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The New Jersey Tax Assessor

An outline regarding:

- **Obligations and Responsibilities within the current structure**
- **Evaluating the current structure**
- **Benefits vs. Risks to changing the current structure**

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I. Obligations and Responsibilities within the current structure

Identity Crisis – Who are Tax Assessors?

- The Assessment Organization – at ALL LEVELS – suffers from a lack of known or observed **PROFESSIONAL IDENTITY** that distinguishes them from the typical “rank and file” government employee.
- Outsiders (and uniformed “insiders”) see the Assessor as performing an **ADMINISTRATIVE SERVICE** (handling paper, forms, generic questions, etc) – vs. providing a **PROFESSIONAL SERVICE** (a successful Tax Assessor has a command of numerous skill sets).

Becoming a Tax Assessor

Basic Requirements:

1. Obtain a 4-year college degree <or>
Obtain 4 years of work-related experience
2. Pass a comprehensive 6-hour examination
3. Submit to a police background check

Being a Tax Assessor

Advanced Requirements:

1. Have a strong working knowledge/command of the following private-sector professions:
 - a. *Appraising*
 - b. *Accounting*
 - c. *Construction*
 - d. *Economics*
 - e. *Real Estate Sales*
 - f. *Real Estate Law*
 - g. *Land Use & Planning*
2. Have exceptional people / communication skills

Staying a Tax Assessor

- 30 Hours of **CONTINUING EDUCATION** Credits every 3-years. Most Assessors take well in excess of that amount in order to stay current in all aspects of their profession. This continuing education is more like **CONTINUING TRAINING**, which is necessary to handle the extremely diverse portfolio of properties routinely under their watch.

Many Masters – a Blessing or a Curse?

- Unlike almost any other position in local government, the Tax Assessor is accountable to several different “bosses”, at varying levels of political and governmental authority:

The Curse...(?)

- The Tax Assessor is immediately accountable and subordinate to the **MANAGER / ADMINISTRATOR** of the municipality in which they work – like any other municipal employee. This is despite the “immunity” the Assessor receives legislatively as a “quasi-judicial” entity, which only keeps the Tax Assessor’s “work product” from any local governmental influences, not their “work practices”.
- And, the Tax Assessor is also directly accountable to the **COUNTY TAX ADMINISTRATOR** for the county they work in. This accountability is more “procedural” – to make sure the Assessor is complying with all the Statutory Requirements of their office.
- And, the Tax Assessor is also directly accountable to the **DIRECTOR OF THE DIVISION OF TAXATION**. This subordination is also based on fulfilling statutory obligations, as well as “professional ethical obligations”.

The Blessing...

- **CHECKS AND BALANCES:** It is not uncommon for a Tax Assessor to be overly manipulated at the local level.
 - Public pressure on administration and governing body officials sometimes results in the same “pressure” being applied to the Assessor (by the administration and/or governing body) regarding their specific work product and/or decisions about assessments.
 - When this happens, the Assessor can seek intervention from the County Tax Board (through the County Tax Administrator).
 - If the matter is egregious enough, the County Tax Board may seek the intervention of the Division of Taxation.

DEPARTMENTAL INTERACTION

For the TAX ASSESSOR

At the LOCAL "MUNICIPAL" LEVEL



- The above graphic depicts the **ROUTINE INTERACTIONS** between the various departments of any given municipality with the Tax Assessor's Office.
- This does not even contemplate "outside" interactions with the public (taxpayers, outside professionals, other governmental agencies).
- In all but the largest towns and cities - the "typical" Assessor's Office is manned on a full or part-time basis by a single licensed Assessor, with the help of a full or part-time clerical assistant.
- Despite the size of any given municipality, the core departmental needs and interactions remain the same – only the volumes may be different.

LOCAL TAX ASSESSOR RESPONSIBILITIES (Typical “highlights” only)

Inner-Dept	Legal	Gov’t Agencies	Public
<ul style="list-style-type: none">• Tax Collector• CFO• Auditor• Planner• Planning Admin• Zoning Office• Engineer• Bldg Inspector• Town Clerk• Town Manager• Town Attny• Governing Body	<ul style="list-style-type: none">• County Appeals• State Appeals• Eminent Domain• Special Assmts• Municipal Auction	<ul style="list-style-type: none">• County Tax Bd<ul style="list-style-type: none">○ Reval○ Reassess○ Chap 101○ Tax Book• Div of Taxation• COAH• Census Bureau	<ul style="list-style-type: none">• Gen Info Requests• Outside Professionals• Deductions• Exemptions• Farmland• Chapter 91• Ownership• Sales Ratio• Added Assmts• Taxpayer Reviews

- The Tax Assessor, and the Assessor’s Office specifically, essentially serves at the **HUB OF INFORMATION** within the municipality. The Assessor’s Office is also structured to serve as the primary **RECORDS REPOSITORY** for the municipality.
- The above chart depicts the “typical” responsibilities associated with this profession – either in the form of **INTERACTIONS** and/or **SPECIFIC TASKS**.
- This list is by no means comprehensive. Each of NJ’s 566 individual municipalities has needs that may be unique based on their own demographics, geography, political structure, infrastructure, and regulatory boundaries. Even within the “highlights” as listed above, there are specific needs that may be uniquely individual to each municipality, and that vary and change over each occurrence.
- The Tax Assessor is required to have the personal first-hand knowledge to be able to deal with any of these responsibilities. The Assessor may, from time to time, be able to leverage some of these responsibilities onto a subordinate staff member (usually an “Assessing Clerk”) – but the responsibility for satisfying any of these tasks lies squarely with the Tax Assessor alone.
- The Assessor must have excellent people skills and organizational skills in order to function effectively and efficiently with regard to the above responsibilities.

