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PUBLIC HEARING

BEFORE

ASSEMBLY COMMITTEE ON TAXATION

(Pursuant to AR-3003)

Held:
August 2, 1977
Ocean County College
Toms River, New Jersey

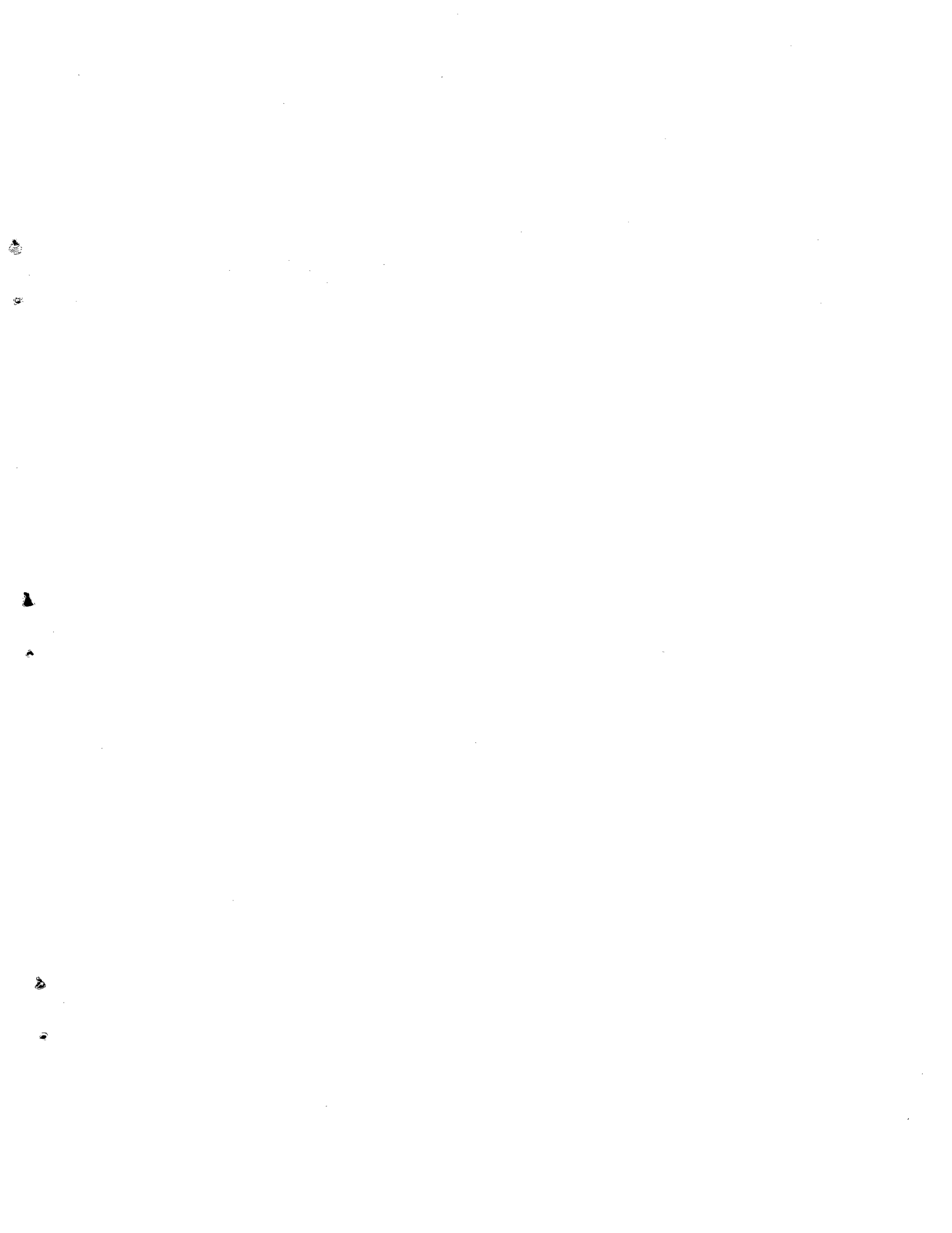
Committee Members:

Assemblyman Richard Van Wagner

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J. Gilbert Deardorff - Staff Asst.

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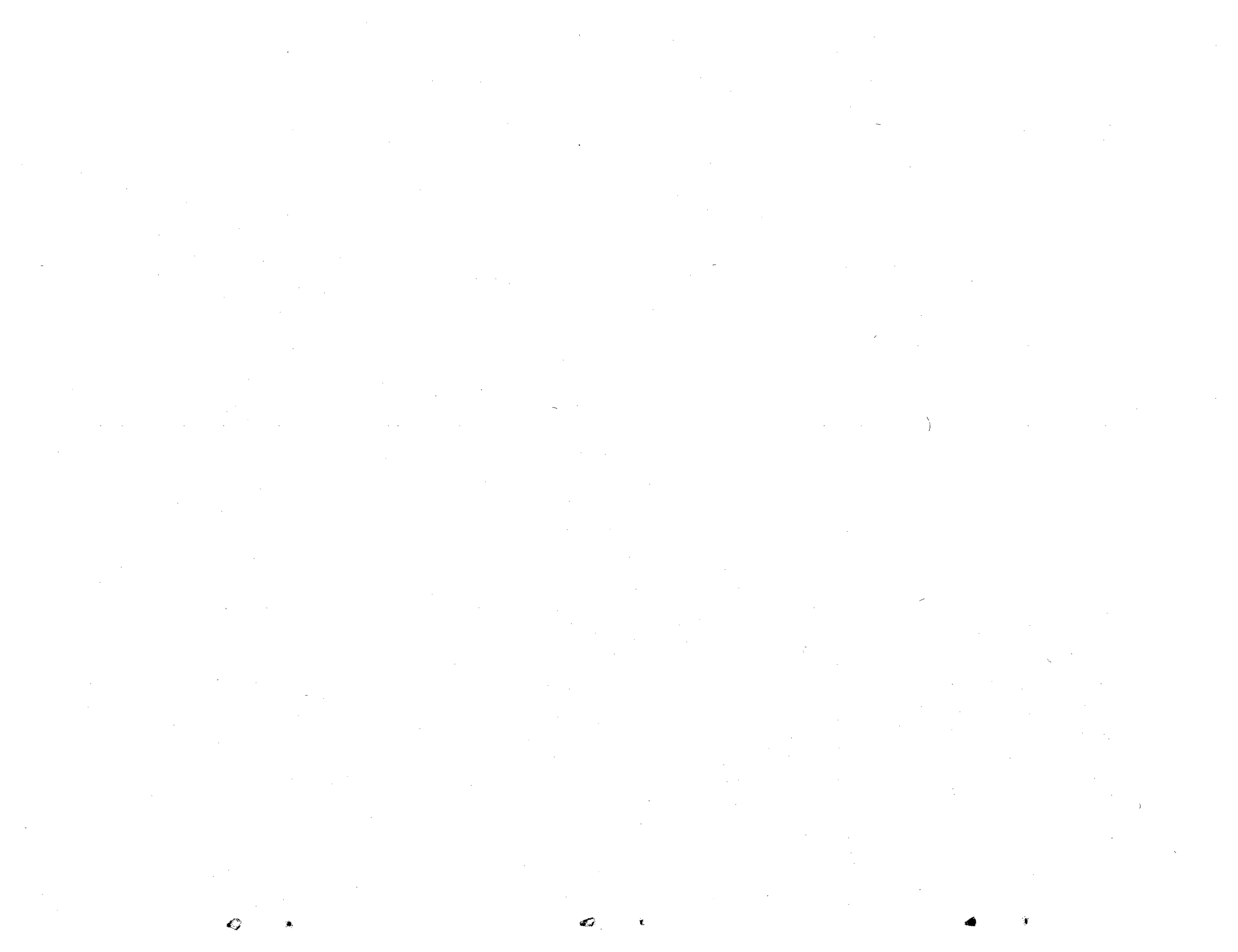
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Reports and Charts (2) submitted by Mr. Fox

Letter from Manchester Township Board of Assessors

Letter from Ocean County Board of Taxation with report attached

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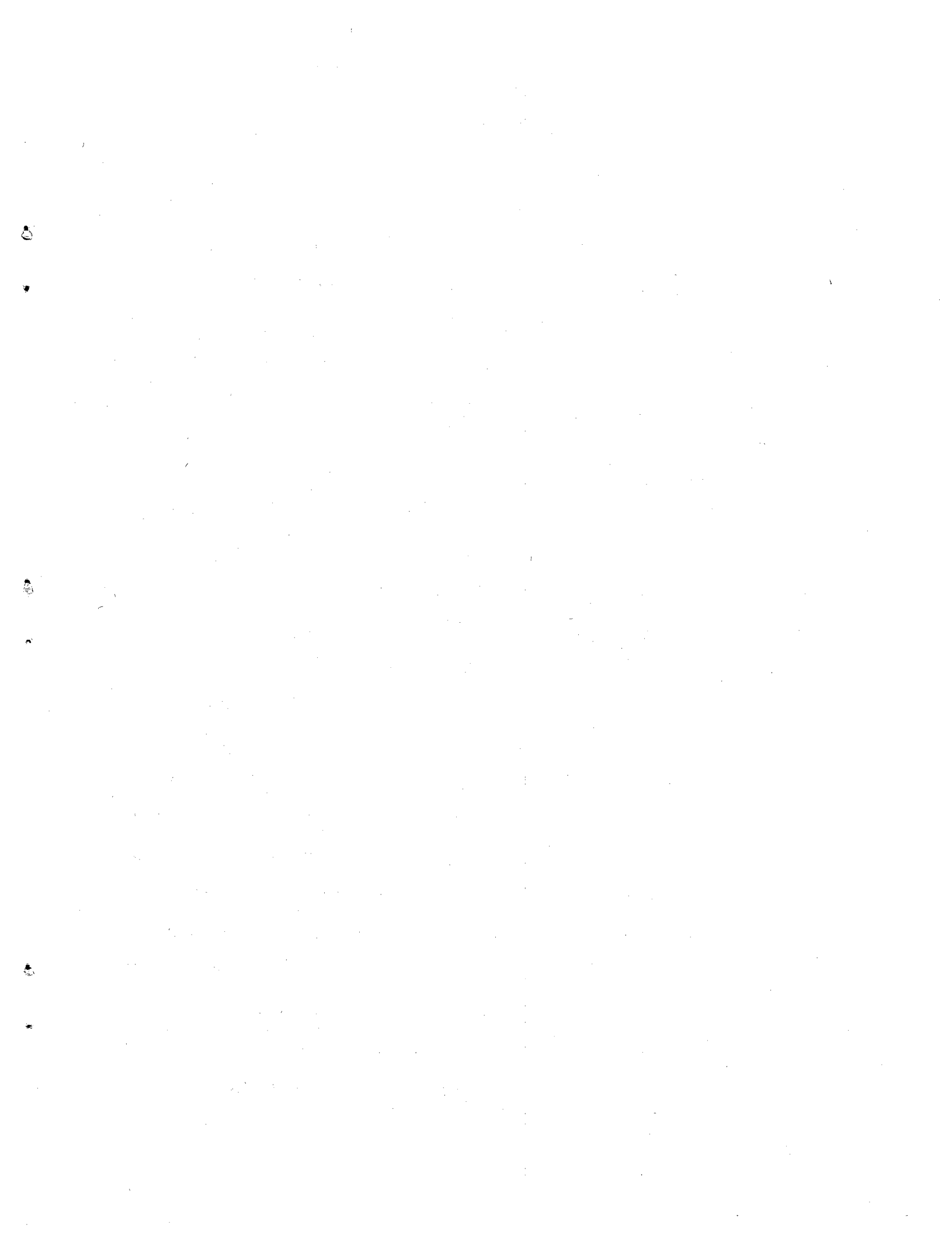
Ladies and Gentlemen: My name is Gilbert Deardorff. A number of you know me from previous meetings. For those who do not, I am the Staff Assistant to the Assembly Taxation Committee, among other things.

I have been advised by Assemblyman Van Wagner, the Chairman of the Committee who was scheduled to be the Committee member in charge today, that an emergency has arisen and that he will be unable to be here, at least for some time. He has asked me to proceed with the hearing in order that no inconvenience will be caused to those of you who have come here to present your views to the Committee.

In view of the fact that this meeting is being recorded for the benefit of the Committee in its deliberations, Mr. Van Wagner's absence at this time will not prevent the full consideration of what you have to say. If the hearing lasts a considerable length of time he will probably be here.

Therefore, in view of what I have just said we will proceed with the testimony.

This is the second public hearing held by the Committee. The first was held in Pennsauken on July 12, and there will be a number of additional hearings throughout the State. The schedule for those hearings has not been established except for a hearing to be held in Newton on August 16.



DEARDORFF: I have as the first speaker this afternoon, Mr. Strada. Would you please come forward Mr. Strada.

STRADA: Since this is for the record, my statement is addressed to members of the General Assembly Committee on Taxation. I am Richard Strada, Deputy Mayor of Dover Township. Also for the record, I speak as a member of the Township Committee as an individual -- I do not speak for the whole Township of Dover, in Ocean County.

I have requested this opportunity to speak in relation to your letter of July 20, 1977. In that letter you state that your intention is to seek tax reform at the local level through the elimination of inequities wherever possible. The specific inequities with which I am most concerned are the tax appeal process and the status of tax exempt property of other governmental units. And just as you mentioned before about the ancillary areas, one of the things I am going to talk about is ancillary rather than right to valuation and assessment.

As we are all aware, tax appeals are now taken from the County Board of Taxation to the State Division of Tax Appeals. As the system now operates part-time, quasi-judicial, hearing officers preside at the State Division level. After consultation with our Law Department, I would like to suggest that legislation now pending before the State Legislature which would replace the division with a full-time tax court within the State Judiciary receive the fullest support of everyone involved. If staffed properly, such a court could reduce the existing backlog of tax appeals and create a more balanced "case law" in this area.

Although I cannot speak for other municipalities, it has been Dover Township's experience that the present system has

established a legal environment of uncertainty and a feeling that municipalities will be unable to achieve equitable treatment in the Division due to the reported domination of the field by four or five major law firms.

My second area of concern is limited to those communities which also have the mixed blessing of being county seats. Dover Township is one of those municipalities. Being a county seat does have a positive aspect in that there is probably a "trickling down" of money being spent in the township as a result of the courthouse or other county institutions.

How much money is pumped into the Dover Township economy as a direct result of county facilities varies with the opinion of the county official. I have been given estimates of \$5 million to \$100 million depending upon the official or the day of the week. I really have no idea and I have been unable to develop an empirical test to discover the real financial impact.

What I do know, is that the existing county facilities in Dover Township have an assessed value and that value is \$15,739,400.

Also, this college where we are now sitting, is valued at \$10,591,600.

As a result, each homeowner is paying approximately one cent per \$100 assessed valuation on his or her municipal purposes tax for these facilities as well as the costs of construction and operation which are part of the county's tax rate.

In addition, the expansion of county facilities does not require the approval of the municipality where such facilities are to be located. In many cases, the county has purchased property for its future expansion needs but has left it undeveloped instead of leaving it on the tax rolls. Thus, a county is

free to expand and therefore reduce the taxable real property of a municipality without its consent.

Where does this second problem leave the township of Dover and all other county seats? I am willing to assume that some county seats desire these conditions and some, like Dover Township, raise questions about its negative consequences.

Perhaps I am looking for my proverbial cake and eating it too.

What I am looking for is a more equitable solution to the negative consequences about which I have spoken.

