

New Jersey

Assessors

Bulletin



AFFILIATES

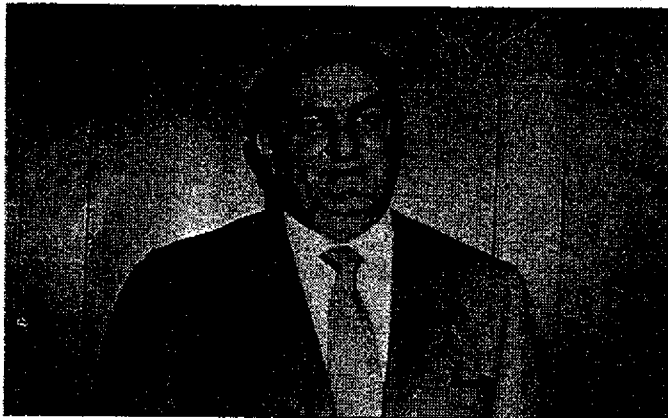


VOL. 8 No. 4

Association of Municipal Assessors of New Jersey

DECEMBER, 1969

SAMUEL BEFARAH ELECTED PRESIDENT



Samuel Befarah, Assessor of Asbury Park was elected President of the Association of Municipal Assessors of New Jersey at their Annual Meeting held in Atlantic City on November 19, 1969.

Mr. Befarah has been in the assessing field for many years, has been a Vice President since 1965 and has served on many committees. He is a member of the International Association of Assessing Officers and served as I.A.A.O. Representative from New Jersey for two years. He is also a past president of the Monmouth County Assessors Association.

Sam is in the process of formulating his committee appointments for 1970 and in a later issue will present the program he intends to follow during his tenure in office. He wishes to thank all members of the association for their confidence in electing him President and hopes through great effort and unity ours will become a stronger association.

NORTHEAST REGIONAL CONFERENCE OF ASSESSING OFFICERS

As you all should know by now, this year New Jersey will be host state for the 14th Northeast Regional Conference. The Conference will be held at the Cherry Hill Inn, Cherry Hill, Camden County, N.J., on May 10th to May 13th 1970.

The officers of this year's conference are: president, Clarence Delgado; Secretary, Patrick T. Corbett; Treasurer, Theodore Swarer; Program Chairman, Edward Markowich; Finance Chairman, Samuel Befarah; Prizes and Gifts, Angela Szymanski.

Further information and reservation cards will be mailed to each county secretary for distribution to every assessor. Del urges all assessors to make every effort to attend, get your reservations in early and anyone with ideas regarding prizes and gifts to contact Angela Szymanski, Municipal Bldg., Middlesex, N.J., 08846 phone (201) 356 - 7400.

COUNTY OFFICERS

It is urgently requested that the Secretary of each County Association send the names, addresses, and phone numbers of the current officers to our state secretary Theodore Swarer, Box 11, Scotch Plains, N.J. 07076.

EFFECT OF BASE YEAR ON INCOME PRODUCING PROPERTY

By

Alfred J. Greene, Jr., Assessor
Clifton, New Jersey

ECONOMIC DEFINITION OF VALUE:

An economic definition of value might be expressed as the power of one commodity to command other commodities in exchange, in form of money, at a given time and place. However, the term "value" has a more abstract connotation than does the term "price". For example, a person might pay a ridiculous price for an article which to most others would not represent the value of the article at all. Obviously, then, value is a different thing or concept from price. It contains an element of judgement, of subjectivity, of evaluation that is absent from a simple sales transaction.

In reviewing assessment standards in various other states, it is generally accepted or intended that the basis of tax assessments be reflective of "market value" even though other terms such as "true value", "full cash value" etc. are used. The levels of assessments vary and can either be full 100% market values or fractions thereof. In addition, courts in most of the states reviewed in this study, have been uncompromising in their insistence on equity of assessments and on the same standard rule of valuation. This has been indicated to mean that any particular property must be valued in accordance with market value, but adjusted so that the evaluation will be the same as the value given to comparable properties; this is to insure that property assessments be made in such a way that every owner of taxable property would pay his proportionate share of the cost of government and particularly annual increases.

The following passages are excerpted from "The Role of the States in Strengthening the Property Tax" (Advisory Commission on Intergovernmental Relations - June, 1963):

To meet the requirement of uniformity, the assessor, using the particular valuation methods that are most suitable for each class of property, must produce not only intraclass but interclass uniformity. This means, for example, that his appraisal of any given dwelling not only must have the same relation to market value as his appraisal of any other dwelling but must have the same relationship as that for any factory, grocery store, vacant lot, etc. The only true basis for the assessor's appraisal is market value. Once that is determined correctly for all taxable property, the basic uniformity is not affected by the use of the fractional assessments for tax purposes (and in addition promotes the concept of "base year" thinking").

Because of the inherent difficulties in determining precisely the market value of some clas-

ses of property, because market values are not static, and because objective assessment procedures must be supplemented to some extent by the assessor's judgement, the attainment of absolute equality of assessment throughout a taxing district is not feasible. If the assessor can keep the variation in ratios within a fairly narrow range he is doing a very acceptable job.

The technical feasibility of finding market value must be qualified, as noted, by allowance for a reasonable range of tolerance. Precision as to the level of assessment is no more attainable than precise uniformity of assessment. Market Values must be approximated in many instances and, additionally, they undergo constant change of cyclical as well as secular change. Not all these changes, moreover, are uniform within a community; some occur variously in different sections as these sections improve or deteriorate.

A complete reassessment each year may not be feasible or desirable; but if the checking of significant changes is a continuous process and adjustment for secular trend is made every few YEARS, assessing can achieve what former Milwaukee Tax Commissioner Thomas A. Byrne calls "a conservative full value rather than a precise reflection of the market level in any year."