II. Evaluating the current structure

Is it Broken?

- The recent push in the legislature, as well as among various County Officials across the State, toward a “regionalization” of the Assessment Function seems to be emanating from the **PERCEPTION** that the current system is **broken / ineffective / or inefficient**. There is simply no factual proof in this regard, and most of the references to this “issue” seem to originate from anecdotal commentary.
- **Revaluation** and **Reassessment** programs are generally seen as unnecessary, wasteful costs. The popular thinking is that somehow we must learn to **LEVERAGE TECHNOLOGY** to take over these functions in order to provide for “net savings” over a period of time.
- Tax Assessment Offices are almost all understaffed at a time when the public demand for information and services is at an all-time high. The OPRA legislation made local government almost completely transparent, which has caused an increase in demand for information now that people know they can have access to it.
- Multiple “public information” sources – primarily located on the internet – have increased the demand for information.
- Public access to Assessment documents has resulted in above-average scrutiny of these documents by property owners.
- Regulatory changes – most recently COAH and the Highlands – continue to Increase the workload on Tax Assessment Offices
- The lowering of municipal staff levels (either partially or in full) has created a further burden on the Tax Assessment Office in order to provide the quickest possible response to workload obligations and information requests.

Haste Makes Waste

- Technology is only a TOOL. Alone it cannot appraise, value, or assess property, settle litigation, and competently discuss property ownership issues with the public. After 9 years, PAMS is nowhere to be found, and cannot be expected to fulfill any of its lofty promises going forward.
- The “unnecessary, wasteful costs” associated with Revaluations and Reassessments are more based on Regulatory Constraints and “unfunded mandates” than the actual labor cost of the various programs (i.e. Tax Map updates, inspections, Chapter 101, etc.).

See email response from Scott Holzhauer, Tax Assessor, on 12/30/09 to Rich Kunze, Oakland Boro Administrator, regarding the question of Mandates (as requested by Bill Dressel). This deals specifically with the topics of Revaluation and Reassessment, the pros & cons, and the financial consequences of the obstacles and the programs themselves...

Cart Before the Horse

- The attempt to centralize personnel and control of the Assessment Function, without a thorough understanding of the Total Impact on the municipality, does a permanent disservice to the taxpayers
- All existing legislation, rules, and regulations should be examined for their direct impact on the “cost of production” regarding how the Assessing Function – and all its ancillary facets (such as Revals, Reassessments, and property maintenance) – is carried out.
- The above analysis should be conducted BEFORE going with the nuclear option of revamping the entire system of local ratable management in favor of any type of central or regional model.

III. Benefits vs. Risks to Changing the Current Structure

How to Measure Benefits

- The objective goal of “benefits” in the specific scenario dealing with centralization of the Tax Assessment Function should measure the following:
 - Total Cost Savings
 - Individual Cost Savings (to the “average” property owner)
 - Service “Efficiency” Gained (quicker, more responsive)
 - Service “Competency” Gained (greater accuracy)

How to Measure Risks

- Most of the “risks” associated with any proposed consolidation of the Assessment Function are “intangible” – and difficult to quantify and/or measure. Consequently, they have simply **BEEN IGNORED** within any of the limited Risk/Benefit studies that have been recently conducted pertaining to the Assessment Function.
- Just because it may not be readily observable, does not mean that Risk – primarily in the form of **FINANCIAL EXPOSURE** – does not exist.
- Ratable management is more than just determining the “right assessment”. Very often **TIMING** can be a crucial element to controlling unnecessary costs. Mistakes in this regard are often treated as “oversights”, but have real financial consequences. Examples of this include:
 - When certain **litigation** is resolved (timing is **CRUCIAL!**)
 - When changes in **property status** are implemented (i.e. farmland, exemptions, demolition, new construction, etc.)

- Timely execution of **motions** during the litigation process that involve Chap 91 issues and Tax Payment status
- Understanding the real **date when a property value changes** based on approvals, zoning, legislation, and regulatory actions

Let's Gather Around the Middle

- The premise of Centralized Assessing (either County, or some other regionalized nexus) will naturally gather toward the middle. The predominance of data, market activity, and public interactions will make the valuation of this "segment" a higher priority than the remaining property on either end of the strata.
- Reduced personnel, with reduced and/or limited local knowledge in a given municipality, will simply not be able to provide the proper attention to the lower volume of properties at either the upper or lower end of the valuation spectrum.
- Inadequate attention to properties at the upper-end of the price spectrum will likely result in "money left off the table" regarding their proper market valuation. This becomes a "cost" – based on lost revenues – to the other properties in the spectrum.
- Inadequate attention to properties at the lower-end of the price spectrum will likely result in the over-assessment of many of those properties. It will simply not be financially feasible under a regional Assessment Scenario to have the limited personnel of the department spend any disproportionate amounts of time on property that generates very little revenue, or is not likely to "cause much of a hit" with regard to any Tax Appeal litigation.
- This puts an even further undue financial burden on people who can afford it the least – and who often have little means to even contest the results (most will not be able to afford to hire an appraiser or attorney to assist with a Tax Appeal).