Allow me to sketch two possible alternatives which I think are possible, but as a political realist, may not be practical.

First, county seats could be given economic impact grants from the State or the county. Hopefully, the grant would be equal to the amount of the lost revenue. The problem with this happens to be money. Where will the State get it? From the Income Tax? From a new tax? I don't know.

One source of money could be a paper transfer of tax revenues. The county could reduce an amount of money equal to the loss of municipal revenues from the amount of tax revenue which the Township must raise for the county. The loss of revenue for the county would have to be found by increasing the county tax rate. Thus, the taxpayers outside the county seat could become very "anti-county seat" minded.

A second alternative would be a statutory obligation on the part of the county to receive municipal approval by the governing body before the county could acquire additional land. This would permit the county to continue to use its present holdings without limitation but would limit expansion of land acquisition without

municipal consent. This does not increase the tax burden of the county, but it does give the municipality some control over its real property losses.

If I were utopian, then I would propose a third alternative which would be the combination of my first two alternatives. However, the second option appears to be the best solution in terms of political reality.

DEARDORFF: There is a bill before our Committee -- in fact I think it has been there now for four years -- which would equalize valuation of county property throughout the county as a method for having the entire county support county property. That I imagine, would be similar to what you spoke about -- putting it on the county tax rate.

You are the first person that we've had who spoke to county property. Of course coming from the county seat you naturally would. We did recently pass legislation which will give payments in lieu of taxes on such property based on the municipality tax rate; that is the municipality purposes rate. However, what we have heard most about tax exempt property is ALL tax exempt property. Now I don't think Dover Township, other than county property, is probably overburdened with exempt property compared to some communities. Would you like to see something done about tax exempt property entirely?

STRADA: Speaking once again as a political realist, I am willing to start somewhere. Perhaps a major overhaul, a major reform of the whole system might be impossible at this time. I would like to start piece by piece if necessary. Preferably a total reassessment of the whole idea of tax exempt property.

DEARDORFF: Well it is a political problem, we all know, because

its been a tradition for so many years to have tax exempt properties. In a growing community, or a community with a large land area like Dover Township or many others throughout the State, it isn't as serious a problem as it is in places like some of our older boros, towns and cities that have absolutely no way to expand, and any time a piece of property is exempted there is a direct impact upon everybody in the community who is a taxpayer.

We did, not in the Taxation Committee, but as a group of legislators in the General Assembly, look into this problem over in the Orange/East Orange area and we came up with a proposition that would have put a service charge for municipal services on all property that was tax exempt. What would you think of that?

STRADA: Well, in terms of that kind of situation, since Dover really doesn't have that kind of a problem we haven't really talked about it. I would see it as a logical extension, or a logical starting point to reduce the degree of tax exemption to a limited amount. I have no problem with that.

DEARDORFF: Do you have any feelings on the problems of re-valuation and equalization?

STRADA: Getting back to the direct scope of your Committee, at least in Dover we have the problem of constant fluctuation and if we could somehow come up with a more stable process -- and once again speaking as an individual, and speaking in an area on which I did not come prepared to talk to -- but going back over the years we can see the equalized proportion going up and down -- the percentage.

DEARDORFF: You are a municipal official who is not directly

concerned with assessment, or is a Tax Collector, do you think that the State has an obligation to give more assistance? You speak to the point of view of appeals. One of the big problems of appeals is the fact that the Assessor very often in carrying an appeal for the municipality does not have the resources at its fingertips that a major taxpayer might have and as a result they have difficulties in pleading their case so to speak. Do you think that the State should be of assistance to the municipalities in cases like this?

STRADA: Yes, and I think the appeal to which I made mention I believe created within that tax court a small claims type of tax court which would also speak to that problem in terms of allowing an individual taxpayer to carry the appeal higher, where under the present situation it is severely limited -- if not impossible.

DEARDORFF: What do you think are the limitations on that small claims court?

STRADA: Well at this point the bill, I think, sets a statutory maximum of \$1,000 in terms of the jurisdiction of the small claims division. I think, at this point anyway, that would be acceptable.

DEARDORFF: We had a tax court appeal go through the Assembly a few years ago, Mr. Perskie from Atlantic County put it in. Unfortunately it never got any further; there was some opposition from the Judiciary about it, but at that time we had a \$1,000, but if you stop and think, are we talking about \$1,000 total tax bill or an appeal that would reduce a tax \$1,000?

STRADA: If I recall the statute -- and I could be mistaken -- the \$1,000 referred to the appeal rather than to the total tax bill.

DEARDORFF: Because if you go throughout the State there are a

lot of what you might call "average" homes with more than \$1,000 tax bills in a year.

STRADA: That is the kind of problem that I think the bulk of the taxpayers in Dover Township aren't going to face...hopefully.

DEARDORFF: Has the Township government, not necessarily formally, but people like yourself as individuals, ever discussed the idea of maybe having county-wide assessment?

STRADA: No. With the form of government that we have it is basically five fire-fighters jumping from problem to problem, and we haven't really discussed this issue in detail. We are now still coping with some other things that the State has passed, and so when Carl Heagey our Collector/Assessor received your letter, he knew that I was interested and said "hey, why don't you go down there and express your opinion?" If Carl hadn't sent the letter over there's a chance I would not even have known you'd been here. We have not had a chance to talk about this. If you think it would be of some help in the deliberations of your Committee, I would be willing to go back to my Township Committee, perhaps discuss the question in detail and give you our observations.

DEARDORFF: We are interested in getting as much information from as many different people -- particularly those people who have to live with these problems every day -- as possible. When I asked you this question it did not mean that I as an individual, or the Committee, leans in this direction but we have had people mention this. In fact we have a couple of bills before the Legislature that would do this -- and they have had over the years -- but nobody has ever taken it very seriously. However, we are trying to look into this as far as we can and if you have

any ideas, anything that you may think of that you feel you would like the Committee to consider after today, please let us know. Just write the Assembly Taxation Committee at the State House in Trenton. If you want it to go in the record we will put it in the record, but if you just want it informally, we will have it as an informal piece of correspondence.

STRADA: Thank you.

DEARDORFF: Thank you sir. Now I call on Mr. James Clayton.

CLAYTON: I am James Walter Clayton of Silverton and West Orange. Forty years ago I started working in the State Auditor's Office and at that time there were three people, Dorothy Skillman and Deardorff - his father it was remarkable how fast his father could get a check from the Treasurer's office. Now I am a native of Silverton, I am here as the announcement says, to present my views on public and private property should be assessed and the procedures that should be followed in assessing wetlands. Well as Rockefeller said, I guess I have as much wetlands as anyone in this room; I am assessed \$151,000 for some lands I'm going to appeal this year in Dover which I should have appealed last year except that I had an operation and went out West and came back for the sun and stuff like that. And except that I am an optimist, I would say that I would sell these lands to you at twenty cents on the dollar because an illustration is I have 18 acres immediately north-east of the County College which is assessed at \$34,000 or is it \$48,000. It is assessed at \$40,000. Now 10 of that is swamp, it is the north branch of mosquito cove. You people down in Lacey Township talk about Cedar Creek and the like it is just as good. I have another 8 acres that's assessed for something like \$3,000 or \$4,000 and I'm not going to appeal it because I have hopes when the time comes you are going to say "don't, don't, don't". Now on this \$150,000 of property I am assessed I have been

paying taxes like...well, the rate in Dover now is \$3.00 or close to it. If you are going to oppose my using that 8 acres up there, I want to say this, I want you to have them pick up part of the taxes. My only hope is -- and people like me -- we bought with the idea that an acre of land, we put it on top of an acre of scrub and meadow, and you have a lake itself. I am also some other things, I am one of the proprietors, I only have two-thirds of a share, I don't speak for them but I am going to appeal, I am going to speak on this basis; most of the stuff I am going to appeal is wetlands from Green Island going upstream to Brandrue. I hold under a patent D page 230 to George Wallox in letter 1690 and that in case you Assessors are here, and I say this it wasn't until 1702 if my ancient history is correct that East and West Jersey turned over to the Crown of Queen Ann which was accepted by the Privy Council in April, 1702 whereby they gave back whatever powers they had to the King. Another, thing I am also a member of the State Taxation Committee on the New Jersey C.P.A. Society and we met with Perskie and the like, and the last meeting I was at about a week ago, we want some modification. I am not speaking for the Committee but the point is we are willing to have certain tax go up $\frac{1}{4}\%$ if the State Legislature says you are reducing certain fringes. That's one device you might use in some of these things where to make things more equal and to get rid of some of these problems. One thing, there should be a new classification added to all these assessments they have right now IV (vacant land), I received from the Department of Environmental Protection under Deed of September 18, 1972, lists the name James Clayton. I say this to you Assessors and you taxpayers that have a gripe, as soon as that came out the individual-- you individual assessors -- should have been put on record this is an item that has decreased in the value of our lands, and you should change your classification of vacant land to like IW for Wetlands, IM for Meadow, IF for Swamp. As a good illustration the 15 acres right at the north-east corner of the County College, there's 6 good acres of land in there, and

there's 10 acres of swamp. When you say swamp, it's almost as good a stream as Cedar Creek. Now I'll come back to something else. To you Assessors, as soon as this list of September 18, 1972 -- yours may be different -- as soon as that came out all you Assessors should immediately, in equity, in fairness, and in justice look these over and review your assessments because I spoke for example yesterday to a Dover Township member of the Board of Assessment and he said bring these things in and make the appeal later. And I think, gentlemen, this court of small claims doesn't sound right; there could be the equivalent on the lower range on the State Board of tax appeals where we could go up to the local assessors or representative of the State Board of tax appeals at the lower level and say these things are fair or not fair. Now coming back to the thing about countywide assessments, I have two thoughts on that, I have seen it work both ways. As a good illustration, there's this case down here, of course the idea of the Assessors is to get this thing on as high as you can that's what the members of the Township Committee feel; raise the tax rule. As I said, I was nearly twenty years with the Office of State Auditor, I did not get on the audit of the Board of Navigation.....so I am not as well posted there as I would like to have been. Then I was twenty odd years as Comptroller for the Town of West Orange, I am a CPA of New Jersey and New York, my job is to look for trouble, look for things. Nowadays it isn't only the firm that you work for that gets sued, it is the fellow in charge of the audit, and that's the way it goes. And I say as an illustration in front of the Brick Township Tax Theater, I have a piece of property (and this is where I don't trust these outside Appraisers), the lad came along, there I owned so many feet, he stuck me \$500 a foot for it; I bellyached for ten years and it wasn't until a State Tax judge came along about a year ago, and they are overburdened, I appealed for '72 I think and it wasn't heard except for a year ago, there should be a smaller court to take care of small things because the County Tax Board is almost a waste of time. This has been my experience, you talk to them in

person without a Lawyer and they don't pay much attention, if you have a Lawyer they figure well we have to cover his expenses, we have to let him have something, and it isn't sometimes until you go to the State Board of Tax Appeals that one gets an overall view of things that isn't too local and parochial, I think you can call it, and you get more justice. Now as an illustration, down at Lacey Township. Incidentally another thing I might as well add, my father in April, 1928 - Vincent A. Clayton - was killed in Barnegat fighting forest fires while he was on a detail from the Coast Guard Service, so I am a native, we have been here in this area within 25 miles of Freehold Court House for 300 years. The thing is, we Wetland owners have been taken by you Assessors that in my case since September, 1972 when this Wetland list came out, you know very well that it cut down on the availability and value of these properties; you should have done it yourself in simple justice to any citizen involved. Let the environmentalists pay and pick up part of the tab. Now in the case of -- and this is where it comes down to local versus county versus State -- take the case of Joseph Forsythe down in Lacey Township. On March 3, 1977, a decision was given by State Tax Appeals Judge for 260 acres, you local Assessors if you had beendown there would have assessed him for \$358,000 or \$1,380 an acre. The County Board reduced it to \$269,000 or \$1,004 per acre -- now this is average. There wasn't too much dry land involved as I understand it. The State Judge decided that that land was worth \$175 an acre and reduced the assessment from the original \$358,000 down to \$45,500 and for you boys who are on the Township Committee, and you Assessors, and you taxpayers who are like me in Wetlands, you just get up and bellyache and complain and carry it forward and do something. Maybe I have talked too much already because I could say some more, but I don't know whether I should. Let me come back later on . The main thing is this I trust, like Jefferson, I trust in a way, the little local fellow, better than the county-wide because as I have gone around throughout the State as an Auditor, I have

been in charge of different jobs and the farther you get away the worse it is. As an Auditor one time I came across a fellow who had embezzled the year before and shot himself, then I figured the next fellow who embezzles and is caught is going to commit suicide and is going to take that blanky-blank auditor with him. The Assessors get the devil, the Township Committeeman gets the devil, but above all you should be fair, and on that basis I am tempted to say that I prefer the local assessment because county-wide assessments is what they have in mind. And there are times when the State Tax Board judges aren't always reasonable too; they should look at things from a big broader point of view than the local fellow whose idea is I've got to get my tax rolls up, and sometimes I don't think they should be reappointed for certain lengths of time, like Supreme Court Judge, they should be in there for a short time. There are other things I could say but maybe I have talked too long already.

DEARDORFF: Thank you Mr. Clayton. Mr. John Fox is our next speaker.

FOX: Good afternoon.

DEARDORFF: Good afternoon.

FOX: My name is John Fox, I am Secretary of the Ocean County Tax Board and I would like to begin by saying that the opinions that I am going to express are my opinions and not necessarily those of the members of the Ocean County Board of Taxation.

I would like to present to the Committee three reports that were presented to Senator Dunn's Committee that had hearings on the Division of Tax Appeals in the process of the tax appeals before the State, and in relation to two bills that were introduced into the Senate, senate bill 3331 and in addition Senate bill 43 which has been pending before the Senate, I would just like to present these to the Committee.

I think the matter that this Committee has undertaken is very broad in scope and I am sure there are many areas of it that could go into very lengthy detail, however, I have chosen one subject today and that's revaluation and

reassessments. The Ocean County Tax Board did a study regarding revaluation and reassessment in Ocean County and I have two charts here which I would like to present to the Committee and hope that it will be of some assistance to you; one chart reflects the revaluation and reassessment history for each municipality in Ocean County for the past three years going back to 1968, indicating which municipalities had revaluations and what year, and reassessments. The other chart depicts the growth in Ocean County since 1972 reflecting the number of line items of taxable property and the increase each year in those line items for each municipality up through 1976. We also did a projection of estimated cost for revaluations and reassessments assuming that if history repeats itself and the same number or approximately the same number of revaluations and reassments are performed in Ocean County in the next ten years, we tried to project what kind of cost the taxpayers of Ocean County would be looking at and this was difficult to do in that not knowing what kind of inflation, nor for that matter, the percentage of growth we're going to be faced with in Ocean County over the next ten years. We used a cost figure which for Ocean County probably is high for today, of \$18 a line item for a revaluation; this is probably more reflective of northern counties of the State where you have more commercial/industrial properties. However, we weren't looking for specific figures, we were looking more for a minimum figure so I think we feel that we know that in Ocean County, probably the taxpayers are going to spend close to \$6 million for revaluations and reassessments in the next ten years. That figure is probably low if you start putting inflation factors to it, and I would like to present these exhibits to the Committee.

DEARDORRF: Thank you, Mr. Fox.