The foregoing illustrates the thinking of what we are discussing today, base year concept of valuations for assessment purposes, with periodic revisions. This has been in effect in other states including Iowa changing its base every four years; Connecticut every 10 years; Ohio every 6 years, etc.

We had quite a discussion on the "Base Year Concept" last year at our conference here at Rutgers and today's topic for your consideration, "Effect of the Base Year on Income Producing Property" should generate further questions and thoughts that might assist us in ultimately achieving the goal of use of base year values in New Jersey.

CAPITALIZATION AND BASE YEAR VALUES

Inflationary trends combined with widely known weaknesses in the income approach play havoc with assessments. Taxpayers are fully aware that capitalization of income is afforded great weight on appeal resulting most often in unwarranted relief.

WHY UNWARRANTED—As tax rates climb in keeping with larger municipal budgets, the burden is supposed to be borne equally. Any current capitalization of net income tends to conflict with statutory requirement of equitable and uniform assessments.

Simple arithmetic dictates that the higher the rate used in capitalization, the lower the answer indicating value.

Taxpayers of income producing properties can therefore take undue advantage of increases in the tax rates and interest rates to influence a lower assessment. If relief is granted on appeal, in any such case, the taxpayer escapes his obliga-

tion to his community to pay his fair share of the larger budget requirement.

EXAMPLE — Assume a 100% base year assessment made in 1965, a net income of \$12,000 and a cap rate of 10% to include an 8% rate of return before depreciation and a 2% tax rate. Obviously the value indication via the income approach is \$120,000.

By way of illustration assume that the current 1969 tax rate is 4% and a reasonable rate of return is now 10% to produce a cap rate of 14% which when applied to \$12,000 indicates a value of \$85,714. We could even be more realistic and assume that the net income also went up \$2,000 to help defray the increased tax expense. In spite of this, a lower value is indicated because \$14,000 capitalized at 14% produces \$100,000 indicating an unwarranted lowering of the assessment.

BASE YEAR CAP RATE — It is proposed by many authorities that equitable and uniform assessments can be maintained by base year revaluations and subsequent periodic reassessments. Concerning income producing property, base year cap rates would have to remain in effect, otherwise different standards would be applied on appeal. This is what is taking place now, all over the country, in virtually every tax district. In short, the taxpayer in the minority, the squeaky wheel, using a current cap rate is quite often granted undue relief in the face of rising taxes for all other taxpayers. This results in shifting a part of his tax obligation to others.

In the previous example, the base year standard cap rate is 10%, therefore no relief on appeal is justified because there was no cut-back in net income before taxes.

LOSS IN NET INCOME — When using base year values, some practical means should be found for processing appeals.

One of the more outstanding methods suggested is to capitalize only the change in net income.
(Continued on Page Eight)

Become An S.M.A.

Municipal Service Bureau

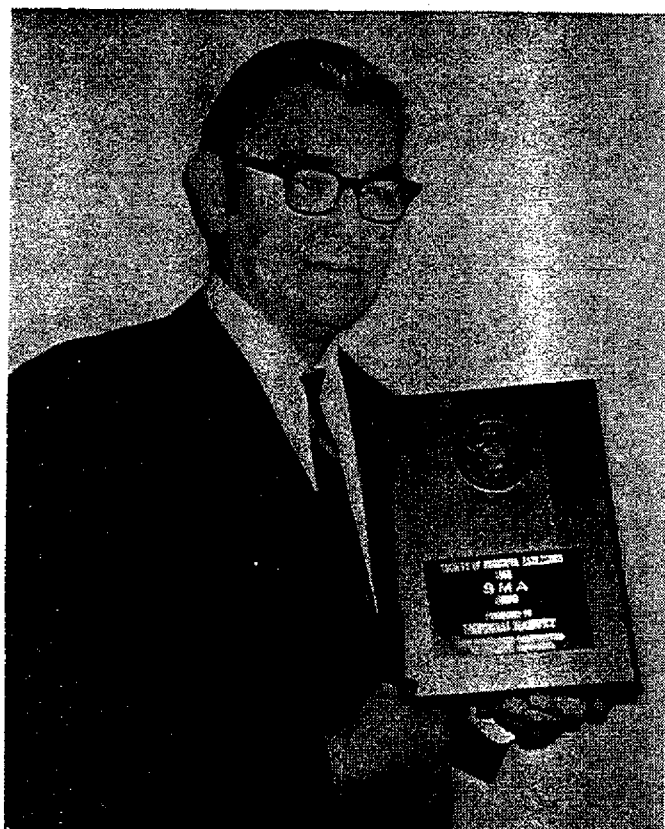
373 North Avenue, Dunellen, N. J. 08812
PHONE 968-0962 DAN TABLER

EVERYTHING

FOR THE

ASSESSOR

This is a New Jersey business owned and operated by the former Tax Assessor of the Borough of Dunellen.



The 1969 "SMA Award" was presented to Norman Harvey, Assessor, Englewood, N.J. This award is presented each year for an outstanding contribution to assessing knowledge. Mr. Harvey is well deserving of this award through his public speaking engagements and many articles he has authored for publication in the Assessors Bulletin.

Garden Apartment Symposium

Joseph J. Marmora, Robert W. Hendricks, Sam Herzog and James W. Wagner are the speakers for an all-day session on garden apartments set by the Delaware Valley Chapter 36, Society of Real Estate Appraisers for Friday, Jan. 30 in the new Trenton Holiday Inn.