Property Tax Impact - Too Great for our State!

- The reality in New Jersey, vs. many other States, is that we **Rely Too Heavily on Property Tax** to fund governmental operations.
- Because of this heavy reliance, a greater than “typical” burden is placed on ALL ASPECTS of the Assessment Function. The slightest mistake or “oversight” can have huge fiscal consequences.
- Playing to the center may work in States that have very low property tax structures, because there is much less at stake in “generalizing things”. Being off on a property assessment by 10% is much less consequential when the annual taxes are only \$2,000 – in comparison to the same scenario in New Jersey where the same taxes may be \$15,000.
- Our heavy reliance on property taxes in New Jersey, coupled with the highly charged Tax Appeal litigation niche that has developed over the past 2 decades, does not lend itself to Regional Assessing due to the greater tax dollars at stake (in comparison with other States).
- Under the current financial scheme of high-reliance on property taxation, the highest chance for financial success – measured in the converse by “limiting severe fiscal exposure” for the municipality – is for LOCAL, HANDS-ON Handling of the Tax Assessment Function by skilled “professionals”. Most municipalities currently employ Tax Assessors that have long working histories with those towns that they presently serve.
- Until this financial system changes, the current Tax Assessment model employed at the municipal level is the most competent to provide for the needs of the public, the needs of the municipality, and “keep the horse from getting out of the barn” (a.k.a. severely limit financial exposure), while simultaneously maximizing revenues in a secure manner.

CONCLUSIONS

The function of Tax Assessor at the municipal level can be compared in an analogous fashion to that of a **FUND MANAGER** (or Asset Manager). The Tax Assessor is the only person licensed and authorized, by Statute, to establish assessments on an annual basis. The ratable base for each municipality becomes the "index" upon which all tax revenue, aid, and equalized expenses are derived.

Note: The County Tax Board does have some ability for "oversight" regarding the filing of the Tax Book – but without direct first-hand knowledge of any given property, it is virtually impossible to have the County Tax Board override an assessment determination by the Tax Assessor in favor of another figure.

Recent legislation however regarding "County Assessing", along with the myriad of discussions, political meetings, and the establishment of various Commissions and Committees, has brought this topic front and center for detailed analysis and study.

Unfortunately, any objective review of the responses to this situation from certain members of the Legislature, County Officials, and even some local Municipal Officials, is revealing of a **disturbing level of naiveté** (ignorance?) with regard to the following:

1. How the Assessor's Office actually functions
2. What the Assessor specifically does
3. How specialized the Assessor's knowledge is of the communities they work for
4. How the Assessor integrates into a cohesive municipal government operation
5. How easily the public can directly interact with the Assessor's Office

All of this seems to be intentionally overlooked or undervalued based on the all-elusive and noble guise of "saving the taxpayers money". All short-term "findings" seem to be driven strictly on the premise of reducing personnel – which logically would reduce salary, and eliminating Revaluations through

technology-based solutions. Unfortunately, the **"OPPORTUNITY COSTS"** associated with those findings are never discussed. The cost ramifications of these items need to be thoroughly identified, understood, and disclosed to all involved parties. Some of these decisions will involve:

Personnel

- ❖ Who will be the **"NEW PEOPLE"** replacing the old workers?
- ❖ Will the individual municipalities of each region or district (however the "Centralized Structure" is divvied up) benefit with those **PERSONNEL DECISIONS** – which will be out of their control – compared with the skill-sets they presently enjoy with their current personnel?
- ❖ Who will actually be conducting the **ANNUAL REASSESSMENTS**? What will be their experience and related skill-level to do that task?
- ❖ Who will be handling **TAX APPEALS**? Will this be for All Property Types – or just Certain Types (and/or value levels)?
- ❖ How will the **"UNEVEN COSTS"** associated with equalized redistribution of personnel expense be justified to those municipalities that will incur a greater expense than they are presently dealing with?

Municipal Services

- ❖ Who will **FILL THE VOID** in the Hub (as per diagram depicted under "Departmental Interaction for the Tax Assessor at the Local Municipal Level" – page 5 of this outline)?
- ❖ Will the **PUBLIC BENEFIT** from the same level of onsite access and direct service?
- ❖ Will the public benefit from the same **QUALITY OF SERVICE**?
- ❖ How will the **ASSESSMENT ARCHIVE** (comprehensive ownership records for every individual parcel of land within the municipality) be managed? How will **ACCESS** to it be governed and monitored?

Litigation

- ❖ Who will the **PROFESSIONAL EXPERTS** be (appraiser / attorney)?
- ❖ Who will **MONITOR** them? How will their work be assigned? Who will they report to? Will they operate under a fixed budget? What authority will they have in the litigation matters? Etc., etc., etc...

- ❖ Will the **TAX LOSSES** associated with reductions that stem from litigation be the sole responsibility of the town where the property was located?
- ❖ What **INPUT** will the individual municipalities have in the Tax Appeal litigation process? If this input requires professional assistance – who will be **FINANCIALLY RESPONSIBLE**?
- ❖ How will the “**UNEVEN COSTS**” associated with equalized redistribution of the expense for professionals be justified to those municipalities that will incur a greater expense than they are presently dealing with?