FOX: Generally speaking regarding revaluation and reassessments, these two words are sometimes used interchangeably, however, I would like to define in my opinion what is a revaluation and what is a reassessment. Basically a

revaluation consists of the appraisal of every line item of property in the taxing district, and this would include a physical inspection of each property to determine the measurement of all buildings, and inspection for depreciation, topographical conditions of the land, contents of buildings -- the number of baths, fireplaces, etc. -- and other conditions that affect value. It also involves a complete study of market conditions to establish new construction costs, land values, comparable sales, capitalization rates, and many other items that go into determining value. It involves the updating or establishing of a new tax map, the establishment of a new land value map, to produce new property record cards with all pertinent data, and to establish new assessment values for each property utilizing all three approaches to value where applicable.

On the other hand, a reassessment as I would like to define it, is anything less than a revaluation. Now this would consist of a complete reassessment, or a partial reassessment. A complete reassessment being defined that all properties both land and improvements, are revalued and a partial reassessment, not all properties need be affected, an example of that would be an area where you have had a change in zoning that would affect a change in value to a specific area. Now regarding standards for revaluation and reassessment, there are State regulations for qualification of revaluation companies, and for contracts with them. The contract with the revaluation company requires the approval of the Director of the Division of Taxation. Under Chapter 424 Public Law 1971, regulations were filed September 13, 1972, and I believe these are the latest regulations governing revaluation companies, and this is covered under NJAC 18:12-4.1 through 18:12-4.14R. It is my opinion that these regulations should be updated and strengthened. The taxing district must notify the County Tax Board of its intent to revalue, and must have any contract approved by the Director of the Division of Taxation. There is no requirement that the County Board review or approve or review

these Contracts. On the other hand, in regards to a reassessment, there are no standards or regulations established except that the County Boards must approve the plan and that the County Board must notify the Director of the Assessor's reassessment plan. I think that one important point regarding revaluation is when a group revaluation is obtained, there is no workable method today to maintain the revaluation by an individual municipality. Usually within I say five years, it is probably a lot less in some municipalities, a new revaluation is required, the old one is dead, throw it out the window you need a new one. There are many factors that contribute to this; among these are small districts with part-time assessors, individual districts cannot afford the equipment -- we are referring to electronic data processing equipment, or the staff to maintain assessments. Another factor would be the variation in the quality of the revaluations, rapidly changing growth in economic conditions. I think two of the most important factors that affect revaluation and reassessment are the sales ratio program that is utilized by the majority of County Tax Boards, sometimes referred to as the Director ratio, and the other item would be the lack of central administrative control of the overall assessment function. Now specifically regarding those two areas, the area of ratio and the lack of central control, the sales ratio program under the present methods used, one sale can have a large effect on equalized value. I think that it has almost become a game with Assessors in the State in determining what sale is to be considered usable and not usable. Naturally an Assessor is interested in maintaining his ratio, keeping it up there, keeping it high, because he knows that if his ratio drops he is going to be faced with a revaluation. So every attempt is made to throw out any sale that is going to lower the ratio, and on the other hand to keep any sale that will keep the ratio up. A large affect, or I should say, a large part of the ratio study program is the investigation of these sales and by a part-time assessor this is a problem, they don't have the time and I think in a lot of cases, the desire to really do the job as it should be done because they're not being paid to do the job, they're getting a minimal

salary and they're doing just the minimal that's required. I think an indication is the very small sampling of commercial sales that's used and I believe the figures as far as in the last study of sales ratios 1976 in Class IV property, there were a total of 11,500 commercial sales, Class IV sales. Out of this there were 3415 that were considered usable, and 8085 that were considered non-usable. In other words only 70.3% were thrown out, less than 30% were actually used Statewide. In Ocean County 79.2% were classified as non-usable, they were not used, so if you look at statistics you will see that when it comes to the commercial property, the sampling is very small. Now just to give you an idea the State says if you have one sale that is usable it has to be considered in the sales ratio study. And just to give you an example of what can happen -- and this is a hypothetical case -- let's say in a municipality we have a total assessed value of \$100 million consisting of Class I property at \$20 million, Class II property at \$60 million, and Class IV property at \$20 million, and let us assume that the ratios for these three classifications are 95, 96 and 93, the true value when equalized for this example, would be \$105,000,058, a ratio of 95.19 would be the average ratio for one year's study. Taking this same example with say the following year where there was only one usable sale in Class IV and that sale happened to come out at a ratio of 50%, the effect of that one commercial sale would have on the \$20 million in commercial ratables in that town is in effect doubling the value which we all know is not so, however, that is the type of effect that a lack of group sales in any one classification can have. The ratio for that district would drop to 80.36 which is a substantial drop. The average ratio would be 87.15, almost a drop of 8 points in one year based on one sale. Now, I don't like the sales ratios study program that we have but no one has come up with a better method of doing it, however, I certainly think that more time has to be spent developing a better method because this comes back into the requirement to revalue and reassess when your

ratio drops, when your coefficient deviation goes up, then you have to go in and revalue. The other important point I think is central administrative control of the assessing function. In my opinion the administration of any function whether it be by an agency of government, or private industry, must contain certain basics of control in order to be successful. Among these are the selection of qualified personnel, the amount of compensation to be paid to those personnel, the ability to provide tools and facilities needed by the personnel, the ability to replace, reorganize, transfer personnel as situations change, the direct supervision and auditing of performance of personnel. In order to apply the above administrative control elements to the assessments of taxes in New Jersey would require a complete overhauling of the tax administration laws. The present structure is, at the top you have the Director of the State Division of Taxation, under that the County Board of Taxation, and under that the municipal tax assessor or board of assessors. We can look at each control element in relation to the administrative control structure. Certain weaknesses are obvious. The selection of qualified personnel for example, the Director or the County Boards of Taxation have no control of who becomes a Tax Assessor of any municipality; the Assessor is either appointed by the governing body of the municipality, or elected by the voters of the municipality, depending on their form of government and local ordinances. Neither has the Director nor the County Tax Board any say as to other personnel that will work on the Assessor's staff. On the County level the members of the Tax Board are appointed by the Governor with the consent of the Senate, the Secretary of the Board is appointed by the Board; the Board's staff is appointed by the Board with the approval of the County Freeholders. The second item, the amount of compensation to be paid to personnel. On a municipal level the salary of the Assessor and his staff are determined by the municipal governing body; on the County level the Board members' salaries are established by statute, a Secretary to the Board, and the Board's staff

salaries are determined by the County Freeholders. The third item, the ability to provide the tools and facilities needed by personnel, neither the Director nor the County Board has any control of the facilities provided Tax Assessors or their operating budgets, this is determined by the governing body of the municipality. Some Assessors' offices are modern and well equipped, other Assessors work out of their own private homes, and sometimes out of the back of the automobiles. On the County level the facilities for the County Board are determined by the County Board of Freeholders, the ability to replace, reorganize, and transfer personnel as situations change, the Director and/or the County Tax Board may have an Assessor removed under certain situations as prescribed under statutes. And County Tax Board members can be removed by the Governor under statutes as can the Secretary. The only tenured personnel are Assessors and County Tax Board Secretaries. Most other employees are protected under Civil Service regulations. The direct supervision and auditing of performance of personnel, RS 54:3-16 states that each County Board of Taxation shall have supervision and control over all officers charged with the duty of making assessments, etc. Of the five control elements, the only one that is effective under present statute is No. 5 - Supervision. However, the element is handicapped in that any rule or regulation issued by a County Tax Board has to be first approved by the Director. It is very difficult to ask an Assessor, especially a part-time Assessor, to perform certain tasks when he is underpaid, understaffed, and does not have the facilities or time to perform the tasks, it is difficult for a County Tax Board to supervise and control the administration of tax assessments when they have no control of who the Assessor is, how much he is paid, the size and pay of his staff, and the amount of operating budget the Assessor has to work with, and also has no control over their own budget including the salary of their own personnel. The Assessor is an agent of the Legislature, the governing body of the municipality has no control over his actions but provides the money for him

to function. I think the intent of the statutes in isolating the Assessor from control of the local governing body was to prevent political interference, however, as long as the governing body holds the purse-strings, that interference is going to be there and I think we all are aware of that. The County Tax Board is a State Agency, but it is funded by the County Freeholders who have no control over its activity. I think some suggested corrections in my opinion would be, number one, the elimination of part-time Assessors, two, the establishment of minimum standards for an assessing office including pay, the number and classification of personnel, facilities and equipment, the requirement that small municipalities that cannot afford the minimum standards establish an assessing office, belong to a joint-assessing district. Third, the elimination of elected Assessors; four, the establishment of minimum standards for County Tax Boards including pay, and the number of classification of personnel, facilities, etc., and five, the funding of the entire assessing function by the State. I think that the entire assessing function has to be brought under one central control and many people consider this the taking away from home-rule, I agree that may be to some extent, however, I think the overall importance requires some sort of central administrative control that standards can be established for every municipality, that they can all have the same quality of Assessors available to them, and I will end my comments with that. Thank you.

DEARDORFF: Very good, Mr. Fox. You and I have discussed a few of these things on the telephone yesterday, I believe. What would your view be of county-wide assessment?

FOX: Well, I haven't really looked into it. I understand there are some states, I believe Florida has a countywide assessing program. I haven't looked into the pros and cons of this. I think it probably has many good points in that you would be centralizing the control to some extent; I would be more prone to district-wide assessing rather than county-wide assessing mainly because of the volume that you're dealing with in Ocean County -- you're talking about somewhere's in the neighborhood of some

230,000 to 240,000 line items and I think the broader the job the more room for error there is, and the less individual control you'd have. I would think that you need some central administration in providing funding, establishing standards. It gets right down to the Legislature makes the laws that state what an Assessor has to do; they are an agent of the Legislature. The laws also say that the County Tax Board must supervise this work. However, they do not provide the tools to do the job, the tools being the funds and the pay for competent Assessors, the equipment they need, the facilities they need to do their jobs. You don't have a standard assessing office throughout the County, everyone of them is different, everyone of them has a different quality and there is no standardization, and I think this is probably one step, now whether it would be county-wide or by assessing districts within a county, I think that's a step in the right direction.

DEARDORFF: What would you think about a Statewide?

FOX: I think it would be unworkable.

DEARDORFF: They're doing that in the Province of Ontario in Canada, they do it on a district basis but it is a province-wide program, and Ontario is larger than the State of Texas. They had a lot of bugs to start with but it has proven fairly successful, in particular from the point of view of uniformity. I think this is part of what you have discussed in your statement and some of what we discussed on the telephone, that one of the big problems is the fact that things are no uniform; as you say every Assessor's office is different, probably every County Board's office is different. I know some County Boards, the Secretary really isn't there very much.

FOX: Well, I think you would have to define when you say Statewide what specifically you mean by that, when I think of Statewide I think of what it takes to get anything done by the State today and I'm referring to the State Division of Taxation, I am not saying that in a negative way, but I think

they're handicapped by legislation that was passed without appropriate administrative studies to see what effect this would have, as they have to do the job and their hands are tied budgetwise. I can give you a typical example, there was a law passed in December, Chapter 129 which allowed disabled persons a deduction of \$160.00 if they met the other requirements. Now that went into effect I believe it was December 21, 1976; to date the Assessors have not received the program from the State to administratively incorporate this change into their tax rules. We have stacks of change forms piling up waiting to go into the data centers and we can't do anything with them because the State hasn't come down with the program. The answer that we receive from the Division is that their funding was not provided with this, if they went out and hired an outside programming outfit to do it probably could have been done in sixty days. Well here it is now August and I got a memorandum today saying they were working on it, so, their hands are tied fund-wise and I can imagine -- I look at it from an action, reaction standpoint, I think the smaller the unit the faster it can react to a given situation; the bigger you make it the slower the reaction, and when you say State-wide that's the picture that comes to my mind as a large bureaucratic mish-mash that's going to take forever to get anything done, but like I said, you'd have to be more specific.

DEARDORFF: You could do the same thing through having better guidelines perhaps, and better funding to accomplish the same thing and keep it at a smaller level. Of course a lot of it is the natural reaction but there's been a great deal of criticism from taxpayers, and even from Assessors and local governing officials about some of the revaluations which have been done by firms which are very highly considered in the field. What do you think causes this, is it just the natural reaction to a revaluation or aren't revaluations necessarily done properly?

FOX: Well, I think in my statement I said that the standards for reval-

uations have to be improved. If you look at the regulations they do mention a number of specific things that have to be incorporated in the contract, however, I think there are some major things that are not in there. It says that the Assessor shall participate in the revaluation, however, it has nothing to say that the Assessor will approve the contract, and like anything else this type of thing goes out to bid and many times the lowest bidder gets the job; he may not be the lowest responsible bidder but how do you measure the revaluation company if he meets the basic requirements? I think many times you hear about revaluation companies hiring kids off the street to come in and do the inspection of houses, I have heard that a number of times. An example of an improvement on the regulations I think that there should be a certificate or program established for that type of work whereby a study program similar to your CPA program, not as complex naturally, but geared to this specific job to be established by the State through Rutgers in that anybody hired to work in this type of employment be required to have a certificate, then you know they've had the basic requirement to go in and measure a house, to weigh depreciation and the factors necessary to arrive at a value. There are no standards like that, it is up to the individual revaluation company to train their own personnel. You've got minimum standards for real estate sales people, for insurance people, they're all licenced. I think this sort of thing falls right in line, there should be specific requirements of training required for people who're going to do this type of job; I think there is no facility for quality control with the Assessor -- and I have heard this time and time again -- the municipality will contract with a revaluation company, and the Assessor -- especially a part-time Assessor -- and I don't blame them because they're not getting paid to do this kind of work, they just wash their hands off it and when the figures come in what are they going to do? Say "I'm not going to accept it and you've just spent \$200,000 and I'm not gonna accept it, I don't like it." Under the law he can do that but there are very few that will do it

and I think there's been quite a bit of notoriety on those who have attempted to do it. I think the law has backed them up, however, the participation of the Assessor in a revaluation should begin with the contents of the contract, it should be the Assessor to determine what he wants in that contract and what he wants a revaluation company to do. Maybe what he doesn't want a revaluation company to do. And once the contract has been let it is between the governing body and the revaluation company; the Assessor does not really have any legal say in what that revaluation company is going to do or how they're going to do it as long as the end result meets his specification, but unfortunately part-time Assessors don't have the time to quality control a revaluation company's work. You take a district with 25,000 line items to 30,000 line items, it takes a revaluation company two to two and a half years to do that job and this is a large company. The Assessor should be working right in there and there should be certain steps of approval that an Assessor must make, required to make, as this progresses. Such as the work/cost conversion factor they're going to use and how do they arrive at that cost conversion factor. Does the Assessor agree with that thinking? He may not. The classification of homes -- these all are characteristics that go into a revaluation that the Assessor should be aware of and should have some form of approval. Every time at a tax hearing I hear the Assessor say "well I didn't put that value on, ask the reval company". And that happens. When the reval company is gone then the Assessor has to defend that and sometimes his only defense is "I've got the card here but I don't know what he did". Now this is wrong. The Assessor should be the one to establish the standards by which the revaluation company is going to do the job, and that's what I meant by the requirements should be strengthened, or the qualifications of a reval company -- but just specifically what they are to do and what they are not to do. Such a simple area as the Property Record Cards, should an Assessor give his old property record cards to a revaluation company to help them get some of the

information or should he not? To be sure that they go out and measure each house and get the data as they're supposed to. Questions like this should be defined in regulations set up to control those things. But that's an area in itself that would take considerable time to look at each step that goes into a revaluation and what should be done, and what is being done.