Martin L. VanSant, secretary of the chapter, said the days events will include a luncheon talk by William Coyle, president of the International Society of Real Estate Appraisers, whose topic will be "Progress Through Cooperative Action."

VanSant and chapter president Raymond A. DeVito are co-chairmen of the garden apartment symposium.

There is room for only 300 persons so to be sure to have your registration accepted send a \$35 check payable to Delaware Valley Chapter 36 to John R. Gallaudet, Trenton Trust Company, 28 West State Street, Trenton, N.J.

This has to be one of the biggest bargains of the year. You hear the top authorities talk about garden apartments and your ticket includes lunch, dinner and cocktail hour.

One of the highlights of the day will be the dinner talk by Adelaide Shaffer Campbell, realtor and member of the American Institute of Appraisers.

ANNUAL MEETING

The annual meeting of the Association of Municipal Assessors of New Jersey was held at Atlantic City, N.J. on November 19, 1969. Meeting was called to order by President Daniel Kiely at 2:15 P.M. Approximately 240 members were in attendance.

Invocation was given by Marriott Haines.

Minutes of the Annual Meeting of 1968 were approved as submitted in the December Bulletin of 1968.

Treasurer's report shows a balance of \$8284.72 in all accounts. A suggested 1970 Budget was submitted in the amount of \$7000.00. Motion was made, seconded and carried that Budget be approved.

Letter from Alfred Greene was read in which he thanked the Association and members who worked for his appointment to the Executive Board of the I. A. A. O.

Edward Markowich reported on the education program. He stated that 283 took the Spring courses and 88 in the Fall. The A. D. P. courses for Assessors and Collectors at Toms River — 80 took the courses. He also stated new courses would start some time in January. Each Assessor would be notified by Rutgers.

John Murray, Chairman of Research, stated he was unable to give a report on salary ranges at this time as many did not return the questionnaire. Mr. Murray stated he would continue his study.

Samuel Befarah, Chairman of Government Affairs had no report at this time, but wished to thank his committee for their help during the year.

Charles Fouquet, Chairman of the Marching & Chowder Annual Outing, reported 90 members and guests were in attendance and 88 remained for dinner. A profit of \$33.07 was turned over to the Treasurer. He thanked the Committee who assisted him and the donors who contributed gifts.

Charles Taylor, Chairman of the Al Weiler Award Committee, stated he had received three (3) nominations for the award. The award was presented to William Brewer, Editor of the Bulletin, for his contribution of time and effort. Mr. Taylor stated the other recommendations for the award would be placed in nomination for the award in 1970.

William Brewer, Editor of the Bulletin, reported four (4) issues were mailed in 1969, reaching between 1250 and 1300 assessors and municipal officers.

Theodore Swarer, Secretary, reported there were 778 members who paid dues as of November 19, 1969.

Russel Wilson read the changes in the By-Laws as printed in the October issue of the Bulletin. It was moved, seconded and carried that the changes in the By-Laws be adopted as submitted.

Harley Hesson, Chairman of the S.M.A. reported on the Annual S.M.A. Conference which was a success; and the brush-up course that was held before examination. Edgar Renk presented

Norman Harvey with the second annual S.M.A. award for his contribution of articles published in the Bulletin.

George Linger, Chairman of the Nominating Committee, submitted the following list of Officers for the ensuing year — 1969-70.

President	Samuel Befarah, Jr.	2 years
1st Vice Pres.	H. Randolph Brokaw	1 "
2nd " "	Charles Fouquet	1 "
3rd " "	John Murray	1 "
4th " "	Charles Taylor	2 "
5th " "	William Bailey	2 "
6th " "	Myron H. Solonyinka	2 "
7th " "	Achley O. Elmer II	2 "
Sargent-at-arms	Walter Salmon	2 "
Secretary	Theodore Swarer	3 "
Treasurer	William Brewer	3 "

There being no other nominations from the floor, the Secretary cast a ballot for the election of the officers as submitted. Carried unanimously.

Motion made, seconded and carried that a salary of \$250.00 be paid to the Treasurer annually.

Robert Ebert stated he would like to see an Advisory Committee appointed by the new President to approve all grievance cases of the claimant. This would be a five (5) member committee with the county president as a floating member. That a retainer fee be established for our attorney. Minutes would be kept of each meeting. He also

Professional Assessors

- Recognize -

GROWTH, RISING VALUES

NEW CONSTRUCTION

ADDITIONS

- Obtain -

FULL VALUATION THROUGH

REVALUATIONS WHICH

**REDUCE TAX RATES
MEET RISING BUDGETS**

That is why our services have grown
to 150 municipal contracts

Municipal Revaluations, Inc.

MAIN: 120 Main Street, Avon, N. J.

BRANCH: 124 West State Street,
Trenton, N. J.

stated the attorney would advise on legal procedure where warranted. Also that the President of the Association and the County President be notified immediately and proper notice be given to the Advisory Committee.

Edward McKenna reported on the I.A.A.O. stating that Al Greene was elected to the Executive Board of the I.A.A.O.

Old Business — None

New Business: A discussion was held regarding certification. It was requested that the Director of the Division of Taxation notify the Mayor or Council when an assessor is certified. Alan Hart speaking for the Director stated this was not possible. L. Pisacane stated that all new assessors should be made known to the county president so that the county and state could note their records.

Edward Markowich reported on the Conflict of Interest Bill. No action has been taken.

Clarence Delgado reported the registration fee to the N.E.R.C. would be \$20.00.