Revaluation / Reassessment

- ❖ Who will **PAY** for the **Initial Revaluations** within the Centralized Structure?
- ❖ If the County or Centralized Structure” funds these programs, will the **COST BE DISTRIBUTED** back to the affected municipalities through **EQUALIZATION**?
- ❖ How will the “**UNEVEN COSTS**” associated with equalized redistribution be justified to those municipalities that will incur a greater expense than if they had paid for the program on their own?
- ❖ Is the decision to conduct an **ANNUAL REASSESSMENT** financially beneficial to everyone (public, municipality)? Does this process undermine the concept of **TAX STABILITY**? The answer to the later question is definitely YES!

Other Issues

1. Cap and Switch: The Problem with Annual Reassessments

Also bearing great consideration with the overall topic of property taxation is the question dealing with annual Reassessments. While the 2010 budget cap law limits the overall “**levy**” to a 2% increase (excluding a handful of limited exceptions) – the distribution / redistribution of the modestly increasing levy out to the ratable base offers no assurances to any single taxpayer that their individual tax burden will comply with the 2% “cap”.

Of great significance is the fact that the “levy” in question is really the composite of operating budgets from 3 different governmental entities (municipal, county & school). All 3 entities are entitled to some measure of relief from the 2% cap through the application of approved exclusions.

The real issue at hand from the typical public’s point of view is the confusion between a Levy Cap and an Individual Cap. Each individual assessment is ultimately just a percentage of the whole that makes up the overall ratable base. If that individual “percentage amount” changes in relation to its prior position (let’s say it increases) – then the tax burden on that individual property owner will change (increase) at an amount unchecked by the 2% cap rule. This concept is hard for the general public to understand.

The only way to achieve a 2% Individual Cap would require the ratable base to remain completely “stagnant” from year to year, with only the Levy changing. This is simply not possible under NJ’s system of ad-valorem taxation. There are routine changes to the ratable base that occur during any given year resulting primarily from Tax Appeals, Added Assessments, Subdivisions, and the granting or denial of Exemptions and Farmland Assessment. In most instances, these items have a way of balancing each other out over time – thereby not likely impacting any single individual’s “percentage standing” as measured against the overall ratable base.

In good economic times, the scales would typically tilt in favor of existing taxpayers experiencing lower-than-expected tax increases. This occurs primarily because of the positive impact to the ratable base from Added Assessments and Subdivisions would likely outpace any negative impact from Tax Appeals. This situation would help to keep taxes down, and would likely result in an individual taxpayer getting a tax increase that was LESS than the overall percentage increase in the levy.

In bad economic times the opposite is also true. This in fact has been the norm in most municipalities throughout the State since at least 2009. When ratable losses from Tax Appeals outpace the positive impact of Added Assessments and new developments, individual taxpayers typically

get tax increase percentages that are more than the overall levy percentage increase. But even under this example, the percentage increase(s) would be born evenly across the board among all the ratables.

However, **when a Revaluation or Reassessment is conducted**, ALL VALUES (Assessments) are typically changed within the municipality. The problem here is that not all the values change in unison, resulting in different percentage level adjustments in assessments throughout the municipality. This "reshuffling" of the individual percentage contributions represented by each taxpayer as a "portion" of the overall ratable base quite simply wreaks havoc on any notion of tax stabilization. **This clearly offers the element of "false advertising" regarding how the public was initially lead to believe that the budget cap law would work FOR THEM.**

The only time Assessing Departments field complaints from the public regarding...

"how can my taxes have increased by much more than 2%? I thought there was supposed to be a 2% cap...",

is primarily after a Revaluation or Reassessment program has occurred.

And based on the mathematics behind a reshuffling of the ratable base, **this greater than 2% tax increase can even happen when a person's assessment remains unchanged or is even decreased.** The way that would occur would be if in fact the amount of other decreases in the municipality were at a percentage greater than the person complaining about their unexpected tax increase. This is a very confusing concept for the public to comprehend, and usually results in members of the public feeling they were somehow "duped".

When Revaluations or Reassessments occur only occasionally, there is usually a great deal of public relations and advertising required with those programs. This in turn foments the general expectation by the public that things in their tax world may be "shaken up" in the coming

year. Property owners are generally used to that situation and properly brace themselves to deal with it.

But when Reassessments occur annually, seemingly **as a matter of operational practice**, that same level of public awareness is not there, and leads to sharp criticism from those taxpayers that experience drastic tax changes – especially if their assessment may not have changed or perhaps had even gone down. This is definitely NOT a winning formula to instill public confidence in government.

2. Shared Service

The Tax Assessing field “as a whole” is already largely performing as a “shared service”. At last count (July 2013) there were 463 municipalities using the service of a **part-time** Tax Assessor only. This amounts to approximately **85%** of the 544 municipalities (excluding the 24 municipalities in Gloucester County that are currently operating under a Pilot Program utilizing a “county assessing” model).

Some other “shared” examples:

- In Sussex County alone, there are only 4 full-time Assessor’s out of 24 municipalities. Three of those Assessor’s hold at least one other “part-time” position as Assessor in another municipality. The Sussex County model is typical of most Counties throughout the State. This is certainly consistent with the desire for shared service. What this is NOT however consistent with is “centralized service” – and consequently, **CENTRALIZED CONTROL**.
- The recently enacted S-533 “Common Sense Shared Services Pilot Program Act” involves 5 counties – 3 in the north, 2 in the south. The 3 northern counties (Morris, Sussex, Warren) contain a total of 86 municipalities – but only 12 of them have a full-time Tax Assessor. The majority of the municipalities in this 3-county sample (86%) already utilize the services of a part-time Assessor.