DEARDORFF: From the point of view of the appeals process, how do you, or where do you feel that the appeals process could be improved at the county level? That first step.

FOX: Under the present statutes I don't believe there's a problem on the county level, I think the county is doing the job as well as it can be done under the circumstances. As far as improving the quality of the appeals I think one big thing that is required is more time, a great deal more time, I would suggest that a twelve month period for hearing appeals. I say it for this reason, although the tax board can hear appeals throughout the year up to November 15th, in reality, well in the case of Ocean County I think last year 70% of the appeals were filed five days before the deadline of August 15th, so you really don't know what you have to hear and you got to be finished within ninety days. So, an Assessor, for example, or anyone that's going to testify at a hearing is required under the Director's rules subsequent to the filing of an appeal to inspect the property. Well, when this appeal is filed, if the Assessor just happened to have a revaluation, and he's got three or four hundred appeals pending the possibility exists that his hearings are going to start in two weeks. How's he going to go out and visit all those properties? How's he going to inspect them? How's the reval company, if they're involved, going to do it? It's a physical impossibility. It just can't be done. In the same respect on a large commercial property the same thing exists, usually the appeals are not filed until the very last minute, the appraiser if one is hired, is not hired until the last minute so everything is thrown together. If you had a year to hear all these

you could schedule the larger appeals for the latter part of the year giving adequate notice to the parties, giving the Assessor time to get his case together, giving the appellant time to put his case together and I think the biggest thing that would eliminate the pass-through as it is called at the county level, especially on larger appeals, is to do away with the de novo at the State level. This definitely would increase the hearing time a great deal, and I think the quality of your hearing would be much better, you would have to go on the record, and I think you would eliminate a lot of appeals. Looking back, many many residential appeals could be settled before they ever got to the county tax board once the appeal has been filed if the Assessor had time to sit down with the people and find out what their problem is. Or if he had time to go out and inspect the property to see whether there was a mistake made. Maybe enough depreciation wasn't given, maybe there was a wrong measurement. If you try to cram 3,000 appeals into ninety days you can't work this way, you can't do it. So those I think are two big areas where the appeal process could be improved and I think it would have very little effect on the municipalities as far as the fact that the decisions don't come down for at least a year, because of the debit and credit procedure now that's used and financially once it's started and you are in that cycle, then I don't think there's going to be any affect other than getting a better quality appeal proceeding.

DEARDORFF: To do this better job, the county boards number one, they would all have to have an adequate staff . Now I don't know all the details on every county board but I know that at least from what the Assessors and local governing bodies have told me without going into which county is where, you have a great deal of difference in how county boards throughout the State really operate. Some of them are not adequately staffed for what they should be doing, and others are.

FOX: I've heard that. I've personally not gone around and inspected other

county tax boards -- I've been in a few of them but not for that purpose, and I think that this is all part of an overall control of administrative standardization that is needed. Right now to each his own, down from the county boards to the Assessor. I think any increase in salaries for commissioners is well overdue, I think it has been close to fifteen or sixteen years since they've had an increase in salary, I think the quality of commissioners that you get on an overall State level is excellent; I think that tenure should be looked at for county board commissioners, I think that in the political process of turning over people for political reasons you lose a degree of competence that way and it takes a good two years for a commissioner to really feel confident in doing what he is supposed to be doing -- you don't learn it overnight -- and once you get that and even if you're only out the next year, it seems like a waste of talent once you've established a good board. I think that should be looked at because they are judges, they should be considered as the Judiciary is and tenure be offered.

DEARDORFF: Do you think there would be any value to having larger boards?

FOX: I would definitely say that there should be a system that would allow a board to expand when that becomes necessary. Right now I think there's only two counties in the State that have five commissioners the rest have three. So when you have a large number of appeals you have to sit separately, however, you can't make a separate decision, it has to be made by the board. We haven't had a problem in Ocean County, not being able to handle, but it is a very pressing schedule, there's no question about that, and I think the opinion of some of the people who come to these hearings have is that "well, look there's the judge sitting up there, the commissioner sitting up there listening to what we have to say and we're not going to get anything anyway". I think that Mr. Clayton made a statement "...forget it, going to the county tax board..." I think if you sat there through a number of days of hearings

you would find out that we bend over backwards for the per se appellant who is not with an Attorney and really try his case for him whereas we are not required to do so, but we do as a matter of courtesy because we recognise that the taxpayer is a layman, he doesn't really know what questions to ask of the Assessor and we do it for him. This is a misunderstanding a lot of people have. I think there probably is a great variation throughout the State as far as the way commissioners hear appeals; I can only talk for Ocean County. I really never have attended any other county's appeals process, I have heard many stories and I can't visualize this "you have one minute business". We have never done that in Ocean County and I'm hopeful we never have to. But if the appeals keep getting more and more and the time does not increase, it might come to that some day, I don't know -- I hope it never has to be looked at that way.

DEARDORFF: Do you feel that all the County Board Secretaries should be full-time?

FOX: I think that's a decision that should be made by an individual board, I think that if you're talking about under the present statutes, the board determines what they want their secretary to do, however, they don't determine how much they can pay him. This is just another inconsistency. I think if all the boards were standardized and they all did the same amount of work then I would say yes, they all should be full-time, however, in your smaller counties it may not require a full-time secretary and I think only that could be determined by that individual board itself as to what it's workload is. I do feel that -- declare him the secretary, call him tax administrator, whatever you want to call him -- I think he, under statutes, is considered a clerical aid but in reality he is the office administrator and the department head. I think that like in the school board situation they hire an administrator and they determine what they are going to pay that administrator, then one of the governing body will hire an administrator to run the town, call him the town manager, or business administrator whatever. The governing body

are the people who determine what his salary is because that will justify the quality of person that you hire. It doesn't make sense to me that any administrative position that the salary for that position should be determined by a body that has nothing to do with the agency at all. In many respects do not know what that agency does or how they do it -- that just doesn't make sense to me. The same thing can be applied on the assessing level. The Assessor doesn't have to take the job at the pay that's offered but you know part-time assessors make pretty good salaries because they have five or six municipalities that they work in, and if that's the way they have to do it then that's the way they have to do it, but I don't agree with it, I think that part-time assessors should be done away with, they should all be full-time.

DEARDORFF: Thank you very much Mr. Fox. Our next name is that of Mr. James Anderson.

ANDERSON: My name is James Anderson, I am the Tax Assessor in Point Pleasant, and Point Pleasant Beach; I have been the Tax Assessor in Point Pleasant for fifteen years and at the Beach for about four. Let me start out -- and I'll try to cut a lot of this down -- on the tax appeals. I would say that I for one feel that we get a better shake as an Assessor from the County Tax Board than we do from the State Division. I think that as far as the Tax Court goes I think it is long overdue, we should have more judges to clear up the backlog and I think that these judges should be assigned on a county-wide basis because they would be more familiar with the values in the area.

Primarily I have a complaint in reference to the State Division in that when they get to the State Division...but first of all let me say this, when they go before the county a lot of the professionals in the big firms go before the county with the prime reason that they're just going there just to appear, they're going to by-pass the county and they are going to go to the State. Now the problem is that it is the tendency of the judges to start right off is

to get everyone to stipulate and there is only one way for a municipality to stipulate and that's down. The Assessor can work for days on a particular parcel and the State Division Appeal Judge can reduce it in five minutes. I feel that the county tax board is more knowledgeable in values on the county level and I feel that the most important thing in this area that I would like to see is that no one can by-pass the county tax board and the only thing that you can bring before the State level is exactly the case that you presented before the County Tax Board. I have had many cases where you go before the County Tax Board, the expert comes in and he takes five minutes, he doesn't care which way it goes. Then the Assessor comes in, he presents his full case and now the petitioner knows the full case of the town. It goes before the State, and now all of a sudden we have five experts come in with five written appraisals and this is the big guns that have been coming out at the State level. Another thing, I will concur with Mr. Fox in regards to Assessors; I think that the elected Assessor should be abolished, they are always talking about taking the office of the Assessor out of politics and this would be an excellent way to do it. I also feel that on of Assessors they should be replaced through a single Assessor also through attrition. Primarily our problem is in the elected Assessor. The way that the election law is written today you have to be a resident in order to file and run for election. If there is no one who is certified and is a resident, then actually what happens is the Governor can appoint an Assessor but that's only on a temporary basis. Now, what happens then is say someone becomes certified in that municipality, the person that could be working full-time in this job for say even ten years, be qualified, knowledgeable, he is no longer eligible because he is only farming, or filling in for a temporary period. So we feel that primarily if an Assessor is appointed by a municipality this also rules out that he will have to require to live in that municipality, and there again you have competition -- more than one person

can apply for the job in the municipality if it's an appointed office so that there is competition and the municipality can pick the best person qualified for the job. Now I get into my pet peeve which is homestead rebates. I understand that we have a meeting tomorrow that the State is going to tell us how to handle the rebate applications; it is going to be multiple part forms where the taxpayer keeps a couple, the Assessor keeps a couple, the State keeps a couple, and no one knows what they're doing. I would like to propose that the Assessor is the most knowledgeable person in this area. The State has a list of all people who received the homestead rebate; if this list would be forwarded to the Assessor, the Assessor then could remove the people who have sold or moved out and send applications to the new owners because we're familiar with the deeds that have come in -- we have a permanent record by block and lot, alphabetical or any way you want it. I can tell you something real funny that happened to me in this rebate; well first of all, most people coming before the municipality have stated that they would like to have the rebate checks deducted from their tax bill. It seems a little ridiculous to pay a higher bill, get the money from Trenton (and then you might not get it), well this is a particular case in that I for one being an Assessor I knew that when the forms came in I could file -- I filed and everyone else got their homestead rebate checks around March; well I didn't get mine until May but when I questioned them, I called Trenton, and I said "I don't know what's wrong but I checked over my application, everything seems in order"; he said, well you have to go back and check with your local Assessor. I said "I am the Assessor". And to this day I would say that in the town of Point Pleasant it has actually been reported to me that there are 25 people who still have not received their homestead rebate checks. They've received them from \$25 up to \$90, and some people who have received them are just writing them off saying "well, I'm thankful I got fifty bucks, I'm entitled to ninety but thank goodness for small favors, you can't get anything perfect from the State." One other area that I have championing for years but doesn't go

anywhere is in regards to the Gross Receipts Tax apportionment. This was a terrific bill when you had oil and coal producing power plants; but now we're into nuclear power plants such as Lacey Township, and I would have to guess that Lacey Township receipts are roughly \$2 million a year from just the tax on kilowatt hours that the plant produces, and now Jersey Central is contemplating building a secondary plant which is going to be bigger than the first. So let's give them the benefit of the doubt they'll be entitled to \$3 million - now that's five million dollars a year that they receive from this tax. Again I think is State of New Jersey law and this is the way that it works, as everything else does, that the tax is collected from the power plant, goes to the State, the State takes their share out to administer the tax, then it goes back to the municipalities. Wouldn't it seem logical today, with everyone complaining about high utility bills, that the least amount that would happen is to abolish the tax, and let's say if the PUC did it accurately, to reduce everyone's electric bill by that proportionate amount that Jersey Central would be saving. This would be the most important thing, to make sure that the refund or the reduction gets back to the individual utility user. As it stands now a few municipalities have the windfall. The only way I can compare this to is, let's say we take two towns -- Jersey Central comes along and they build a power plant in this town; the next town comes in and they have Ford Motor Co. coming in. Now both municipalities are going to collect on real property tax because I believe there was a decision come down from the State Supreme Court that they can tax the plants that house the power plant. Now here you have one municipality that's going to have the power plant, they're going to collect the revenue from the gross receipts, on top of that they're going to collect the real property. The town that has the Ford Motor Company, comes in and let's say it is worth about the same, will collect on the

real property but nothing from what the plant produces, so the equity loses me there. And as I said before, I can understand what happened like in a coal and oil producing plant. Another thing is that I would say a lot of municipalities would like to have a power plant if this is the understanding, but it really isn't the choice of the municipality any more, we have plenty of room in Jackson Township but they don't build in Jackson Township; we have room in Brick Township, they don't build in Brick Township -- the same in Dover. Now I can understand why it is up to the Power Plant and the State of New Jersey where it is going to be built because it is going to be for need. I am the Assessor in Point Pleasant Beach and to tell you the truth they turned down when they thought that the power plant was going to be built too close to them. But I can't find one person in the town who would have voted against it, or did vote against it, if they thought that it was going to be a nuclear power plant. What they were afraid of was the coal or oil plant, they didn't want the smoke and everything else that goes with it, but a nuclear power plant, I can't find anyone in Point Pleasant Beach that would be against it. And of course in a town like that it would be a terrific windfall but I just don't think it's fair to the rest of the municipalities. Senate bill 43, that's been knocking around a little time and I understand that certain members of the Division of County Tax Board Commissions that are now trying to get this bill put into Senate bill 3331. This is where the secretary of the County Tax Board would be the county administrator and I for one, am opposed to it because I feel that you are relegating the county tax board to just hearing tax appeals and moving the secretary up to be the most important person. I can't see where it would benefit the taxpayers in the municipalities or the county in this. Also on Senate bill 331, it's nice to be able to set salaries as a requirement, but it's unrealistic because like on county tax board presidents and secretaries, they do different jobs, they have different responsibilities with different counties, and different

problems, and I cannot see where this bill trying to set the president up, or that the president of the county tax board must be an Attorney or a CPA. I go along with the CPA in that he is certified and qualified and knows what he is doing but an Attorney -- I would definitely disagree with because just that the individual is an Attorney doesn't mean that he knows tax law or values and this is what we don't need -- Lawyers, we need Values. In reference to exempt property I would say this, I for one would like to see a bill where all exempt properties pay at least the municipal services tax, whether it be a church -- and I know that's a very bad area to hit -- but I think they can well afford to pay these local services. And county assessment, we've got on to that subject, I would agree that the further you get away from local level the worse it gets, and that it gets so big that it is impossible to handle. I did a complete reassessment of Point Pleasant this year, well it took me two years to do it, of land and buildings and so far I have something like twenty appeals and I concur with about twelve of them that they are entitled to a reduction from this new assessment. Not the amount that it was but we are stipulating quite a few of them, and I have to say that being a full-time Assessor, I did get out and check on all these tax appeals. So if it was on a county level I don't feel I could do this. And in regards to Wetlands I think that we had a hearing right here in this room where most of you Assessors did stipulate and say that there should be some sort of value set on Wetlands and we agreed that the Wetland owners should have some relief because it is very inequitable. The most important thing though was that I think that the State primarily should not use those Wetland sales, the ones that we do get, they should be disregarded from the sales ratio study. Basically that's about it.

DEARDORFF: Of course this is really an academic question because nobody could decide for the courts, but do you really think that for us to assess Wetlands as Wetlands we need a change in the tax clause in the Constitution?

ANDERSON: Definitely. There is no other way you can do it.

DEARDORFF: The way the Constitution reads, if you have a standard of value which has been depressed, or the fact that it is Wetlands, if you treat all Wetlands the same it would seem to me that you would be within both the letter and the spirit of the Constitution. The whole idea seems to me that the Constitution didn't want us to be able to say well you are going to pay this and you're going to pay that. The same is true on a number of other things which I believe we've taken and accepted as true. For instance with our senior citizen exemption -- not the ones in the tax rebate but the Constitutional ones, Mr. Lewis, Editor of the Asbury Park Press brought this to my attention; we've been looking into this around the State, this idea of leased land where the actual improvement on the land is owned by the taxpayer but the land is leased, either through a Camp Meeting Association or a Corporation, or what have you, and in a number of instances the people are getting senior citizen exemptions of \$160. In others they're not because they say well you don't own the property, but there's nothing in the Constitution that says you have to own the property. All it says in the Constitution is you get \$160 off your tax bill. If you get a tax bill -- and this is another place in which there is a lot of difference -- in some places where land is leased and the improvements are owned, the people don't pay their taxes directly, in others they do, so the ones that pay directly get \$160 but the ones that don't pay directly don't get it, but really both should be entitled to it. How do you think we could treat people uniformly throughout the State in situations like this?