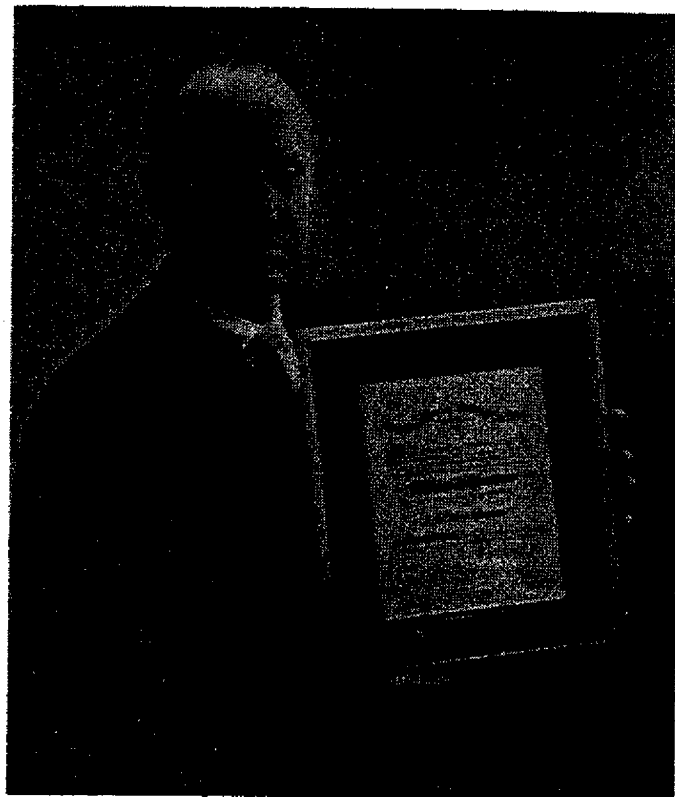
It was moved, seconded and carried that the meeting be adjourned. Meeting adjourned at 3:30 P.M.

Theodore Swarer, Sec'y

STATE DUES PAYMENTS

Keeping a current and accurate record of the names, addresses and taxing districts of all dues paying members of our state association is a difficult job and quite important to the members involved. It is therefore urgently requested that the following format be followed.

- 1) All state dues should be paid through the county association.
- 2) When submitting state dues payments please include name of member, taxing district, title and in the case of new members their mailing address including zip code.
- 3) Please submit all dues payments to:
WILLIAM A. BREWER, Treasurer
Assn. of Municipal Assessors of N.J.
P.O. Box 909, Plainfield, N. J. 07061



The 1969 "Al Weiler Award" was presented to William A. Brewer, Assistant Assessor, Plainfield, N.J., for outstanding achievement in the assessing field and contributing to assessor education.

Mr. Brewer, in his capacity as Executive Editor of the New Jersey Assessors Bulletin has made every effort to keep New Jersey assessors informed of current happenings throughout the state.

Bill, a graduate of Rutgers University, has been in the assessing field for ten years. He is an SMA, a member of the International Assn. of Assessing Officers, treasurer of his county association and also treasurer of the Association of Municipal assessors of New Jersey.

Patronize Our Advertisers



North American Appraisal & RESEARCH CORP.

Revaluation and Appraisal Services

★ COMPLETE REVALUATIONS

★ INDIVIDUAL APPRAISALS FOR
ADDED ASSESSMENTS & DEFENSE

★ ANNUAL MAINTENANCE

★ TAX MAPPING

★ DATA PROCESSING

★ CONSULTATION

60 Glen Avenue, Glen Rock, N.J. 07452

201 - 447 - 1655

Association of Municipal Assessors of New Jersey

NEW JERSEY ASSESSORS BULLETIN

P. O. Box 909, Plainfield, N. J. 07061 — PL 6-3497

Quarterly Publication

OFFICERS

President — Samuel Befarah, Jr.
 Vice Presidents — H. Randolph Brokaw
 Charles Fouquet William T. Bailey
 John Murray, SMA Myron H. Solonyka
 Charles H. Taylor Ackley O. Elmer
 Secretary — Theodore F. Swarer
 Treasurer — William A. Brewer, SMA
 Sergeant-At-Arms — Walter W. Salmon SMA

EDITORIAL BOARD

Norman Harvey — Editorial Page Editor
 William A. Brewer SMA — Executive Editor
 Theo. Swarer
 Robt. Petrallia SMA
 Frederick Mott
 Michael Heaney SMA

STATE OF NEW JERSEY DEPARTMENT OF THE TREASURY DIVISION OF TAX APPEALS BERGEN COUNTY DISTRICT

TOWNSHIP OF WYCKOFF
 Petitioner
 vs
 RICHARD L. & LENA SYLSTRA
 Respondent
 RICHARD L. & LENA SYLSTRA
 Petitioner
 vs
 TOWNSHIP OF WYCKOFF
 Respondent
 JUDGE
 CARMINE F. SAVINO, JR.

DOCKET NO.
 L241 65-4 and
 L 204 66

DOCKET NO.
 L 241 65-3
 L 203 66

OPINION

APPEARANCES:

For Township of Wyckoff: Arthur L. Troast, Esq.
 For Richard L. & Lena Sylstra: John D. Morrison, Esq.

This is an appeal by Richard L. Sylstra and Lena Sylstra, his wife, who are the owners of Block 75, Lot 4 located in the township of Wyckoff, New Jersey, and they have appealed to the Division of Tax Appeals for added assessments for the years 1965 and 1966 covering roll-back taxes. The Township of Wyckoff has cross-appealed; Block 75, Lot 4 consists of 22.3 acres and was devoted to agricultural use during the years in question, 1965 and 1966. As a result of the Farmland Assessment Act which went into effect in 1965, the property received preferential treatment during 1965 and 1966. During those years the one acre occupied by the farmhouse, commonly referred to as the "home lot", and excluded from preferential treatment under the Farmland Assessment Act, was assessed at \$6,000. The remaining 21.3 acres devoted to agricultural use was assessed at a total value of \$1,300 for each of the years in question.

