment suit is an appropriate method to test the validity and interpretation of a statute.
State v. Baird, 50 N.J. 376. I suggest if Arbach were to take office on July 1, 1968 and this suit had not been brought, it might then be held that plaintiff, if he wanted to contest Arbach's right to office, would have to sue within 45 days after Arbach took office.

The doctrine of estoppel based on laches, in my opinion, does not apply. If, as I have held, the plaintiff received tenure under the 1967 statute, the fact that he mistakenly ran for the office in November 1967 and was defeated, should not deprive him of his tenure rights. Such rights may only be lost by resignation or for cause. At least there must be a voluntary waiver with full knowledge of its effect. Such a waiver is not present in this case.

Defendants' argument that plaintiff knew or should have known of his tenure rights and should not have run for election strikes me as being specious. The Borough Clerk and Arbach are also charged with that knowledge, and equitably, I don't see why plaintiff should be the one to suffer because of what to me was obviously a mistake on everybody's part. It is clear from the proofs that no one realized the effect of the tenure statutes.

The statutes in question, in my opinion, are constitutional. Without going into great detail, suffice it to say there are many statutes which preserve rights to those in office when a particular statute is passed, and such statutes have always been held to be valid. I need only cite NJS 2A:8-7 which provides that all magistrates

in New Jersey must be attorneys, excepting such non-attorneys then serving as magistrates. Such is not an unreasonable or arbitrary classification. See Devlin v. Cooper, 125 N.J.L. 414 (E. & A. 1940).

In conclusion, plaintiff's motion for Summary Judgment will be granted. Defendants' motions are denied. I will ask counsel for the plaintiff to submit an appropriate order, consented to as to form by his adversaries.

Mobile Homes

(Continued From Page Seven)

charge so much per space on an annual basis regardless of whether or not it is occupied. The license fees vary in amount throughout the state.

Finally, we come to the mobile home itself. If we no longer assess those in parks, how should the municipality control them? The best method is through a local licensing ordinance, which should be in addition to the park ordinance just mentioned and should apply only to mobile homes in mobile home parks. It must be recognized, however, that due to the various methods of control now in effect throughout the state, a uniform policy for treating mobile homes will not be easily obtained.

On the other hand, some municipalities now have hundreds of mobile homes within their boundaries. They house people for whom municipal services must be provided, including fire and police protection, welfare and relief, educational facilities and governmental services. This represents a sizeable budgetary item to many municipalities. Since there has been a loss of tax revenue, a license fee for each mobile home will help to replace it.

Another point in favor of a license fee is in regard to the mobile home purchased on a conditional sales contract. The license fee is collected when the mobile home moves in. If the owner defaults on his contract, seldom is there a loss to the municipality.

It could also be stated that there is little or no loss from the standpoint of how long the mobile home remains in the park, as usually these license fees can be charged on an annual, monthly or weekly basis. These fees vary throughout the state. Your speaker has knowledge of monthly charges from $5.00 to $15.00 and weekly charges of $2.00 and $3.00. In the case of Bellington vs East Windsor Township reported in the Appellate Division at 32 NJ Super 243, 108 A2d 179 in 1954 and in the Supreme Court at 17 NJ 558, 112 A2d 268 in 1955, the ordinance in question that established a $2.00 per week license fee was upheld. This municipality has since increased its fee to $3.00 per week.

The Elk Township case dispelled the argument of those owners who have procured a trailer license from the State Motor Vehicle Department to move their mobile home over a public highway, claiming exemption from a local license. The license received from the state is a limited use privilege and does not grant an exemption

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Winer v. Twp. of Randolph

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Further, neither this plaintiff, nor his predecessor have ever been paid two salaries - one as a board member and one as Secretary of the Board. Each ordinance since 1959 clearly states that a member shall receive specified amount of dollars and the Secretary shall receive another specified amount of dollars. From March 10, 1967 (when the salary of Secretary was increased to $2200.00) until March 7, 1968 (when plaintiff ceased to receive payroll checks from the Township) Seymour Winer obtained a bi-weekly check from the Township treasurer in the amount of $84.61 - a total of $2199.86 for the year. This was his only source of income from the Township for his work on the Board of Assessors.

If, in fact, there was ever a distinction made or intended by the town fathers between the positions of secretary and member, then during this period of time the plaintiff would have received an additional $200.00, which amount would represent his income for serving as a member of the Board.

This Court finds, then, that the post of Secretary of the Board of Assessors of Taxes does come within the protection of N.J.S.A. 40:46-23. As a consequence the Courts finds that paragraph 5 of Ordinance No. 13-68 is void.

While examining the ordinances fixing salaries within the Township the Court found that almost every position within the township was granted a substantial pay raise through Ordinance No. 13-68 - the greatest raise being $6500.00. There are thirty-five (35) job classifications set forth in the Ordinance. Only four of these positions remained at the same level of pay. Two positions were newly created, that is, the Clerk of the Elections and Assistant Building Inspector, and two jobs were eliminated, the position of garage foreman and that of building inspector. It is noteworthy that Seymour Winer had held the position of building inspector until this time. The only office that received a reduction in salary ($1800.00) was that of Secretary of the Board of Assessors of Taxes.

After examination of the foregoing, the Court holds as a matter of law, that this ordinance was the result of arbitrary, capricious and unreasonable action on the part of the Township Committee of Randolph. It being such, it is declared to be null and void.

Therefore, this Court directs that the defendants pay to the plaintiff, Seymour Winer, all salaries due him from March 7, 1968, to date, at the rate of $2200.00 per year, and that they continue to pay him until the end of his term, that is, June 30, 1971, or until such time as he shall resign. Further, defendant is to pay interest from March 7, 1968, to date of judgment at the rate of six per cent (6%), plus costs of suit and counsel fees.

Order to be submitted by counsel for plaintiff.

JACQUES H. GASCOYNE
Judge

Mobile Homes

(Continued From Page Nineteen)

under the Motor Vehicle Act for any local charges.

What we are striving for is a policy of uniformity. It is accordingly recommended that each municipality that permits mobile homes to come in, if they have not already done so, to adopt an ordinance to regulate their parks and enforce it. They should also adopt and enforce an ordinance to establish a license fee for each mobile home. The amount of the license fees should be commensurate with the level of such charges for their area, ever keeping in mind the application of home rule and the economic climate of their community.

In conclusion therefore, it is repeated that mobile homes in parks are no longer taxable, while those located on private lands and in use are taxable.

Municipalities can prohibit and regulate mobile homes on private lands and established parks. They can license the park by ordinance. License fees for each mobile home in parks can and should be established by local ordinance.

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Lloyd Koppe, Treasurer,
Box 11, Scotch Plains, N. J. 07076

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