ANDERSON: You can't really. You have to treat them uniformly but then you have injustices because something like the Wetlands, you are going to have to specify like you did on the senior citizens -- why do you give one person a deduction, or cut off the tax, and not others? You have to make rules and regulations. The same with the Wetlands, if they would come

out with something similar to what we have in the Farmlands.

DEARDORFF: Of course the Farmland Assessment act is the implementation of a constitutional amendment. Now if we have to have a constitutional amendment for Wetlands then you're going into another sphere and then you would implement that through legislation. Is the value of Wetlands diminished in every instance?

ANDERSON: No. It is not uniformly. In other words you cannot say that Wetlands is worth so much an acre period and let it go at that.

DEARDORFF: Let's say we do have a constitutional amendment, will there be any way of setting up a type of standard that you have on the Farmland assessments? For instance a guideline is given for the Assessor by the Farmland Assessment Commanders.

ANDERSON: But it does give the Assessor an opportunity to give relief. Now the most important thing, I think a lot of the Assessors realize that there should be some relief but there's nothing that allows them to do this.

DEARDORFF: That was generally what we got from the hearings that we had here and up in North Jersey and down in Vineland, that what the Assessor needs is both the authority and the guidelines so that there can be uniformity, but I know that that is something that will be taken up in our recommendations to the Legislature.

ANDERSON: We are getting off on the same thing, you were talking before on revaluations and I can concur with Mr. Fox on that. If you were a revaluation company coming into a certain municipality, they're going to hire high school kids, college kids, and they're going to bring them in and use them for that one job. Now let's say by the time they finish that one job they might know the basics of it, but I would like to suggest that if and when it is ever done in the proper manner possibly we wouldn't need the private revaluation companies, the State of New Jersey and the Division

of Taxation has an appraisal section. The ideal situation I think would be to have this appraisal section enlarged to cover revaluations when you need it or was told to have a revaluation, you use those personnel. These people would be knowledgeable and most of the problems that we're having now with revaluation companies we wouldn't have with them because they would be experienced personnel, possibly floated throughout the State this way.

DEARDORFF: Wouldn't that require a pretty big bureaucracy at the State level?

ANDERSON: It is the same way as they do it in other States on a county-wide basis of assessing.

DEARDORFF: Well most of the meetings that I have been to whether they've been public hearings or others, the Assessors seem to feel -- and Mr. Fox certainly brought it out from the county board's point of view -- that the revaluations should be in the hands of the Assessor as the director; even if you have a private firm he is the one who should be running the show rather than sort of being put off to one side.

ANDERSON: I think it all comes back to the point that I don't believe too much in county assessors but there's probably an area, or some day and time, when the State of New Jersey is going to have to get (whether it happens or not), it's going to happen that they will be doing away with the part-time Assessor and possibly joining up two or three municipalities to make it a full-time job so that when you do have a revaluation the Assessor can stay there and can check daily. This is the way it should be. Possibly maybe it does not have to be that big on the State level but possibly they can send down the key personnel and do the revaluations coming from within the municipalities. I know a lot of municipalities right now are considering doing their own revaluations and bringing in Manpower people, but the problem is, what I am getting at is, it is such a great loss of knowledge and money to bring

people in, train them for the job, do it once and then they're gone. It's the same thing with the revaluation companies, you might bring in people who were trained in the revaluation company, like in Point Pleasant/Point Pleasant Beach, they had the same crew, they finished in one town and went to the other. Now that was terrific for the second town. But what happens after they're finished? They get a job somewhere else and the people who did the field work they're no more, and it all boils down to one thing -- experienced personnel.

DEARDORFF: Thank you very much Mr. Anderson. Our next speaker to come forward is Mr. James Reeves.

REEVES: Good afternoon, Gil, we've met before.

DEARDORFF: Hi, how are you?

REEVES: I wish to refer in part, to the assessment function. My name is Jim Reeves and I am presently acting Assessor in the Township of Long Beach. In my background, I have been in the property assesement field since 1951, I have been President of the County Assessors' Association and Vice-President of the State Association, Chairman of the Legislative Committee, instructor in training courses for Assessors; I am on the Planning Committee of the Annual Conference, and also have been Moderator in Seminars and Conferences. I think this gives some background in the field. I think your agenda is quite broad and I am going to touch on a couple of things, and I would like to reserve some time to make some personal observations on what I have heard today before I am finished.

Wetlands - I am not that conversant with the Wetlands Act but I have other views of it and my personal belief is that the public is under false impression that these lands -- that there can be no development on these lands. My opinion is that it requires only one to seek proper permits and then to proceed. However, we find that already judgments by appellant bodies, county board, State Division of Appeals, etc. have been given --

even though the final denial of the permit has not been given reducing the value in some cases to a very nominal figure. Recently in an issue of the Readers' Digest (and I have a copy here), an article on Wetlands stated that the people and the academic community have estimated the value of Wetlands in relation to the ecological food chain to be as high as -- I have fifty thousand -- the range is \$50,000 an acre to \$82,000 an acre so that what I hear about Wetlands really, to me, doesn't hold much validity. It is my opinion that the Legislature should prohibit any development of Wetlands until such time that studies by the Marine Scientists determine that they are not indispensable to the ecological food chain. After such determination, then a decision to grant a permit should be considered. At the present time you can make your applications, they're lengthy and drawn out. I really don't think it depresses the value of Wetlands until such time as that permit is actually denied, at that time I think you have a restriction on that land which is going to reflect the value of what it is really worth. When I pick up articles like this and they say in the food chain that they're worth fifty to eighty-two thousand an acre, and we have a piece in Long Beach of about six thousand an acre, which is under the permit sequence at this point, and we have tax appeal last year -- and we have one pending this year -- where the expert appraisal for the appellant says that the 51 acres of land is valued at \$30,000 an acre. I have made my suggestion that the Township should buy it, we won't have 150 or 200 homes on it if they can get the permits. Therefore, in my own personal opinion I think the question of what little I know of Wetlands -- I am down in an area in which I spent considerable vacation time, and I am just working here now for a year -- that the question of Wetland values cannot really be determined until such adjudication on the permit application is reached. While it is in limbo in the process of acquiring permits, then I don't

think the value is depressed that much, but we hear questions from the other side.

Farmland assessment - This is another example of abuse I think of legislative intent. I cannot believe that the Legislature responsible for Farmland value had in mind that one who has no interest in farming could derive the benefits. It is well established that developers are the prime beneficiaris of this act. Having served on the liaison committee of the Assessors and the Farm Bureau prior to the enactment of the act, I incurred the wrath of the farmers when they stated that to be eligible, land should be zoned exclusively for farming, that it has one value only. I understand that some of the legal technicalities, one of which is spot zoning if we do this, I can understand the farmer's attitude that this limits him in the market if he wants to sell. We can all understand that. It becomes the old adage "you can't have your cake and eat it". For a consideration of the tax subsidy which is sizable, one must sacrifice ones independency. Another benefit accruing to the farmland is during a revaluation in the municipality. Assuming a community having a ratio for equalization of 50% and a rate of \$5.00, the municipality is ordered to revalue. Statistically the rate would decrease to \$2.50 upon completion of the revaluation. However, the farmland value is fixed by the Farmland Advisory Committee. The top value ground is crop land harvest, and in Burlington County which I'm very familiar with, is valued at \$380.00 an acre. The revaluation decided the tax per acre would reduce from \$19.00 an acre to \$9.50 an acre thus shifting the burden to the other classes of real property. My opinion is that to qualify for farmland, the owner should actively farm all the tillable ground, that the income generated should be the major part of his total income and that such land should be zoned exclusively for farm use. I appeared before the Tax Committee and the suggestion was made -- I think it was Senator Dumont who had a bill in the legislation -- stipulating that

85% of the income of the individual should come from the farm, and I think Mr. Vreeland -- I think he is a Senator now -- who was on the Committee said that can't work because I just leased my farm to my son, so you will know that that piece of legislation never saw the light of day. I do think that there has to be some limitation made on farmland to require the individual to be actually in that industry. I have heard the argument well if you're going to do that then you are going to get a lot of building, and I don't believe this because the market is going to determine how rapidly a developer in that particular municipality is going to move.

Added Assessments - On the subject of added assessments, I believe that the Assessor should be able to pick up that third month, October, in filing added assessments for the preceding year. This is just a recent statute that permitted us to pick up that period of time but we're limited to two months really. Because of the computer scheduling it is impossible to get added assessments in which are completed in the month of September, because our computer data, or the data has to be at the computer center by the middle of September in order to get our added assessment list to the county board. For us to pick up this time an Assessor must go the route of filing omitted added assessments. I think if they would extend this time we could pick up those assessments for that third month, it would save a lot of administrative problems.

Appeals - The Assessors have been advocating a Tax Court. It seems that my philosophy has become compromised, I do not believe that in further in-routes by government. However, I do not believe we can continue with the present system of appeals. What is right about saying to an appellant, especially if the county says "well, you have five minutes to present your case". Or, on the other hand, to say to the Assessor "how did you arrive at this value? Let me see your property record cards." And to the appellant "how much did you pay for your house?" In most instances, the

purchase being after the October 1 pre-tax. The law says that the assessment is presumed to be correct and the appeal procedure most times is vice-versa. A further discrimination between taxpayers to the detriment of the residential property is the use of the income approach to determine taxable value. It is well known there has been proposed legislation in the hopper in Trenton for some years now to eliminate the use of income approach to value property for taxing purposes. I would hope that the proposed legislation to use the income approach to value property for tax purposes now languishing in committee for years, would get some expeditious action by the Legislature that the income tax package received. My thinking is that a Tax Court is needed. Although it may be the creation of another bureaucracy with its attendant expense and ever-increasing expansion, on the other hand, we cannot back off appeals for periods of three or four years.

Administration - My experience in the assessment field I have always hoped that the burden of things other than those dealing with property value would be removed from the Assessor's responsibility. The most recent fiasco was the dumping of the rebate certification on the assessing office. The logic would have been to certify at the local level for the value of rebates to the State Treasurer, he draws the one check to the municipality. I have strong words; I am nauseated at the ego of some legislators stating that regardless of cost and administrative time, that they're going to give the taxpayers a check so they can say "there, we did what we said, we are giving you property tax relief". On the other hand, how stupid we as taxpayers are to accept this type of government palaver. There are many other facets of the assessment function that could be discussed, but to take time would be selfish of me, and I thank you for the opportunity of expressing some of my views. Again, I have been in the assessment field for 26 years now -- I thought I was out of it once, but I am back in it again. A lot

of things that have been said here today have been hashed over between committees of the Tax Assessors' Association and the legislative bodies. Some have come to fruition others have not. I think at one time we got into a very technical discussion about the tax assessment function. I'm old-fashioned and I don't like to hear myself called a Tax Assessor, I'm really not a tax assessor, I am a property assessor or a property valuer. I have nothing to do with taxes. I have travelled the State and I have talked with people and I am definitely opposed and I do not believe in a State Assessor, nor a State assessment function. I am much like some of the gentlemen who spoke before me, that the best control we have is at the local level. I think the Assessors as a group are the only group in governmental work in the State of New Jersey -- and we started twenty years ago to educate ourselves. I heard some remark about the choice of a Tax Assessor. Well we do have a certification requirement; it does require an examination but this does not make one an Assessor, but at least it is a step in the right direction that we do have some knowledge of the office before we are permitted to serve. I could go on much longer, but I won't take up any further time. I do resent the fact that the Assessor is looked upon as a "necessary evil", it is very true that our salaries are controlled at the local level by local budgets. How are we ever going to educate our governing bodies that we are of some value and if you are going to have a qualified person you're going to have to pay a suitable income to attract that person. Yet today, after 26 years in the field, I find governing bodies say the job isn't worth that well they don't know.

Revaluations - As to revaluations, this is a necessary evil we have to live with. I have been through them four times in the previous municipality, I am right in the midst of one. The measurement of the validity of a revaluation is a matter that takes time; just to recite an instance in a municipality in which I served for 23 years, we went through a reval-

uation and we had a bad sale on the category the year before. They used that sale in developing our page 8 ratio, and it meant after a complete revaluation and a complete valuation of all the property that we wound up with a ratio in the middle 80s on the new revaluation. It amounted to \$138,000 in county tax. We took it up with the Division -- in fact I think we wound up in the Superior Court -- and the town was reimbursed for that and the sale was thrown out. I think there is a falacy in my opinion that measuring the revaluation by the page 8 formula, I think the page 8 formula should be no more than a tool to measure the revaluation, I don't think they should apply that page 8 formula and make your revaluation come up to it because there must be some municipalities where the valuations are going down. As to the revaluation firms, I just look at Essex County which I think two years ago, or last year, ordered some 55 municipalities to go on a revaluation; there's not that many firms to do it. And so this really doesn't make a lot of logic. We do have one of the better tools in our hands which is the six year study of coefficients that goes on in Trenton; we also do have a publication now where they give us a ratio by sales class, ten to twenty thousand so on, and I find this to be a better measurement as to whether they need a revaluation and a ratio. Yet we find county boards that have directions, if you fall below 85% you're going to go on orders to reval. It just doesn't have any real logic to it. I can see the problem of a ten year period of going in and reinspecting all the houses, but again we're confronted with the fact that we have a statutory requirement. We are measured and we pay our county tax, and we get our State aid strictly on a study of sales. We come, as I said, before the county board with a system where in revaluation or valuation, when you get to allocating between land and buildings that's where we get into trouble. I would hope somewhere along the line that the Legislature might consider the fact that once a property is improved that it be one assessment on the

rolls, rather than land and buildings because this is what breeds havoc. The courts have said that you cannot appeal part of your assessment if you appeal the assessment at all. You can't be satisfied with land and dissatisfied with the building; you have to be dissatisfied with the total assessment and that's what you prove. Yet today we are still concerned with cases on our tax rolls; the Willingboro case that I was involved in originally which is a computerized annual update, the system has been approved by our Supreme Court yet when you analyze what it has done they are only playing with one part of the assessment, they are playing with the building. The land value is very seldom changed. As a matter of fact the last I checked in Willingboro, the residential lot was valued at \$3,000 which is utterly ridiculous on today's market, but it has been accepted by the courts, he says he has a unique situation -- which he does to a degree -- but here again, I don't think in my own opinion it is a real valid procedure because again, if you only have to adjust one section of your tax roll it makes it a much simpler job. Again, we're looking towards computerization and if you are going to computerize I don't think we can get into allocation because that's our problem in Long Beach Township now in its revaluation which has been extended a year, I am getting feedback -- and I'm not part of the hearings -- that people are satisfied with the value placed on the house but they're upset about the land. Again, we're down to land value which has to be considered and if we only had to do this on approved property we wouldn't be confronted with this. As to whether we're going to get the computerization I don't know, I'm too old for that. Thank you very much.