As a result of the sale of Block 75, Lot 4 in 1967 for \$275,000 or \$12,300 per acre, the property in question lost its preferential treatment under the Farmland Assessment Act and was sub-

(Continued on Page Nine)

STATE OF NEW JERSEY DIVISION OF TAX APPEALS

ROBERT T. DONNENWIRTH
 and SUSAN DONNENWIRTH
 Petitioners
 vs
 TOWNSHIP OF EDISON
 Respondent

OPINION

APPEARANCES:

Garretson, Levine, Goceljack & Hollander, Esqs.
 By: Robert P. Levine, Esq. for Petitioners.
 Roland A. Winter, Esq. for Respondent.
 CONVERY, J.,

This is an appeal for exemption. The following facts were stipulated:

Petitioner Robert T. Donnenwirth and Susan Donnenwirth, his wife, have been the owners of property known as Block 593, Lot 33 on the Tax Map of the Township of Edison, County of Middlesex, since July 18, 1968.

On September 6, 1964 Petitioner, Robert T. Donnenwirth entered in active service with the U.S. Marine Corps as a Second Lieutenant. On October 27, 1965 while training as a jet pilot, Petitioner was injured in the crash of his aircraft in Meridan, Mississippi, causing complete paralysis and classification as a quadraplegic by the United States Veterans Administration. On June 1, 1968, Petitioner was transferred to the Retired List with a 100% disability rating. In 1968, Petitioner received a \$10,000.00 grant from the Veterans Administration to construct a home on the aforementioned property.

The Tax Assessor of the Township of Edison assessed Petitioner's property for the year 1969 and Petitioner appealed to the Middlesex County Board of Taxation who denied the appeal on March 3, 1969, solely because Petitioner's Active Service was not in the Southeast Area of warlike conditions.

The appellant relies on R.S.54:4-3.30. The pertinent part of that statute is:

The dwelling house and the lot or curtilage whereon the same is erected, of any citizen and resident of this State, now or hereafter honora-

(Continued on Page Ten)

TREASURER'S REPORT

November 19, 1969

Balance Checking Acct.
Nov. 1, 1968 \$1171.85

Receipts:

Membership 1968 (36) \$ 108.00
Membership 1969 (778) 3890.00
Associate Members 1969 925.00
Bulletin Ads 1968 & 1969 1475.00
S.M.A. 1024.96
Other 352.00

7774.96

Total Receipts \$8946.81

Disbursements:

Check Nos. 271 to 357
Bulletin \$1892.10
Executive Meetings 886.59
I.A.A.O. 50.00
Atlantic City Convention 41.00
S.M.A. 1156.28
Secretary's Salary 250.00
President's Expenses 795.30
Miscellaneous 1119.32
Postage & Box Rental 116.54
Printing & Stationery 29.35

Total Disbursements \$6336.48

Balance Checking Acct.
November 19, 1969 2610.33

Balance Savings Acct.
November 19, 1969 574.39

Certificate of Deposit —
Due Oct. 4, 1970 5000.00

TOTAL CHECKING & SAVING
ACCT. November 19, 1969 \$8184.72

Trenton Savings Fund
(Al Weiler) 100.00

\$8284.72

Respectfully submitted,
Lloyd Koppe, Treasurer

Monies forthcoming \$600.00 from Bulletin Ads



Joseph M. Lukowiak, Assessor of River Edge, is shown above on the right receiving a twenty five dollar check from Clarence Delgado. The check was given to Joe as the "Sounding Board Award" for his paper entitled "The Assessors Image" which he presented at the Rutgers Conference last summer.

New Officers Of State Association

The following assessors were elected to head the Association of Municipal Assessors of New Jersey for the 1969-1970 term. The new officers were elected at the Associations Annual Meeting held during the League of Municipalities Conference in Atlantic City.

PRESIDENT: Samuel Befarah, Jr., 710 Bangs Ave., Asbury Park, N.J. 07712, (201) 775-2100, Asbury Park, Monmouth County.

VICE PRESIDENTS: H. Randolph Brokaw, 2090 Greenwood Ave., Trenton, N.J. 08607, (609) 586-3500, Hamilton Township, Mercer County;

Charles Fouquet, Municipal Bldg., Parsippany, N.J. 07054, (201) 334-3600, Parsippany, Morris County;

John Murray, SMA, Municipal Bldg., Millburn, N.J. 07041, (201) 376-2030, Millburn, Essex County;

Charles H. Taylor, Municipal Bldg., Pompton Lakes, N.J. 07442, Pompton Lakes Boro, Passaic County;

William T. Bailey, 575 Ryders Lane, East Brunswick, N.J. 08816, (201) 846-4201, East Brunswick Twp., Middlesex County;

Myron H. Solonyinka, City Hall, Bayonne, N.J. 07002, (201) 339-1400, Bayonne, Hudson County;

Ackley O. Elmer, City Hall, Ventnor City, N.J. 08406, Ventnor City, Atlantic County.

SECRETARY: Theodore F. Swarer, Municipal Bldg., Scotch Plains, N.J. 07076, (201) 322-5106, Scotch Plains, Union County.

TREASURER: William A. Brewer, Rt. 5, Flemington, N.J. 08822, (201) 756-3497, Raritan Twp., Hunterdon County.

SERGEANT-AT-ARMS: Walter W. Salmon, 33 Main St., Moorestown, N.J. 08057, (609) 235-0912, Moorestown Twp., Burlington County.