3. Insufficient Data

Adequate study has simply not been conducted yet to determine that **CENTRALIZED SERVICE** has any advantages over the present system of **SHARED SERVICE** within the Tax Assessment profession. Further analysis of the Assessment function – both from a cost, service, and operational basis – should be encouraged to determine the full scope of any benefits and/or service compromises – before any meaningful decisions or legislative changes are made.

The extremely high-level of direct, first-hand knowledge of the community – along with all the specialized training to properly evaluate the “assets” (ratables) contained within, along with the intensive interactions among many municipal departments – elevates the position of Tax Assessor by the uniformed from the realm of “clerical” and “ministerial” to that of **PROFESSIONAL**.

Simplistic studies of salaries and one-time Reval Costs – without consideration of consequence, especially as it might pertain to appeal litigation – should not serve as the nexus to completely revamp one of the most intricate and heavily regulated functions of local government? The idea that individual municipalities will be shipping their full ratable responsibilities (and cost?) off to a higher level of government for some type of long-term meaningful savings, while still receiving the exact same level and quality of present services, is preposterous at this point in time.

Any **LEGISLATIVE CHANGES** to rules and laws that have the potential of greatly reducing costs at the local level (which by extension benefits the public thereafter) should be vigorously pursued as **FIRST STEP** before total reconstruction with inordinate startup costs (Revals).

CASE STUDIES RE: COSTS (FROM 3 DIFFERENT COUNTIES):

Hardyston Township (Sussex County)

- In 2009 the COST of the **ENTIRE ASSESSMENT DEPARTMENT** was approximately \$89,000 (all salary, benefits, office supplies, outside professional assistance, and litigation support).
- **This equates to an annual tax on the average homeowner of only \$19.79** – based on the average residential assessment of \$161,385 as computed from the 2009 Ratable Base
- The **total tax bill** to the “average homeowner” this year was **\$5,369**.
- The total Net Valuation Taxable of the municipality was \$724,911,827 (51.60% ratio)

Mendham Township (Morris County)

- In 2009 the COST of the **ENTIRE ASSESSMENT DEPARTMENT** was approximately \$47,000 (all salary, benefits, office supplies, outside professional assistance, and litigation support).
- **This equates to an annual tax on the average homeowner of only \$22.59** – based on the average residential assessment of \$1,051,385 as computed from the 2009 Ratable Base.
- The **total tax bill** to the “average homeowner” this year was **\$17,114**.
- The total **Net Valuation Taxable** of the municipality was \$2,170,029,798 (96.65% ratio)

Borough of Oakland (Bergen County)

- In 2009 the COST of the **ENTIRE ASSESSMENT DEPARTMENT** was approximately \$143,500 (all salary, benefits, office supplies, outside professional assistance, and litigation support).
- **This equates to an annual tax on the average homeowner of only \$27.40** – based on the average residential assessment of \$485,416 as computed from the 2009 Ratable Base.
- The **total tax bill** to the “average homeowner” this year was **\$9,961**.
- The total **Net Valuation Taxable** of the municipality was \$2,542,572,434 (91.83% ratio)

Comments on Case Studies

The cost to the average homeowner of the entire Assessment Office in the 3 municipalities listed previously – spanning 3 separate counties and with extremely different demographics, zoning, and housing stock – equates to an “average” amount of **\$23.26 per homeowner**.

What possible level of further efficiency can be achieved to lessen this cost? In an economy that sees NJ taxpayers with such high overall property tax bills – what possible savings from this \$23.26 “average annual cost” (per homeowner) will be regarded as “significant” by the public?

Even reducing that figure to ZERO does nothing tangible to relieve local taxpayer burden. And of course ZERO is not any type of option, unless the ad-valorem model is abandoned in favor of another taxing vehicle such as a consumption tax or greater sales/income taxes.

No one can presently say – based on any empirical data – what the REAL COST of a centralized (County or Regional) Assessing agency will be in terms of ACTUAL DOLLARS and SERVICES to the municipality – both short term and long term – and how that cost compares to the existing model (which is already predominately made up of part-time personnel).

In the case of each of the 3 municipalities listed above – all of which run in an extremely efficient manner – there is a strong likelihood of costs actually INCREASING under a “Central Assessment” structure. This presumption is based simply on the robust size of the existing ratable base in each of those towns in comparison to the present level of services they each enjoy from the current Assessment Department.

Past Email Dialogue Pertaining to Mandates...