DEARDORFF: Jim, one of the things that's been brought out, not only down here, but particularly along the shore is when you get into using your sales ratio so many of the sales in resort communities actually involve a great deal of personalty, and it is contended that this throws things

out of whack. That a house with say let's say \$40,000 with \$10,000 personalty sells for \$50,000 and the ratio is based on that \$50,000 and not on the \$40,000, what do you think could be done about that type of thing?

REEVES: I think the quickest answer to that one is the courts have spoken; the courts -- and I don't know the case that went up -- but the courts have said that in lieu of the separate agreement setting forth the value of the personalty then you must consider the value set forth in the deed as the consideration for the real estate alone. I think what little I know about the problem is the fact that for mortgage purposes they put the whole amount in there and apparently the lending institutions don't ask them to separate what is personal and what is real estate. Secondly, I think from a capital standpoint, they prefer to have the personalty considered as part of the capital particularly if we might be talking about business personalty, they don't want to have that as an expense, they want to capitalize that thing. I think in the residential property it is a matter of financing the situation and again the courts have spoken on this matter. There was a case taken up to try to get this sale set aside on the personalty end of the sale and this is the decision that I understand came from the judge. I would hope that it could be, but again we're dealing with individuals and financial situations, and I think Mr. Fox spoke about our sales ratio studies sight these needs, and we have had a committee working on the sales ratio study but we have never got anywhere, and I think you are aware that as soon as you go up and challenge the ratio the judicial body says "well have you got something better?" We don't. Although I think that having had some experience and doing some experimental work on this in college, when you run a series of experiments and you plot them out, the virgin ones -- either high or low -- you take out and you throw your curve between them, and when you get a sale with a ratio of 150 or 35%

or something when you're running a ratio of 50 or 60% - something's wrong with the sale but we cannot get them knocked out. I know we have an organization that has pressed for it but they have never amended it since 1954 -- the sales ratio input, so that we're stuck with it. That again is an administrative situation. I don't know. We work on it and it has to be worked on, but for twenty years there hasn't been any major change at all in accepting or rejecting sales in that ratio, they accept them unless you have some specific reason and then they say well we'll take it out -- that's the only way you can get a sale out. Thanks a lot, nice seeing you.

DEARDORFF: Thank you Jim. Next, Mr. Leo Kiernan.

KIERNAN: My name is Leo Kiernan, I am Assessor of Seaside Heights. Mine will be short and sweet. I have had the opportunity to appear two times before Judge Convery. The first time it happened, my case was the only one to be heard that day. His wife was with him, all dressed up like Astor's pet goat ready to take off. He told us to sit down, it was an informal conference, nothing to be recorded or anything. The man appealed on something he brought up himself the year before, he owned a lagoon, so after ten or fifteen minutes Convery says "let's get it over with, alright give him \$1,000 off". I told him it was against my better judgment. So he said "let's go to bat". Another gentleman in this room was with me at the time. After an hour and a half of haggling he said to the court stenographer "take off twenty fifty off the improvement". Mr. Viaffore said to him "your honor, can I ask you a question" ? He said "Yes". He said "where do we go wrong?" "That's the way the ball bounces, come on honey", and off they went to Atlantic City. The second appeal we had in September of this year; there might have been 30 to 35 appeals on the docket that particular day. As the names came up he said "come outside and talk it over". So you went outside and talked it over, and when it

came to my particular case he wanted us to go outside and talk it over. my Attorney says to me "what are you going to give him?" I said "give him zilch." So we came back in again, he went through the rest of the docket. In the afternoon he said "alright, let's sit down and talk this thing over". So, my Attorney said "what do you give him?" I said "well I've put a stem on it and I've made an apple out of the zilch". So, although he referred four or five cases in the Wetlands, the Forsythe case was one of them, into the list for November 19th, but this particular case came up in September, I only heard the result here about three or four weeks ago, so it was nine months. His wife was there that day and he said "let's go honey". Now to me it wasn't justice, and I'd tell Judge Convery if he walked in here now. For us to be harrassed by judges like him is a crime on the people who try to do a job for your local governments, for the county, and I think it's all wrong that we should be subject to this kind of treatment, and I say the sooner we get rid of them the better off we're going to be. For this man to bring his wife along, he was going someplace or something, I just don't think it was fair. But because I wouldn't take \$1,000 off the land he gave him \$2,850 off the improvement the first case. This is wrong -- all wrong. That's all I have to say, and I thank you for having me.

DEARDORFF: Thank you, sir. Lorraine Effenberger.

EFFENBERGER: Mr. Deardorff. My name is Lorraine Effenberger, I am the Tax Assessor of Pine Beach Boro in Berkley Township in Ocean County. I had submitted to Mr. Moore, and copies sent to you and also given to you for this particular hearing, a six-page commentary on some of the things that I feel warrant adjustment. A number of them have been touched on by former people appearing ahead of me. I will just highlight it because I have no intention of going through six pages of this and prolonging these hearings longer than necessary. With regard to valuations, firms and the

and the people who work for them, one thing that my experience has revealed is that most revaluation firms, if they do have competent -- that means people that have been around for some time, at least two years in my opinion, is the problem is they pay them by so much a house which is piece-work, so they tear through a neighborhood as quickly as they possibly can because it means a difference in their pay check, the end result of course, is quantity rather than quality. I feel that revaluations, after the initial one is done and assuming the original one is a good job, which the Assessor should be on the ball with from its birth to its completion, I feel that it is a complete waste of money and very costly indeed, and a continuous waste of money because of the fact that any municipality of any decent size has no way to maintain it, update it. They're not staffed. They don't have the facilities. This particular county, Ocean County, has a computer system but we only use it for a glorified printing press and it is really not doing everything it could do and as a result \$18.00 a line item may be a little high right now but it scares the hell out of me for years to come; I'm shortly in need of one and it is going to be another quarter of a million dollars thrown out of the window, because the State keeps talking about it, about getting a system where the assessments could be maintained with a computer assisted system and of course, it's my experience with the State that they talk about many things but rarely do things get accomplished. New York State is in the process of, no rather it does have one implemented, that seems to be pretty good, and the epitomy of the field is in Tulsa, yet all Trenton does is talk and all the county does is enforce their regulations which they must, and all the Township does is keep on spending more money. With regard to gross receipts tax, this is also a personal pep peeve for me, it has been touched on before but rather than be redundant, I agree that the formula that is currently being instituted in apportionments per se, by this formula is completely

archaic, it was made before nuclear energy was even considered -- and of course, a nuclear plant can put out a heck of a lot more capacity than any guy that can shovel coal into a burner -- but what really kills everybody is the instant shift of all this revenue and there should be, in no matter what formula utilized, a save harmless clause whereupon a municipality who is used to a given amount of X dollars because of the return from the gross receipts tax, all of a sudden is stripped of a good portion of it, and it is funneled elsewhere to one location where we'll say a nuclear plant happened to be constructed. I know of one municipality particularly when that nuclear plant in Lacey Township was only 50% built, we lost \$35,000 and it wasn't even putting out one kilowatt to make one light burn -- it wasn't doing anything, it was just 50% built. \$35,000. We were used to that \$35,000. So now we had to incorporate it into the tax rate. Sayreville lost a quarter of a million dollars the same time, and the plant wasn't even built, it was only half done. So I feel that a save harmless clause is most necessary, and most laws do have save harmless clause in it -- this one does not. Another item I would like to touch upon which hasn't been touched upon is demolitions. If you should be unfortunate enough to have a home burned down in say, February 1, the Assessor must assess that per \$1,000 a year. Well you try to explain that to a taxpayer, especially when you don't believe it yourself. However, if a house is built and completed by February 1 you tax them for eleven months of the year. It shouldn't work one way and not the other. Say a person is ordered to demolish a structure or whatever it is, by a municipality, in the course of a year, they don't give a damn about our deadlines, and the end result we have to assess him -- and here the town itself ordered it be demolished. It's just not right and we should have the power to remove or justify, if we have the power to tax, and I feel that if a house burns down there's enough

loss there, why should we compound this by also taxing them to December 31. That's one item. With regards to my next point, it was already mentioned and I almost chuckled out loud, payment in lieu of taxes with regard to a county level where the State makes a payment in lieu of taxation. Well let me tell you about this payment in lieu of taxation, it amounts to 10¢ an acre and if you consider that "in lieu of taxation", I'll eat it. Because I've got myself ten miles of beachfront alone and two State Parks in my town and when you talk about a 2,000 acre park of beach front and you can't even think about the buildings, you can't even think of any type of improvement, and when I get an in lieu of payment of \$200.00 I think something's a little wrong. A little house in my town only pays \$200.00 and that's not beach-front; that property is worth more money than the computer's got digits to hold -- and that's the truth -- and we get \$200.00, ten cents an acre. I think it's a sham. I think you should forget the \$200.00 and spend it someplace else, but this in my opinion, is an insult. Another item I would like to touch upon is uniformity versus market value. We have two different laws on the books, one says you've got to be uniform, one says you've got to have market value and very rarely can the two be the same. A market value is when a couple of folks get together and go find a piece of property, then enough of them get together and develop the market, and then that throws your uniformity right out the window. When you get that squared away again, then a couple more folks in the meantime have gotten together and you're right back to where you started. Market value is something you really can't keep up with and you really can't get it into somebody's head at the time of closing or time of contract, and figure out what determined their decision to buy a certain piece of property at a given price. The wife may say "oh man, that purple bathroom really is great, and the kitchen is super", and the husband may look at the workshop and that's just what he wanted, and then

he had no idea of local values, and of course the broker who was involved, the more he sells it for the more his commission is, so rarely do you see an instance where you have properties going down but you really don't know what goes into the personalized thinking as to how much someone will pay for a piece of property. Therefore, I would think that the laws with regard to uniformity would be more equitable because if everyone is paying we'll say \$5,000 for a building lot or no one can complain that that's what they own is a building lot and everyone else is paying the \$5,000 too. However, after you've established \$5,000 to be a reasonable value, the next thing you know no sooner has that ink dried on that piece of paper when that conclusion had been reached and you find people underpaying \$7, 10, 3, I mean it's all over the ballpark market value mostly upward and it's something you just can't keep up with and I think it's more important to treat everyone fairly and uniformly than it is trying to guess what somebody's going to buy a piece of property for because that's what you have to do on October 1 is project what they're going to pay for it next year based on the guy that has come before you and like I said before if you got a decent size town you're really stuck, I mean you just flop on by the wayside and next thing you know somebody's knocking and sending you these notes -- revalue, another quarter of a million dollars thrown away. With regard to wetlands, most people don't know that there's only four or five items that the wetlands act really says you can't do with your property. Yes, you can get a permit if you don't violate one of these prohibited items which is dumping, debris, fluids and spraying and things of this nature. It doesn't say you can't build but in order to get a permit you're going to pay one parcel of money before you run the rink. And in some cases the land just doesn't warrant the expenses involved to get a permit and I think the wetlands act has a definite purpose, however, I think it's being handled entirely wrong, I think the suggestions made so far have been entirely wrong. I would like to propose that the mapped wetlands area

throughout the State of New Jersey be re-reviewed and let the ecologists determine just exactly what is needed for the purpose of ecology, food balance and whatever else is vitally important went into the purpose of the wetlands and then after re-reviewing it come up with actually what is necessary to retain the ecology balance. Upon that determination have the State purchase those properties that are vital to the balance of the ecology and release the remainder to flow with the market. I do not feel it is fair for a taxpayer to pay on, to pay taxes on land, which has the stigma. True, we all realize they can do something with it if they wish to go through the expense of the permit in providing their initial request for the permit was reasonable, however, I feel that the ecologists, if they feel that the entire existing areas that have been mapped are necessary, then the State should be prepared to buy every inch of it. And we should not expect these people that are currently called owners of record to have their property almost to the point of confiscation without compensation. And I feel that the only way this can be done is for the State to buy what is necessary. If they mapped more than is necessary, well, demap it. With regard to the Division of Tax Appeals, I've been around for seventeen years and I hate to say this because I feel that I personally am someone who respects authority, I've been brought up and raised that way, but I really don't have too much respect for the Division. I've had too much experience, I've seen too much, and most of it has not been good. I'm not crying taxpayer, I'm not crying tax assessor, I'm just crying reasonableness. And I think that the whole outlook is bad, I think the waiting line is too darn long, there's no question about that. I think in anyone's mind, the State Departments, the assessors or the appellants themselves. Now we have a law to contend with which now says that if reduction is granted, municipality now must pay a given percentage, I think it's eight percent, on reduced amounts. So now we're going to have municipality being a banker for these courts that don't get around to hearing a case for three,

four years. This is ridiculous. It is a very common practice and I won't name judge, I'll just say that I've come across all of them, to not want to hear a case -- they don't want to hear a case. They want you to settle. If there was anything to settle, it would have been done long before it ever got put on a calendar. But, they more or less indicate that you settle or we're going to make it even worse. Well, it had been mentioned before that the only way to settle unless the municipality goes down, there's not even no damn reason for the municipality to settle, had it been settleable issue, it would have been done prior to reaching this point and to me it is a shame just to get out from hearing and get rid of the cases and you read the writing on the wall, if you don't settle you're going to get wacked worse. And big propellants love to go before the Division because this is the practice, this is a common practice. With regard to postponements, that's another honey, somebody would be granted a postponement, the other party doesn't know it, you travel up to Newark or some other God-forsaken place and you bring your attorney because that's another mandatory situation, and you go through the calendar which is another hundred cases which noone can possibly be hurried, unless you're a magician, and then you come up to the fact that your case wasn't called. You find out if was postponed. You went a hundred miles or so for nothing and you've got to pay the attorney, more money thrown out the window; we throw more money out the window with regard to these things, itsreally pitiful. It's bad news. And, not only is it impossible for a judge to hear the amount of cases that are calendared before him, but he wants to go home real early. Like, noontime. He don't want to have to come back in the afternoon, he may have showed up late in the first place and this happens to anybody, anybody can be late. And anybody may have an appointment in the afternoon but when you're supposed to be a judge and you're supposed to hear hundred cases, well you just can't make it by noon. No way. You can't even make it by midnight.