OUR PLANT TO YOU

PUBLIC NOTICE TAX ASSESSOR

Modern Tax Books Bound-Loose Leaf. Fit any machine or system approved by your county board.

We know the requirements for your Tax List and Duplicate sheets and books. Whether you use Pen and Ink, Typewriter, Addressograph, National, I.B.M. CONTINUOUS FORMS, or ANY machine, we can design a form YOU can use and your County Board will accept. Almost all our Back sheets have been revised. Five categories of Exempt Property sheets, Personal Property sheets up to DATE. The New State Dept. Requirements Adhered To — Send us your present sheet and we will call and go over the revisions with you.

GEORGE W. MILLER & SON

THE MUNICIPAL SUPPLY HOUSE OF NEW JERSEY
Palisades Park, N. J. Ridgefield, N. J.
Phone 944-1010 Special Mailing Box 33, Palisades Park, N. J.

Effect On Base Year

(Continued from Page Three)

come before taxes by the base year cap rate. Of course base year cap rates are always subjective and therefore different for different persons and different types of properties. Assume in the example previously used that the net income before taxes \$10,000 showing a \$2,000 loss. The latter figure capitalized at 10% indicates a loss in value of \$20,000 and that relief to the taxpayer is warranted. More important, the method forces the taxpayer to play fair. He can no longer come in with an unrealistically high current cap rate, for to do so would reflect a far less loss in value.

REDUCING NUMBER OF APPEALS — Since only a change in net income would be subject to capitalization in the interim years between revaluations, it is obvious that the appeal work load would be drastically reduced. It is estimated that appeal traffic could be effectively reduced to say 20% to 25% of the current number.

NEW CONSTRUCTION — Some thought should be given to relying on the cost approach for all new construction. (Except in extenuating circumstances.) The common sense of the matter in most all cases is that someone believed the new construction warranted, and his cost was most assuredly not less than his market value. In simple terms the fair market price to acquire something newly built is the fair cost to build it inclusive of overheads, commissions and a fair margin of profit. Relative to income from new construction, a realistic set of figures can not be made available until the property is in operation a reasonable number of years. Only then can true operating ratios be established. This condition contributes the practical school of thought, that the cost approach is more reliable for all new construction except in most unusual cases.

THE APPRAISAL PROCESS — All new construction during the interim period between revaluations should be valued via the base year replacement cost schedule. This provides equitable and uniform treatment. Base year systems do not contemplate any change in the widely accepted methods of appraising-assessing. The standards used of course must remain in effect until a new district wide reassessment is made. To change, in mid stream so to speak, for any one property would result in applying standards in conflict with those employed for the equitable assessment.

DIFFERENT STANDARDS — Actually, the practice of different standards relative to the income approach is currently widespread particularly on appeal. To make matters worse, assessment ratios further compound the tax fractures to homeowners, who can not employ the income approach.

Thus it becomes more clear that current cap rates and current ratios, which are by-products of market prices and assessments, should be outlawed because they are not applicable to base year values and are in conflict with the base year guide rules used to control the quality of the assessment.

**SIMULATED BASE YEAR ASSESSMENT
VIA INCOME APPROACH
(1965 - 100%)**

Gross Income	\$ 90,000
Vac. & Loss Allowance (5%)	4,500
Effective Gross Income	\$ 85,500
Operating Expenses (25%)	\$ 22,500
Net Income Before Deprec. & Taxes	\$ 63,000
Overall Capitalization Rate	
Interest	6.50%
Taxes (100% Reval. — Effective)	3.00
Deprec. (bldg. ratio X rate=0.70 x 3% yr.)	2.10
Total	11.60%
Indicated Value (100%)	
\$63,000 ÷ 0.116 = (rounded)	\$543,100
Taxes (1965)	
\$ 543,100 x 0.03	\$ 16,293

**SIMULATED ACTUAL APPEAL
VIA INCOME APPROACH
(1969)**

Gross Income	\$100,000
Vac. & Loss Allowance (5%)	5,000
Effective Gross Income	\$ 95,000
Operating Expenses (25%)	\$ 25,000
Net Income Before Deprec. & Taxes	\$ 70,000
Overall Capitalization Rate	
Interest	8.00%
Taxes (rate X ratio=5 x 0.80)	4.00
Deprec. (bldg. ratio X rate=.70 x 3% yr.)	2.10
Total	14.10%
Indicated Value	
\$ 70,000 ÷ 0.141 (rounded)	\$ 496,500
Assessment Ratio	0.80
Claims Assessment Should Be	\$ 397,200
Claims Taxes Should Be	
\$397,200 X 0.05	\$ 19,860

**EQUITABLE TAX OBLIGATIONS OF
TAXPAYER ON 1969 APPEAL**

One Method (Presumption of Correctness)	
Base Year Assessment	\$543,100
1969 Tax Rate	0.05
Taxpayers 1969 Tax Obligation	\$ 27,155
Proof of Above	
Tax Rate changed from 0.03 to 0.05 for all taxpayers.	
Taxpayers increased obligation=0.05 ÷ 0.03=	
166.67%	
1965 Taxes	\$ 16,293
Obligation Increase	1.667
1969 Tax Obligation	\$ 27,155
Appeal Denied	
His gain in Net Income was \$7,000 and the common sense of the matter is that he is not entitled to tax relief.	