From: Scott Holzhauer [mailto:holzy@ptd.net]
Sent: Wednesday, December 30, 2009 2:17 PM
To: 'Richard Kunze' (Borough of Oakland Administrator)
Subject: RE: Assr Response - AFFILIATE ASSOC MANDATES

Rich,

As per your request, the issue of mandates that affects the Tax Assessor's Office involve 2 primary items – (1) the Revaluation and (2) Reassessment functions, as follows:

1. **REVALUATION:** Despite being generally unpopular, it can be argued legitimately that a Revaluation is a “necessary” function from time to time in order to make sure that the burden of taxation is “equitably distributed” among all taxpayers. Therefore this cost to ensure fairness across the board is reasonable for a community to shelter. However, the often hidden and misunderstood cost pertaining to TAX MAP APPROVAL is in most instances completely without any merit, and represents a true BURDEN on the local taxpayers. I personally worked in the Revaluation business for 12 years, and have been an Assessor for the past 25 years, and during that whole time have never been able to remotely associate the costs pertaining to Tax Map Approval (both monetary and in terms of TIME and resources) to any meaningful benefit received that enhances the root goal of the revaluation. The primary functions of the Tax Map in the Reval process are as follows:
 - a. Determine property “lot size” (in terms of acreage, square footage, or frontage & depth)
 - b. Determine any “known” encumbrances, as observed on the map, that might affect the property value (easements, flood plain, irregular shaped lots, etc.)
 - c. Determine location-based proximity issues that might affect value (corner lots, distance to less-desirable facilities such as a residential property near a commercial property, location along known traffic corridors, etc.)

With regard to item “a” above – the lot size information in almost all instances is already maintained in the Assessor's CAMA file. At the very least, this should be a question researched by the State on an individual municipal basis prior to REQUIRING the Tax Map to be “updated”. The **lot size** is truly the most significant valuation element to be gleaned from the map. But if this information is already in the Assessor's computer system, and deemed to be credible, and is made available to the Reval Firm – ***the Tax Map is not even needed for this otherwise crucial valuation element.***

With regard to items “b” and “c” above – again, value influences pertaining to these items are almost always maintained in the Assessor's CAMA file. Even if it isn't – this information is only evaluated by the Reval Firm on a “relational basis”, and can often be gleaned from other available mapping sources in existence (such as the existing Tax Map, street atlas maps, topo maps, online mapping services such as Google Earth and Microsoft Live Map Search, and other governmental agencies such as the NJ Highlands, Pinelands, various County Planning Depts., etc. etc. etc.).

The bottom line with all items “a” “b” and “c” above is quite simple > the Assessor is charged every single year with filing a Tax Book based on the accurate valuation of all real property at a uniform standard of value using ONLY THE SAME EXISTING TOOLS AVAILABLE IN THEIR OFFICE. Why should the Revaluation Process involve the use of something different?

And finally – the term “updated” is very misleading. What that typically amounts to for a town that already processes new subdivisions and lot mergers as responsible annual “maintenance” is re-drawing the Tax Map to match the most current state mapping standards – which are reviewed, revised and re-adopted every 5 years. The technical presentation of the map has absolutely no bearing on the value-related data components that are being considered as a tool by the Reval Firm. And apparently the Assessor, the County Tax Board, and the Tax Court year after year have been able to establish and review values just fine with the information presently available – in whatever format and/or condition it is available! **This is clearly a Division of Taxation “regulation” that is tantamount to an UNFUNDED MANDATE.**

COST TO OAKLAND: During the last Reval, which was implemented for Tax Year 2005, the cost for complying with the Tax Map provisions by the State was approximately **\$100,000** (primarily because it has been almost 20 years since the prior Reval – although the Map had been routinely maintained over that span of time, and was considered “Current” by the Assessor).

2. **REASSESSMENT:** The Borough of Oakland received a bid proposal last June to conduct a “Hybrid” Reassessment. The term “Hybrid” applies because there would be the need to retain outside professional assistance to conduct the FIELD INSPECTIONS that are REQUIRED BY THE STATE. Oakland last had a Revaluation that was implemented for Tax Year 2005. The State requires the equivalent of 25% of the properties to be inspected for each year beyond the Reval year.

The Inspection Mandate

In the case of Oakland, since they were contemplating the implementation of a Reassessment for Tax Year 2010 – this would have required inspections of 100% of the municipality. This is completely ridiculous when considering that all the properties were inspected just 5 years earlier, and any property that had a material change resulting from new construction, demolition, or an “error” in the data” – was re-inspected by the Assessor’s Office as part of the Added Assessment, Tax Appeal, or Annual Review process. There is nothing else to see – except for the possible “**very few**” people that might have conducted renovation work without obtaining the requisite building permits. Considering the small-lot nature of most of Oakland (most lots are 0.5 Ac or less), and the full-time vigilance of its Building Dept., **it is highly unlikely that anyone did any work of significance in that short time period since the last Reval without proper authorization.** And if they did intentionally avoid the property protocol of obtaining a permit – it is likely to assume that they would not allow an interior inspection of their property at this time anyway – especially if it was their goal to hide their renovation work. In any case, very minute instances such as this would have absolutely no impact on the overall ratable base and commensurate tax rate as a whole – certainly not to the extent of requiring that ALL PROPERTIES BE INSPECTED AS PART OF THE

REASSESSMENT. This is clearly a Division of Taxation “regulation” that is tantamount to an UNFUNDED MANDATE.

COST TO OAKLAND: The inspection component of the Reassessment proposal was **\$125,000.**

I hope this information provides some guidance on the topic as it pertains to the Tax Assessor's Office.