I have also run into a problem particularly in my earlier years, particularly of pre-judgement. That really grabs me because when you haven't even been sworn in yet and you're informally talking, because we're not really mad at the other guy, we get paid by the year to do our job and Mr. Clayton can come before me and I really don't have a personal ax to grind, he's a man who thinks he has a problem and so does my other taxpayers and we're friendly, we just don't agree on certain matters, perhaps, but we're friendly. And the judge joins us and says to the taxpayer "What kind of things you got over there that you're complaining about?" All I got this meadowland, this is before wetlands, and all that stuff is worth 10¢ an acre and he's says "That's right, your Honor", "let's swear in and let's get this case going here". You know right where you are even before you start. This is the sort of thing that we really live with and after enough of it you kind of lose respect. I feel you definitely get a better shake at the county board. The only problem with the county board is that you can't make the appellants at the county board produce all the evidence. And therefore, when you go up before the State level, you're talking about a brand new trial with brand new evidence and you've already shot your wad at the county level, I believe this has already been mentioned before, and you're talking about a brand new trial. They're going to come up with all kinds of guns and now that they know your testimony and you have no chance to even verify it. You're miles away from your files and your records and it's brand new -- some of it may be totally unanticipated and lots of times afterwards, after everything's over and done with and you find out half of it's a bunch of bologney, but it's already too late, it's already part of your testimony but you weren't, you didn't have this data before, but that's what the judge heard, that's the few that he could get around to hear. To make a long story short, something drastically has to be done

in my opinion to make the Division an equitable appellate division and I feel that all taxpayers, immaterial of what level, should have their day in court and I don't feel that it should be so lopsided as it is right now. You can beat city hall in my opinion any day of the week, just go to the division. You've lost before you've started in ninety percent of the cases. I'd like to hit another...that may be pretty strong, but that's the way I feel. Elected assessors, it's already been touched upon, I don't go along with county assessing and I think State assessing is worse. I think the higher up you go in Government, the worse it gets. Federal's even worse than State, if you can believe that, that's my opinion. I think it's better at the ground roots, you have a more in touch feeling with things, and you're personally involved and it's before you everyday and I feel kind of agree with parttime assessors that they basically should be phased out and have regionalized assessors picking up the to have it worthwhile to have a true professional assessor service these small towns so that they can have the quality of experience of a good assessor. Many parttimers, they do what they have to do and you can't really blame them but it really gives the townpeople that they serve perhaps not the best job in the world and they may suffer financially for that lack of expertise. Another item we have to go on with regard to is the New Jersey State Manual, this is in the process of being redone. It has been redone but the results have been very unreliable when it was tested and I feel that the program should be scrapped, that the commercial manuals that are on the market which the expert uses against us in court and which are recognized in courts, such as Marshall Swift or along that, not particularly advocating any one particular manual, these can be purchased for a nominal amount. Right now we must use the State manual which is very archaic. It was made in 1954 and updated on occasion, but knowing, we must use these

manuals, New Jersey State Manuals, when we revalue and yet it's not worth too much. I think this thinking should be revamped and the object is to get good assessment rules. Not having an ego problem that you have to use the State Manual if another manual will give you just as good if not a hell of a lot better results. As it stands right now, we can't have a reval approved if we use anything other than the State Manual which leaves something to be desired. A lot of revision. Exemptions. First off, let me say at the offset, exemptions erode the tax base. Everybody's in looking for something, to knock a little bit off their tax bill, you can't blame people. But it is really getting out of hand and there's no end in sight. Disabled veterans here is the new disabled veterans law, my goodness, that man could have a heart attack 30 years after he got out of WWII and all of a sudden he's a disabled veteran. Well, it's not a service-connected thing. Sure he's a veteran, sure he may be disabled, but he's not a disabled veteran. Now I can see if the man had a problem, got shot at, fell off a jeep, whatever he did when he was in uniform. That's a disabled veteran. But, when you're 30 years older than when you got out of the war, you're bound to get heart attacks, you know? It goes with it. As you get older, you get older and that's it. And you get a lot of things that you didn't have when you were younger. But you don't get a free tax bill. Now you do. We had before this new amendment came through, we had one fellow that met the qualifications and he was a disabled vet and he didn't pay any taxes. We made this amendment that you can get disabled any old darn time you want and you become a disabled vet and now we have a whole flock of them. This isn't my town, this is all over the State of New Jersey. It's a give-away program. That's what they all are. A give-away program. And what happens? They've reincorporated into the tax rate, the tax rate goes higher and then people complain about that too. Now with the disabled vet,

he doesn't even have to prove now he wasn't disabled in the service, all he has to do is give us a letter with a percentage in it. A form letter that doesn't even have his signature on except that something that went through the mimeograph machine saying that he's 100% disabled. They don't even tell you why, you're not even supposed to ask why. So, every once in a while the VA they re-evaluate these fellows. The guy is better for whatever his problem may have been that you weren't even aware of in the first place because you're not supposed to ask and he's 50% now or something other than 100%. You think that guy's going to give me that new figure? No way! Because he'll have to pay his taxes again. So that's totally inequitable and we have no way of finding out when the VA reevaluates these people. The senior citizen exemption, that is something that the intent was good, the results were not. \$160 isn't going to do anything for anybody who needs it. Maybe a little bit but really doesn't amount to a hill of beans. What it's really come down to, it's the current method in the laws is a pawn for the greedy rather than providing for the needy. I think it should be taken right out of the tax realm entirely and a bureau set up in the State Department where individual applicants can be reviewed with regard to their basic needs. Then they should be serviced accordingly maybe on a step scale based on what they would need. I don't feel \$160 is the trick. I think everybody, I shouldn't say everybody, I think many people have perjured themselves in order to get \$160 that they would have normally not qualified had they told the truth, and I think that if you are really in need, \$160 isn't going to make it through the year. Veterans' exemptions? Our boys didn't get a bonus, one of the few states that didn't get a bonus and you get a fellow now that he got a bonus in his state and he moves into our state and now he gets this exemption, too, so he gets it both ways. And then you get our boy who moves into his state and he gets nothing and you get the guy that may not be fortunate enough

to own any property and he never moved out of his state and he's a New Jersey State vet, he gets nothing. Here again, I feel that it should be taken out of taxation. Our boys, immaterial of where they are, should possibly get a bonus but this should not be in the realm of taxation in the form of exemptions. The farmland assessment has also been touched on before. The initial intent was to relieve the farmer of some of these expenses since he must own, depending upon the type of farm, a multitude of acreage. OK. This is fine. The intent is good. We all know that every speculator is getting on the bandwagon so, therefore, something is lacking in the existing law. I had an instance where I went before the Division and I was informed that if a farmer had 50 acres that he was farming -- and he owned from Ocean County to Trenton but he only farmed 50 acres -- it was all under format because the intent was "open space". I didn't think that was the intent of the legislation when they made the format, and I feel that this type of attitude and outlook is an abuse of the law. As I have mentioned before -- and other speakers before me have mentioned -- this is really a windfall for the land owner who doesn't want to pay very much taxes. With regard to State-owned property, and county-owned too for that matter, they just do pretty much as they please in a municipality. They don't bother to inform anybody of any improvements they want to make and as a result the assessor who is supposed to assess all property in his municipality, finds out about these things more or less by stumbling across them. I went over to Island Beach State Park and they let me off at a beautiful pavilion, redwood tile. I didn't know it had been built. And this is in my town. Things like this happen all the time. I get the same thing through the county with county property. Why do governments operate this way? I mean, how is anybody supposed to do their job? Let us do our job. Let us know what you're going to do before you do it. Mention has been made of equalized ratios. Well, the initial intent of ratio came about

when they're trying to figure out how to dole out school aid. From that point everyone uses a ratio for every damn thing you can think of and it's gotten way out of hand and the assessors are playing little games, they don't play a little game, they're going to die. It's a survival of the fittest in this game because it means a lot of money to your municipality. And anybody that doesn't play the game is going to pay more than their fair share, it's as simple as that. I think that the ratio concept should be done away with. I feel the school aid purpose should get back to a flat rate per child and that system would be so simple nobody could play games with it. We've got so many and so much a kid, and that's what you get. And what can you do with a system like that? Nobody can misinterpret it, nobody has to play games and nobody has to take school state aid formula and throw it into taxation, court cases and a whole host of other happy good things. It doesn't belong there and it should be just abolished. State mandates. The State has a habit of making laws in the middle of the year and they do it immediately and you're completely unprepared, unstaffed, un-everything to handle the job such as rebates. One minute you're happy as a lark, next minute you got six thousand people in the hallway. You know, it's feast or famine all the time. The State shouldn't make laws mandatory immediately, effective immediately. They should give municipalities a little time to prepare for these things, make it today, but have it effective next year so that we know how to budget for next year, we all work on budgets too, same as you fellows. I think there should be a little cooperation here, right now, it's a total lack of communication. I agree with Mr. Fox in that State should bear the cost of these little goodies, too, because our local governing bodies, as a rule, are not too happy about being hit with a host of unanticipated expenditures since even what you had anticipated you can get initially for your year's budget anyway. The homestead rebate is

at stage of talking right now, so, it has been kicked around so I won't even bother going in there. All I can say is that we have a meeting tomorrow and if what I hear isn't going to be happy, I think I'll get back to you, Gil. That's all I can say about that. That's how disgruntled I am about that thing. That's the worst piece of legislation I have seen in seventeen years, so that's all I'll say about that. With regard to added assessment time schedules, it was brought up that the law says October 1, but we really don't have October 1. We have the beginning of September or may the middle of September, depending upon when the cut-off date is because you're on computers now and the computers have to crank all this stuff out and be ready by October 1 because that's what the law says. OK. Now we run into problems. First off, if you got any kind of activity you've missed a dozen or so houses in those few weeks you couldn't go out in the field which is a loss of revenue for the municipality. In my case, you're talking many dozens because we have that kind of activity in our municipality. But you also have another problem, which was very prevalent when rebates came around, is that people in homes have moved and complained between our cut-off date with the computer and October 1. All of a sudden they were eligible for rebates, we didn't have any record of them in the first place. Had we had the opportunity to work up until October 1 there wouldn't have been this kind of an administrative hassle that we experienced and these people experienced because they ran in that void period of time and moved into their houses and had their homes instantly completed before October 1. We need that extra time, it's costing us money and it's causing us problems. Basically, people complain about taxes. Taxes are too high. That's why this country was founded because everybody is groaning about taxes and they got upset with England and a whole bunch of other things.

People are complaining about taxes today, is because so much of it is school purposes. 65-70% is not uncommon for school purposes. So therefore, everybody is claiming for exemptions. There just has to be a way to remove tax exemptions from properties, fund them differently, if they are justified, some of them I question as to being justifiable. However, the school taxes I imagine will be coming out of the tax range in some form or another. Hopefully in the near future. I think once you can fund these things differently other than taxes, you will find that people are going to be a lot more happy. Just say taxes and everybody's back gets up. If you can fund it through another bureau, develop it by the tax but, let me put it this way, property tax hits them in the pocket. So do all the other taxes, hit them in their pocket. But the other taxes aren't so highly resented as property taxes are. So, therefore, the court more or less said that you should take school tax out so that you come out, and that's about 65-70%, that's a good hump. You take out the exemptions and fund them elsewhere after giving them a thorough review to see which should really should stay on the books and which should come off. In getting all of this no untaxable stuff out of taxes and then the people wouldn't be so upset about the taxes. I'm a tax assessor, a tax appraiser, whatever you wish to call me, I've been called many things. I feel this way, I'm not a rebater, I'm not an exemptions exemptioner or senior citizen exemptioner, I'm supposed to value property. And the way the laws are these days, they've got me doing just about everything but. And I feel that I should get back to my job and leave rebates to somebody else and leave the elderly to somebody else, and people who say they're disabled and so on. Let me assess the property. Thank you.

DEARDORFF: Thank you, Lorraine. Mr. John A. Coan please come forward.

COAN: I am John A. Coan, Jr. of Forked River, New Jersey. I speak as the Secretary, Board of Assessors of Lacey Township, Ocean County, having held said position since September 1976. Prior to this, I was employed by the Local Property and Public Utility Branch, Division of Taxation; City of South Amboy, Middlesex County as Secretary, Board of Assessors, and two revaluation concerns practicing in the State of New Jersey.

I am a member of the Ocean County and State Associations of Municipal Assessors and serve on the Farmland, Wetland, and E.D.P. Committee, however, I do not speak on their behalf.

I wish to read and submit my comments and recommendations concerning the following areas of assessment administration for your consideration; Wetlands, Farmland Assessment, and Revaluations.

Wetlands - Since the enactment of the Wetlands Act of 1970, Assessors have been cognizant of the problem this Act is causing due to its extreme regulation of our "Coastal Wetlands". A study by our Wetlands Committee, of the range of Wetlands sales throughout the State has, I believe, previously been submitted to this committee, and any future studies will be so submitted.

Assembly Bill number 1063, and its Senate companion (bill number 638), I believe, are a step in the right direction, however, they do not go far enough in alleviating this problem. It is with this in mind that I respectfully offer the following recommendations:

1. Addition: Creation of a State Wetlands Advisory Evaluation Committee (similar to the State Farmland Evaluation Advisory Committee) the members of which shall be the Director, Division of Taxation; Director, Division of Marine Services; and one Assessor from each county having mapped Wetlands. The primary objective of this Committee would be to review all Wetlands sales and other indica of value which such land has subject to its being under the Wetlands Act. The Committee would annually establish and publish a range of values for the entire State by district or, at least, County, in order to improve the uniform assessment of similar properties.
2. Addition: All notices of change in use (issuance of a Wetland Permit) to be recorded with the County Clerk in the respective

county and an abstract be sent to the respective Assessor.

3. Addition: Application by owner be submitted similar to Farmland Assessment application, by August 1 of the pre-tax year.

4. Addition: Reimbursement to the municipalities and counties involved resulting from the loss in ratables. This could be done on a "sliding scale" starting at 100% and decreasing to 0%. This would offset drastic effect a sharp decrease in ratables would have on the financial stability of many municipalities.

Farmland Assessment - This piece of legislation, once regarded as one of best in the nation, is in the process of becoming or has become a farce and a sham, subsidized by smaller property owners.

It is my understanding that the 1963 Constitutional Amendment providing for use-value assessment on farmland was an attempt to save the declining farm industry in New Jersey, thereby, allowing us to preserve some of our open spaces. I do not believe the amendment in 1963 mentioned preserving all open space in the State, rather the "open space" theme was a tool used to insure the passage of the amendment.

Today, 13 years later, we are not protecting the farmer, we are being forced by, what I consider a loophole, into giving wealthy speculators tax breaks on large tracts of 100% vacant land not appurtenant to a harvested or cropped farm because they cut a few trees (exactly enough to meet the minimum income requirements). This problem is being faced by Assessors in all parts of the State from Passaic, Morris, Hunterdon, Sussex, and Somerset Counties to Atlantic, Ocean, Salem and Burlington Counties. It would be a bit more palatable if these owners were adhering to proper forest management practices and actually providing for a continuation of our open space, however, many if not most, are only interested in meeting the income requirements in order to qualify for a very nominal assessment (\$15.00 per acre in Ocean County) while they continue to hold the land for speculation and then reap substantial gain upon its sale and development.

It is in view of this that I make the following recommendation for this Committee's consideration:

1. Enactment of legislation which would provide for use-value assessment on open space or 100% vacant woodland tracts which would have more "teeth" and insure that the land is preserved as open space. Some specific recommendations would be:

- a. Owner must enter into a long-term agreement (I would suggest a minimum of 10 years) to have the land remain in open space or woodland management.
- b. "Sliding Scale" roll-back taxes for the length of the agreement.
- c. Have and follow an approved Forestry Management Plan.
- d. Reimbursement to the municipalities and counties involved on a "Sliding Scale" basis as was mentioned previously.

For the small family farmer a two year roll-back tax could possibly be a substantial burden, however, for a major land speculator it is a pittance which he would only pass along in his development costs.

Revaluations - During the past ten years in Ocean County alone, the taxpayers of this county experienced 45 revaluations and 15 complete reassessments at a cost of \$5.75 million. The projections for the next ten years indicate at least as many, if not more, revaluations and reassessments occurring but, with the cost of inflation and the growth in the number of line items in this county (20% from 1972 to 1976), at a cost estimated to be over \$8 million.

The Assessors of this State need a computer-assisted reassessment program to provide them with the analytical tools necessary to maintain these revaluations and be able to up-date assessments on an annual or bi-annual basis. This would in the long run realize a substantial savings to the taxpayers of this State and also result in the elimination of the oft-heard taxpayer's uproar after a revaluation resulting in a rather substantial assessment increase.

I wish to thank you gentlemen for the opportunity to present my views and commend you for your interest and desire to get input from those of us who must perform these functions on a day-to-day basis. If I may, could I now make a few comments on some areas that have been covered recently?