Township of Wyckoff

(Continued from Page Six)

ject to an added assessment for "roll-back" taxes for the two previous years, 1965 and 1966. NJSA 54:4-23.8 entitled "Roll-back taxes; determination of amounts", provides in part:

"When land is in agricultural or horticultural use and is being valued, assessed and taxed under the provisions of this act, is applied to a use other than agricultural or horticultural, it shall be subject to additional taxes, hereinafter referred to as roll-back taxes. In an amount equal to the difference, if any, between the taxes paid or payable on the basis of the valuation and the assessment authorized hereunder and the taxes that would have been paid or payable had the land been valued, assessed and taxed as other land in the taxing district, in the current tax year (the year of change in use) and in such of the two tax years immediately preceding in which the land was valued, assessed and taxed as herein provided."

Consequently, and in accordance with his interpretation of the statutory mandate, the Wyckoff Tax Assessor made an added assessment for the 21.3 acres which had received preferential treatment for the years 1965 and 1966 under the Farm-land Assessment Act. The added assessment was in the amount of \$106,500 for the 21.3 acres. This added assessment of \$106,500 when added to the \$6,000 assessment of the one acre "home lot",

amounts to a total assessment of \$112,500.

On appeal to the Bergen County Board of Taxation the total assessment on the 21.3 acres which were subject to roll-back taxes was reduced to \$84,200 for each of the years in question.

Testimony was given by Albert C. Bogert, a real estate appraiser. He testified as to the value of property in the municipality of Wyckoff during 1965 and 1966 and gave several comparable sales in the immediate area that actually had increased in value and in some cases sold in excess of \$12,000 per acre.

Testimony was given by Frederick Mott, of the municipality who was the tax assessor during the years 1965 and 1966. Mr. Mott testified that he had systematically increased the assessment on all vacant properties in his municipality in accordance with the raise in market value.

The taxpayer offered no rebuttal testimony but based his appeal on the interpretation of the act that the roll-back would be on the basis of the 1964 assessment, the last assessment before the farm preferential assessment.

It appears clearly to the court that 54:4-23.8 authorizes the tax assessor to base his roll-back assessment on the true value of the property on the roll-back years, that is 1965 and 1966.

It is the Judgment of this court that the decision of the Bergen County Board of Taxation be sustained and that the total roll-back would be \$84,200.00 for each of the years in question.

CARMINE F. SAVINO, JR.

FOX & BOTTON, INC.

Authorized Data Center

FOR THE

New Jersey Real Property
Tax System

SPECIALIZING IN
Data Processing For
Municipalities

- Payrolls—Municipal
and Board of Education
- Court Docketing
- Accounts Payable
- Water and Sewerage Billing
and Accounts Receivable

(201) 741-0050

124 STATE HIGHWAY 35

RED BANK, N. J.



THE J. M.
CLEMINSHAW CO.

1601 Brookpark Road
Cleveland, Ohio 44109

New Jersey Regional Office:

117 Meadowbrook Drive
North Plainfield, N. J.
07062

Phone: 201-754-4844

Specialists in The Revaluation
of MUNICIPALITIES for
Local Tax
Equalization Purposes

The J. M. Clemminshaw Co. has devoted over forty years to helping the Assessor achieve tax equalization of real, personal and public utility properties, as expertly and fairly as humanly possible. The experience of over one hundred fifty appraisers in the revaluation of over three hundred towns, cities and counties in twenty-six states is available to you at a cost that is extremely low in comparison with the benefits received.

Our brochure and descriptive literature
is available upon request.

YOUR INQUIRY IS CORDIALLY INVITED

"Public Appraisal Service Is A Public Trust"

Robert T. Donnenwirth

(Continued from Page Six)

bly discharged or released under honorable circumstances, from active service, in time of war, in any branch of the Armed Forces of the United States who has been or shall be declared by the United States Veterans Administration or its successors to have a service-connected disability from paraplegia, sarcoidosis, osteochondritis resulting in permanent loss of the use of both legs or paralysis of both legs and lower parts of the body, or from hemiplegia and has permanent paralysis of one leg and one arm or either side of the body, resulting from injury to the spinal cord, skeletal structure, or brain or from disease of the spinal cord not resulting from any form of syphilis; or from total blindness; or from the amputation of both arms or both legs, or both hands or both feet, or the combination of a hand and a foot sustained through enemy action, or accident, or resulting from disease contracted while in such active service shall be exempt from taxation, on proper claim made therefor, and such exemption shall be in addition to any other exemption of such person's real and personal property which now is or hereafter shall be prescribed or allowed by the Constitution or by law but no taxpayer shall be allowed more than one exemption under this act.

The facts fit the statute squarely provided the Vietnam conflict is a war. The respondent claims first that the petitioner was injured in the United States and not in a war zone. The statute does not limit the place where the injuries may be sustained. The other contention is that the United States never declared war and that only Congress has this power. It is right in stating that only Congress may declare war but the real question is, is there a war? In *Miele V. McGuire*, 53 N.J. Super. 506, the Court held that the so called "police action" in Korea was a war. Judge Scherer stated on Page 512, "It would be difficult to convince those citizens and their families, particularly where death and injuries occurred during the Korean conflict, that this was not a war in every sense of that word. Lack of a formal declaration of war did not mitigate the suffering of the wounded nor the sorrow of the families of the dead".

In the present conflict which began with our

country acting as an advisor has now snowballed into a full fledged war. You cannot have an army of over 500,000 men as advisors. The war has cost the lives of over 30,000 men and billions of dollars have been spent. To say we are not at war is to make ourselves as ridiculous as the North Vietnam government which insists they have no troops in South Vietnam. While there has not been a formal declaration of war and hence no "de jure war", we are certainly in a de facto war. The statute set forth above states "in time of war". The question then arises what was the intent of the legislature? They did not limit the language to a "de jure war" even though the statute was amended in 1965. In 1965 the whole world knew that with the advent of nuclear war and the possibilities thereof, that a war could take place and be over before Congress could convene. Probably a "de jure war" is a thing of the past. I find that the legislature fully intended that a war such as we are fighting in Vietnam was intended to be covered by the statute, else, with their knowledge of how wars start in this atomic age, they would have limited the statute to a "de jure war".