Scott

-----Original message-----

From: Richard Kunze [<mailto:boroadmin@oakland-nj.org>]
Sent: Wednesday, December 22, 2009 9:24 AM
To: Scott Holzhauer
Subject: Fw: RE: AFFILIATE ASSOCIATION MANDATES QUESTIONNAIRE

All,

Please see the e-mail below from the League of Municipalities asking for information on state mandates, with an emphasis on regulatory, rather than legislative, mandates. The incoming Governor is receptive to looking at ways to ease some of the burdens we face and this is a good opportunity for us to help ourselves by replying to the League's request. I would appreciate it if you would give some thought to this and forward your ideas to me as soon as possible. As the e-mail suggests, please be as specific as possible in citing the regulation, state agency and our costs.

Thanks,

Rich

-----Original message-----

December 21, 2009

RE: AFFILIATE ASSOCIATION

MANDATES REQUEST

Dear Association President or Executive Director:

We have met with representatives of the incoming Christie Administration. The Governor-elect is serious about mandates relief. He would like to begin the process soon after his inauguration.

A statutory mandate, like the Affordable Housing Act or Binding Arbitration, can only be undone or relaxed through an act of the Legislature. We believe that the Governor-elect will pursue some statutory mandates relief. But, that will take time.

A regulatory mandate can be relieved more expeditiously by Executive Order.

With that in mind, we are asking the Presidents and Executive Directors of all our affiliate organizations to list four or five mandates - large or small - that impose costs on local budgets. Please provide as much information as you can. The name of agency responsible for the mandate, the Administrative Code citation and an estimate of the average costs or an example of the cost in one (or a few) case(s) would be very helpful.

We will compile the lists from all our affiliates and present the results to the Christie transition team.

With the inauguration just weeks away, we need you to respond to the request by December 30. To submit your list, or if you have any questions, contact:

Jon Moran at 609-695-3481, ext. 121 or jmoran@njslom.com.

Thank you.

Very truly yours,

William G. Dressel, Jr.

Executive Director



ASSOCIATION OF MUNICIPAL ASSESSORS OF NEW JERSEY

Affiliated With The

**INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS
NORTHEASTERN REGIONAL ASSOCIATION OF ASSESSING OFFICERS**

And The

NEW JERSEY STATE LEAGUE OF MUNICIPALITIES

Website: www.amanj.org

September 3, 2013

Governor Chris Christie
PO Box 022
20 West State Street
Trenton, NJ 08625-0022

**RE: S-533 the "Common Sense Shared Services Pilot Program Act"
Potential Exclusion of Tax Assessors**

Dear Governor Christie,

S-533 was recently passed by the Legislature and forwarded to you for consideration. The bill would create a pilot program for shared services among municipalities. Significantly, it would eliminate tenure protection currently afforded Tax Assessors, Tax Collectors, Clerks and Financial Officers when shared services plans are implemented. The Association of Municipal Assessors of New Jersey (AMANJ) understands your support for shared services initiatives as a way to save local property taxes. However, we believe that as applied to the unique office of Tax Assessor, S-533 would save few, if any, tax dollars and could actually increase the burden on taxpayers. We request that for at least the pilot stage of the changes proposed by S-533, Tax Assessors is removed from the scope of the legislation. Upon completion of the pilot stage, the issue of Tax Assessor inclusion can be revisited, if necessary.

We very much appreciate the opportunity to present a brief history and description of the carefully crafted historic evolution of the Tax Assessor position in New Jersey. For purposes of brevity, we have presented here only a minimum amount of legal citations for this summary. Our legal counsel can provide you with a fully annotated version of this letter upon request.

Tax Assessors in New Jersey occupy a truly unique position in our government. Although Tax Assessors are appointed by the governing body of a municipality, the Tax Assessor's governmental function is authorized by the Legislature and is performed as an agent of the Legislature, not of the municipality. Arace v. Irvington, 75 N.J.Super. 258, 266 (Law Div.1962). The Legislature has prescribed that a Tax Assessor's fundamental responsibility is "after examination and inquiry, [to] determine the full and fair value of each parcel of real property situate in the taxing district at such price as, in his judgment, it would sell for at a fair and bona fide sale by private contract." N.J.S.A. 54:4-23. Our Supreme Court has found it "well settled" that the assessor must perform that assessment function independently, and free of any direct or indirect municipal control. Casamasino v. City of Jersey City, 158 N.J. 333, 344 (1999).

To assure the independence of Tax Assessors and the integrity of the tax assessment process, the Legislature has established county boards of taxation in each county whose members are appointed by the Governor and confirmed by the Senate. N.J.S.A. 54:3-2. The county boards of taxation—not the municipal governing bodies—are the legislatively designated agencies directly responsible for reviewing the work of Tax Assessors, both administratively and through the tax appeal review procedure. Further, the ultimate authority over Tax Assessors is lodged with the Director of the Division of Taxation (Director), who is empowered to remove a municipal tax assessor for cause, N.J.S.A. 54:1-36, or to bring an action in Superior Court to compel an assessor's removal. N.J.S.A. 54:1-37. That the Legislature entrusted to the Director the authority to remove assessors for cause clearly reflects a legislative determination that municipal governing bodies or officials should not be empowered to influence or intimidate assessors by removal or threats of removal prior to the expiration of their terms in office.