Enter judgment allowing the exemption.

In Memorium

During my life I have been governed by: Interplanetary Laws, International Laws, Federal Laws, State Laws, County Laws, Municipal Laws, Corporation Laws, Blue Laws, Bylaws, Outlaws, and In-laws.

I have had to pay: Property Tax, Personal Tax, Business Tax, Head Tax, Poll Tax, School Tax, Gasoline Tax, Income Tax, Excise Tax, Amusement Tax, Luxury Tax and Carpet Tax.

I have had a: Drivers License, Business License, Dog License, Bicycle License, Fishing License, Hunting License, Boat License and a Marriage License.

I have had to carry: Life Insurance, Property Insurance, Burglary Insurance, Accident Insurance, Business Insurance, Old Age Insurance, Marine Insurance and Fire Insurance.

AS AN ASSESSOR I have been: Inspected, Expected, Suspected, Disrespected—Rejected, Dejected, Projected — Appointed, Disappointed, Anointed, Disjointed — Informed, Uniformed, Reformed, Deformed — Examined, Cross-examined, Commanded, Demanded, Summoned, Fined, Repelled, Compelled and Expelled.

I have been: Talked About, Lied About — Held Up and Held Down.

I have had to: Assess, Re-assess, Progress, Regress, Disgress — Evaluate, Re-evaluate, Stipulate, Innovate, Rebate, Debate and Procrastinate.

I have considered: True Value, Market Value, Little Value, No Value, Negative Value and the Neighbors Value — I have Depreciated, Appreciated, Deleated and Repeated — I have been Policed, Released and now I am DECEASED.

AND I SURE HATED TO GO 'CAUSE NOW I'LL NEVER KNOW HOW THIS WILL TURN OUT.

Special for The Assessor

HOOK END WOVEN TAPES

50-ft. leather case, \$9.95 100-ft. leather case, \$15.50

Woven linen with copper wires. Refills available.

NON-RUSTING — NON-CRACKING

All tapes come graduated in either 10ths or 12ths.

MIDGET MEASURING WHEEL

Measures inside-outside all around the house.

Records feet and inches or feet and 10ths.

Handle 25" extends to 37" — Fast-simple-accurate.

LOWEST PRICE EVER, \$25.00

Write for literature. Complete line tapes-wheels.

B. G. REILLY COMPANY

P.O. Box 231, Dept. N.J.A.-10, No. Scituate, R.I. 02857

Don't Forget

NORTHEAST REGIONAL CONFERENCE of ASSESSING OFFICERS

Cherry Hill Inn
CHERRY HILL, NEW JERSEY

May 10th to 13th 1970

Make Your Reservations Early

Municipal Revaluation • Assessment Equalization

REALTY APPRAISAL CO.

A NEW JERSEY ORGANIZATION
DEDICATED TO SERVING NEW
JERSEY ASSESSORS.

- Over 110 Revaluations
- Full Time Skilled Staff
- Exclusively in New Jersey

For Brochure and Qualifications, Contact:

REALTY APPRAISAL CO.

4912 Bergenline Avenue
West New York, N. J.

UNION 7-3870

JOSEPH RUBENSTEIN
M.A.I., CHIEF APPRAISER

UNION 7-0015

ROBERT I. RUBENSTEIN
M.A.I., ASSOCIATE APPRAISER

J. WALTER JANKOWSKI

CLUB

NAVAHO

MANOR

239-40th St., Irvington 11, N. J. 07111

Accommodations for 20 to 1000

For Reservations Phone 201-875-3637

EDP at MDP

For over 11 years we have been providing EDP Service to Assessors and Collectors.

We now Computer prepare the Tax List, Duplicate, Field Book and Tax Bills for more than 30 municipalities. One reason we have never lost an Assessor or Collector as a customer is that we meet their requirements.

MANLEY DATA PROCESSING COMPANY

Telephone: 201-843-5005
Paramus, New Jersey 07652

in an age of computers

call the *Personable* professionals



has sure hands

Sure we use computers. But how concerned will a computer be when you're put on the spot to answer questions on tax revaluations. That's when you really need a hand . . .

one of the sure hands of Associated Surveys. To phone up . . . To clear up . . . To back up. Everyone knows machines make mistakes. But who ever heard of one being sorry about it.



ADMINISTRATIVE OFFICE
8087 South Dixie Highway
Miami, Florida
Phone 661-2557

DISTRICT OFFICES
Connecticut:
New Jersey:
North Carolina:
Washington, D.C.

ASSOCIATED SURVEYS

NEW DIMENSIONS IN TAX REVALUATION PROGRAMS.

for those tax assessors who
are burning the midnight oil . . .
we'll supply the lamp
FREE!



ASSOCIATED SURVEYS
1350 Route 23
Wayne, New Jersey

Please send information on:

- ☐ Tax Revaluation Programs ☐ Tax Mapping ☐ Appraisal Services
☐ Assessment Manuals ☐ Tax Systems and Procedures

Name _____

Title _____

Address _____

Don't forget my oil lamp!

5-5

Association of Municipal Assessors of New Jersey NEW JERSEY ASSESSORS BULLETIN

P. O. Box 909, Plainfield, N. J. 07061 — PL 6-3497

BULK RATE
U. S. Postage
3.8c PAID
Plainfield, N. J.
Permit No. 119

BERNARD J MARX ASR
777 BRQAD STREET
SHREWSBURY NJ 07701