It is critical to understand that the current Tax Assessor position is the product of decades of careful and thoughtful legislative action and judicial review. In 1967, the Legislature enhanced the status and independence of assessors by creating a comprehensive examination and certification process. Under N.J.S.A. 54:1-35.30, only individuals holding an assessor's certificate can be appointed or reappointed and issuance of the certificate is limited to applicants who are college graduates or possess commensurate full-time experience as appraisers or assessors, and who pass an examination administered by the Director. N.J.S.A. 54:1-35.25. The statute also empowered the Director to revoke or suspend an Assessor's certificate for cause. In addition, the 1967 legislation established that an Assessor who had received a Tax Assessor's certificate, had served as or performed the duties of Tax Assessor for four consecutive years, and was reappointed as Assessor, would be entitled to tenure. Additional legislation intended to enhance the independence of Tax Assessors was enacted in 1982 through L. 1981, c. 393, which provided: that an Assessor's salary could not be used by a municipality as a tool of influence; mandated that the office of municipal Tax Assessor “not be assigned to a department of municipal government,”; and subjected the Tax Assessor's operations only to municipal budgetary, personnel, accounting, purchasing and data processing procedures. In addition, the statute exempted Tax Assessors from the removal power accorded to the municipal manager in the manager-council form of government.

Our decisional law has accorded consistent recognition to the need for Tax Assessors to be independent of municipal control and intimidation. Thus, in Arace, supra, 75 N.J.Super. 258, a municipal Tax Assessor sought to enjoin the municipality's governing body from conducting an investigation of the Assessor's methods of assessing property. In holding that the governing body was without power to investigate the Assessor's methodologies, the court noted that the municipality had the right of appeal to the county board of taxation if it was aggrieved by any assessment of property. *Id.* at 264. The court also emphasized the statutory directive that Assessors “exercise independent judgment in valuing real property.” Finally, the court concluded that an investigation by the governing body of the Assessor's methods is irreconcilable with the legislative objectives of protecting the Assessor in exercising a “quasi-judicial authority” as an agent of the Legislature while insulating Assessors from municipal pressure or control, allowing them to “determine property values, like judges, without fear or favor”.

In Ream v. Kuhlman, 112 N.J.Super. 175, 190 (App.Div.1970), *certif. denied*, 59 N.J. 267 (1971) taxpayers instituted a declaratory judgment action seeking a determination that the Tax Assessor, who had been

duly elected under the township committee form of government, and reappointed following adoption of the council-manager form of government, continued in office notwithstanding the enactment of local ordinances that purported to shorten his four-year statutory term. Holding that the municipal attempt to diminish the Assessor's statutory term was unlawful, the court based its holding on the legislative objective of assuring independence to Tax Assessors:

The reasons for insulating a tax assessor with a fixed term of office are manifold. His office, an integral part of our state, county and municipal governments, is chargeable with the administration of a statutory system relating to the levy, assessment and collection of property taxes. He is an agent of the Legislature, and his discretionary judgment is reviewable only through the administrative and judicial processes provided by law. Although his jurisdiction is local, his powers and duties are prescribed by the Legislature, and it is of paramount importance that the integrity of his office be in no way diluted by local interference.

In Municipal Assessors v. Mullica Township, 225 N.J.Super. 475, (Law Div.1988), a municipal Tax Assessor sought to compel his municipality to award him a salary increase commensurate with the increases awarded to other township employees. The Assessor relied on the 1982 amendment to N.J.S.A. 40A:9-165, which provided, in part, “[s]alaries, wages or compensation fixed and determined by ordinance may, from time to time, be increased, decreased or altered by ordinance. No such ordinance shall reduce the salary of, or deny without good cause an increase in salary given to all other municipal officers and employees to, any tax assessor...during the term for which he shall have been appointed.” The court saw the importance of enforcing the statute and specifically recognized the “obvious and overwhelming need of the assessor to be free from municipal interference in making his assessments and in carrying out his responsibilities as the assessor [and that] the use of a salary ordinance to control an assessor is the very thing the statute sought to avoid and is the very thing the municipality did in this case”.

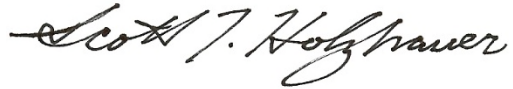
Most recently, in Carlson v. City of Hackensack, 410 N.J.Super. 491 (App. Div., 2009), the Appellate Division determined that a municipality wrongfully reduces an Assessor’s salary even when the municipality also reduces the Assessor's weekly work hours commensurate with the salary reduction. The court found that “because of the unique statutory framework established by the Legislature to protect the independence of local tax assessors, we conclude that a municipality is prohibited from reducing its tax assessor's salary during the term of his or her office”.

In its present form, S-533 would eradicate and destroy the carefully constructed scheme outlined above and allow for precisely the kind of inappropriate interference on a Tax Assessor’s performance of his or her duties which are essential to the proper functioning of our assessment system. In addition, most municipalities seeking a shared services plan are small and currently employ part-time Tax Assessors who does not require a full benefits package, thereby already saving tax dollars.

Accordingly, the AMANJ asks you to consider a conditional veto of S-533 and remove Tax Assessor’s from the group of impacted positions, at least until the pilot phase of S-533 has been concluded and its results studied.

Please feel free to contact me at your convenience if you require further information.

Respectfully Submitted,

A handwritten signature in black ink that reads "Scott J. Holzhauer". The signature is written in a cursive style with a large, stylized "S" and "H".

Scott J. Holzhauer, CTA, SCGRE
AMANJ President

Co-written by John Lloyd, Esq.
AMANJ Council