Primarily, since I am the Assessor of Lacey Township, I am you might say, biased as far as the gross receipts tax goes -- I expected to hear boos from Jim Anderson in the background, but I guess not. A few points on the gross receipts tax and its apportionment. Mr. Anderson mentioned a second wind-fall for Lacey Township occurring with the new plant. However, in my discussions with personnel from the Division of Taxation and going through their apportionment procedures, a wind-fall will not result. An increase of possibly 10% to 15% is what we are expecting now from the secondary power plant.

Number two, the difference between a steam plant and an atomic plant. I come from the town of South Amboy, we have and get gross receipts from Jersey Central Power and Light, we have been receiving these receipts for as long as I can remember and I assume that that steam plant will continue in operation. However, with an atomic plant -- especially the one we have in Lacey Township now -- will in the year 2003 be closed down possibly entombed, the result from this will be 1) there will be a loss in the total gross receipts because there won't be any energy being produced from the plant, and 2) I am position at this stage, and I thank the Lord that it will be a couple of years after I am able to retire that this will happen, but there will quite probably be a tax appeal on this because who's going to pay an exorbitant real estate tax on a white elephant.

Point number three, if the law is to be changed and the apportionment formula is to be changed, it must be changed for all the towns to receive gross receipts. I believe that if it was just changed for atomic reactor plants that there could be quite a case for a discrimination law suit. What would this do to the smaller municipalities throughout the State that are receiving gross receipts from their steam plants? The monies in their budgets are dependent upon this. Lacey Township will get hurt, yes, so will all the other municipalities in the State that receive any monies from

the gross receipts.

My last point as far as the gross receipts go is that different from Mr. Anderson's view, Jersey Central looked at different sites up and down the coast of New Jersey for the location of the first atomic plant. The State and Jersey Central didn't come down and say "we will take Lacey Township". Many townships turned it down, they did not want an atomic plant in their town but now they want the receipts from it.

DEARDORFF: Well, you know a lot of people really don't realize how widespread the receipts from franchise and gross receipt taxes and public utilities are. Granted Lacey Township and Lower Alloways Creek, where the atomic installations are, where you find the real big bucks in relation to the size of the town, but many places without any plant at all receive very large amounts, because if you are in the line of all of the transmission lines -- and you happen to be where they all pass-through -- you get a tremendous amount or if you have a sub-station, a switching station and so forth. So that this is not a matter of Lacey Township, Ridgefield, or South Amboy, but there are many places that would be hard put to make up that money.

COAN: How are we going to take away the \$5 million or so that towns like Newark and Jersey City, Carney, and Bayonne which are very hard-pressed towns at the present time, if you re-apportion their gross receipts? That's another point to consider.

DEARDORFF: A number of years ago somebody asked me to figure out how they could do it on a per capita basis. When they found out Newark would lose money they quit the idea. It isn't simple, although the one thing which was brought out was the fact that of course it is built into the system -- and that makes it extremely difficult to change -- but every time your electric bill goes up, or gas bill, goes up a dollar, 14¢ of that goes into the utility tax and this is one reason why these things have been

going up so much because the gross receipts have been going up so much, and as a result really the rich get richer as far as the towns are concerned.

COAN: Everyone gets a little bit richer.

DEARDORFF: It is not something that you can just make go away because by doing some of the things that have been recommended, I am afraid it causes as many problems -- maybe more -- than you had to start with.

COAN: Right. I don't want to be repetitive so I won't get into such areas as equalization, homestead rebates, I think my feelings are generally in line with the feelings of Ms. Effenberger, Mr. Anderson, Mr. Fox, as far as equalization, revaluations, etc., so I thank you for the opportunity of speaking.

DEARDORFF: Thank you, Mr. Coan. Ivan Mickel.

MICKEL: If you don't object, I withdraw my request to speak.

DEARDORFF: Alright. George Harraka. I seem to remember you from somewhere.

HARRAKA: Actually I don't want to testify, the only thing I would like to do is, as Chairman of the Legislative Committee for the Association of Municipal Assessors, I would just like to submit some testimony given to me for the board. One by the Assessors of Manchester Township, one by the Commissioner on the Ocean County Board of Taxation; if I could submit their testimony, and also this is a copy for you, Gil. The only thing I would like to say is on behalf of the Association, is to thank the Taxation Committee for appearing in Ocean County, and to give the Ocean County Assessors an opportunity to be able to present some of the inequities that are placed in the property tax administration in the areas of reassessments, revaluations, wetlands, and equalization. I am sure you heard my views on these many and many a time, the only thing here is that it has been said with emphasis and that the Assessors are not pointing out rights, as much as they are pointing out inequities. Inequities, that if they are revised

and corrected would benefit the taxpayers in their taxing districts, and I sincerely hope that whatever input they have provided the Taxation Committee, here in Ocean County, that these would be incorporated in any recommendation that the Taxation Committee may bring forth, either in this session of the Legislature or in the coming session next year. I certainly hope that we Assessors will be given an opportunity that any recommendation that the Taxation Committee proposes, we will have an opportunity to review them and assist the Taxation Committee in any manner, shape or form, to enact good legislation that's going to benefit the taxpayers of the State of New Jersey. Thank you, Gil.

DEARDORFF: Thank you, George. Is there anyone else who would like to say something? If that is all, then I declare the meeting adjourned.



OCEAN COUNTY BOARD OF TAXATION

C. N. 2191

Toms River, New Jersey 08753

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244-2121 Ext. 295

COMMISSIONERS

GEORGIAN KOLBER, President

GEORGE F. MAKIN

JOSEPH F. FLYNN

SECRETARY

JOHN R. FOX

July 26, 1977

The Honorable Thomas G. Dunn, Chairman
Senate Special Committee on Tax Appeals Procedure
% Mr. Glenn Moore
Room 218, State House
Trenton, New Jersey

RE: Senate Resolution Number 30
Senate Bills 3331 and 3332

Dear Senator Dunn:

I have read the full transcript of testimony taken before the Senate Special Committee on Tax Appeal Procedure in the Committee report. I wish to commend you and the Committee on the in-depth study made on the operation of the State Division of Tax Appeals and the recommendations as are reflected in Senate Bill 3332. I only wish you had conducted as thorough a study on the operation of County Boards of Taxation. I realize that Senate Resolution 30 concerns itself with the State Division of Tax Appeals, however, you did incorporate certain recommendations for County Boards of Taxation as reflected in your report and Senate Bill 3331. I do not agree with many of the provisions provided in Senate Bill 3331. Based on the testimony I am of the opinion that the Committee did not have a true picture of the operation of the County Boards of Taxation and I would like to comment on each of the recommendations as in my opinion it would affect County Boards and the appeal process.

Let me begin by introducing myself. I am the Secretary of the Ocean County Board of Taxation and prior to that, served for three years as a member of that Board. My comments regarding the recommendations contained in the Committee Report are:

RECOMMENDATION NUMBER 8

I believe the requirement of a Record and Findings of Fact will improve the quality of the appeal proceedings. However, without a substantial increase in the time to hear the appeals -

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one month is wholly inadequate an administrative and unworkable nightmare will result. I base my opinion on the following:

1. The higher value commercial property appeals we now hear will require a substantial increase in hearing time. Under our present system, irregardless of the judgment by the County Board, in the majority of cases either the appellant or the municipality will take the appeal up to the Division. In cases that we hear in say 30 minutes time, it takes many hours or days of testimony before the Division. The fact of the matter is that both parties to the appeal know the case will go up before they start and they only enter enough testimony in order not to be dismissed at the County level. With a new requirement that a record of the proceedings goes up to the Tax Court and that the Court may hear the case de novo will cause both parties to present their entire case at the County level. This is the way it should be. However, you can see that this will require a substantial increase in hearing time at the County level, not only for testimony but to allow the parties to prepare their case. Another time problem that we will be faced with is the production of the transcript. The courts now usually allow a court reporter 30 days to produce a transcript of the testimony. I would recommend the time frame of one year for County Boards to hear and determine appeals for a given tax year and that appeals from County Board Judgments be filed with the Tax Court within 45 days of the County Board's Judgment date.

2. In regard to the \$5.00 fee for a copy of the transcript and the County Board findings, this fee does not appear to be realistic. I have done an analysis using appeals heard in 1976 by this Board, a copy of which is attached. In using the new proposed filing fee schedule, we would have increased our fee income by approximately \$10,000. However, the cost of producing a transcript of each appeal heard before producing any copies for any parties to an appeal, far exceeds the additional revenue. Had the new law been in effect for 1976 our Board would have incurred a loss of approximately \$15,000. It is my understanding that the new appeal fee schedule is supposed to defray the additional record requirement cost. If you will follow the analysis, you will see that this is not the case in Ocean County. I would recommend that if the fee for copies of transcripts are to be a nominal figure, then the appeal filing fee should be higher than you recommended in order to cover the cost of producing the record and a nominal fee per page for copies of a transcript to cover the additional copy costs.

RECOMMENDATION NUMBER 9

I have already touched on the time problem that County Boards face, but in addition to that, one must recognize that under the present statutes, a problem exists. Although the County Boards can hear appeals throughout the year up to November 15, the fact is the majority of appeals are not filed until just before the August 15 filing deadline. In 1976 in Ocean County, of the 3,000

plus appeals filed, 73% were filed between August 10 and August 15 with 30% of these being filed on August 15. Schedules for these appeals must be established and at least 10 days notice of the hearing date must be given to the parties. As you may well understand, hearings do not usually begin until after September 1, and then they must be crammed into a schedule and be completed by November 15. This restrictive time limit makes no sense administratively and certainly does not do justice to the appellants or the municipalities. Rule 18:12A-1.9 (k) under Chapter 119, Laws of 1973, requires that "no person shall testify at a hearing of the Board concerning an assessment unless he shall have inspected the property subsequent to the filing of the tax appeal." This is a very sensible rule, but can you tell me how an assessor who has just put into effect a revaluation and has say 300 appeals filed on or about August 15 and who may have to be ready for a hearing within a few weeks can accomplish this? If he was physically able to inspect all of these properties, what kind of a thorough inspection could he possibly make? Again the problem exists because of the time frame. If the County Board could hear the appeals over a 12-month period starting August 15 of the tax year and ending August 14 of the following year, an orderly schedule of hearings could be provided allowing all parties to adequately prepare their case. Many more cases could be settled or withdrawn if there were sufficient time for the assessor and property owner to get together and discuss their differences of opinion. Many cases involving residential property involve some form of error, like the assessor having the property assessed for air conditioning and there is none, or an error in measurement of the building.

RECOMMENDATION NUMBER 11

I strongly believe that this recommendation will destroy the team concept that most County Board Members function under. County Board Members in most counties sit together as a Board at hearings. In some of the larger counties of which I include Ocean, some Commissioners sit separately as hearings officers. However, unlike Division of Tax Appeal Judges, they cannot make an independent judgment. All judgments must be made by the majority of the Board. You must be associated with the members of County Boards of Taxation to truly realize the high caliber of the Commissioners in the State of New Jersey. In Ocean County, two of our members are former freeholders and the President has been a member for over 16 years. I question the quality of a full-time attorney who earns \$20,000 a year. I question the fact that he would not be required to also be a CTA. What does the fact that a person is an attorney have to do with his knowledge of real estate values or of tax administration. On the contrary, I have found that the majority of attorneys who have fine legal minds don't know the first thing about real estate values or tax administration. As Judge Evers testified, "It has taken me some three years to really know what the heck I am doing in this business of taxation." The same holds true for County Tax Board Members. I can attest to that in my own case. I did not feel

comfortable until I had two years of appeal hearings under my belt and I had a strong real estate background including both real estate and insurance brokers licenses when I began. As it stands now, all members are on equal standing. None have any more authority than the other including the President. They share the load and work as a team to get the job done and that is the way it should remain. What will the President of the Board do the rest of the year after appeals are finished? Will he also administer the office? That is the Secretary's job. Will we have two captains to run the ship? When will the President write the Findings of Fact and Opinions of Law. He will be hearing testimony all day. Maybe by himself. Will he write them at night or on weekends? Will he have to read the transcripts of the cases and decisions of the Board to write these findings? We know you will not have a transcript from a given case for 14 to 21 days after the hearings. I say the answer to many of the above questions is to authorize the County Tax Board to retain the services of an attorney for the time he is required to write these Findings of Fact and Opinions of Law, and that these findings be available to the parties not at the time they appeal to the Tax Court, but within a reasonable time after that appeal is filed, say 60 days. This will allow sufficient time for whoever writes the findings to review the transcript and the Board's reasoning in arriving at their judgment. The continuity of the Board will not be disturbed and the job will get done.

RECOMMENDATION NUMBER 12

I agree wholeheartedly that the increase in salary for County Board Members has been a long time overdue. Regarding the Secretary's salary, I cannot understand the logic behind this. I can only assume that the Committee did not have a true picture of what the Secretary does, or the responsibility placed on his shoulders. Since I only have first-hand knowledge of how the Secretary of the Ocean County Tax Board functions, I will limit my comments to Ocean County. The title "Secretary" is a misnomer and I believe "Tax Administrator" is more appropriate. The Secretary is the Tax Board's staff professional, and with the approval of the Board, he is the one that keeps the wheels turning. He is the career man, the one with tenure in many counties, the functioning department head. He usually hires the staff, describes their duties, and supervises their work. He, with the assistance of his staff, prepares the Equalization Table, reviews the tax list, strikes the tax rates, prepares the Abstract of Ratables and oversees the many tasks performed on a day to day basis. Mr. Ladori, in his testimony, outlined these tasks, but I am afraid he may have given the impression that the Tax Board Members or Commissioners as they are commonly referred to, perform these tasks personally. They are responsible under the law to see that the job gets done. Like the municipality that hires a Municipal Administrator who administers the day to day business of the municipality, the Tax Board hires or appoints a Secretary to take care of the day to day business of the Tax Board.

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I could go on with other details, but I think I have made my point. Not all County Board Secretaries perform these functions to the same degree. Some are part time. Under the present statutes, it is up to each individual County Board to decide if they want to appoint a Secretary. (54:3-7) "Each County Board may appoint a Secretary." The duties of the Secretary are vague and minimal. Under Chapter 119, Public Laws of 1977, Rules for County Boards of Taxation (18:12A-1.3) the specific duties of a Secretary are as determined by each individual Board. "(a) The Board may authorize its Secretary to conduct the daily business of the Board as may be deemed necessary." The only specific duties under this law states, "(b) The Secretary shall keep accurate and complete Minutes and records of all procedures and official actions of the Board." In regard to the Secretary's salary, the present statute RS54:3-8 provides "Salary of the Secretary shall not be less than the salary payable to the President of the Board of that County pursuant to RS54:3-6." "The Board of Chosen Freeholders shall fix the annual salary to be paid to the Secretary of the County Board of Taxation and the annual compensation to its other clerical assistants." This law implies that the Secretary is a part-time clerical assistant to the Board. I believe a study would disclose that in practice that is not the case and that the majority of Secretaries are functioning as Tax Administrators and department heads. The requirement that the Board of Chosen Freeholders fix the salary of the Secretary makes no sense to me at all. In the first place, the County Board of Taxation is not a county agency, it is a State agency. The County Board of Freeholders has no control over, and I believe in most respects is not aware of how it functions. It seems to me that the most logical body to fix the salary of the Secretary would be the members of the Board of Taxation. They are the only ones that know what the work load is, and how much of the work load they wish him to assume. A municipality fixes the salary of its Administrator. A school Board fixes the salary of its Administrator, and a Board of Taxation should fix the salary of its Administrator.

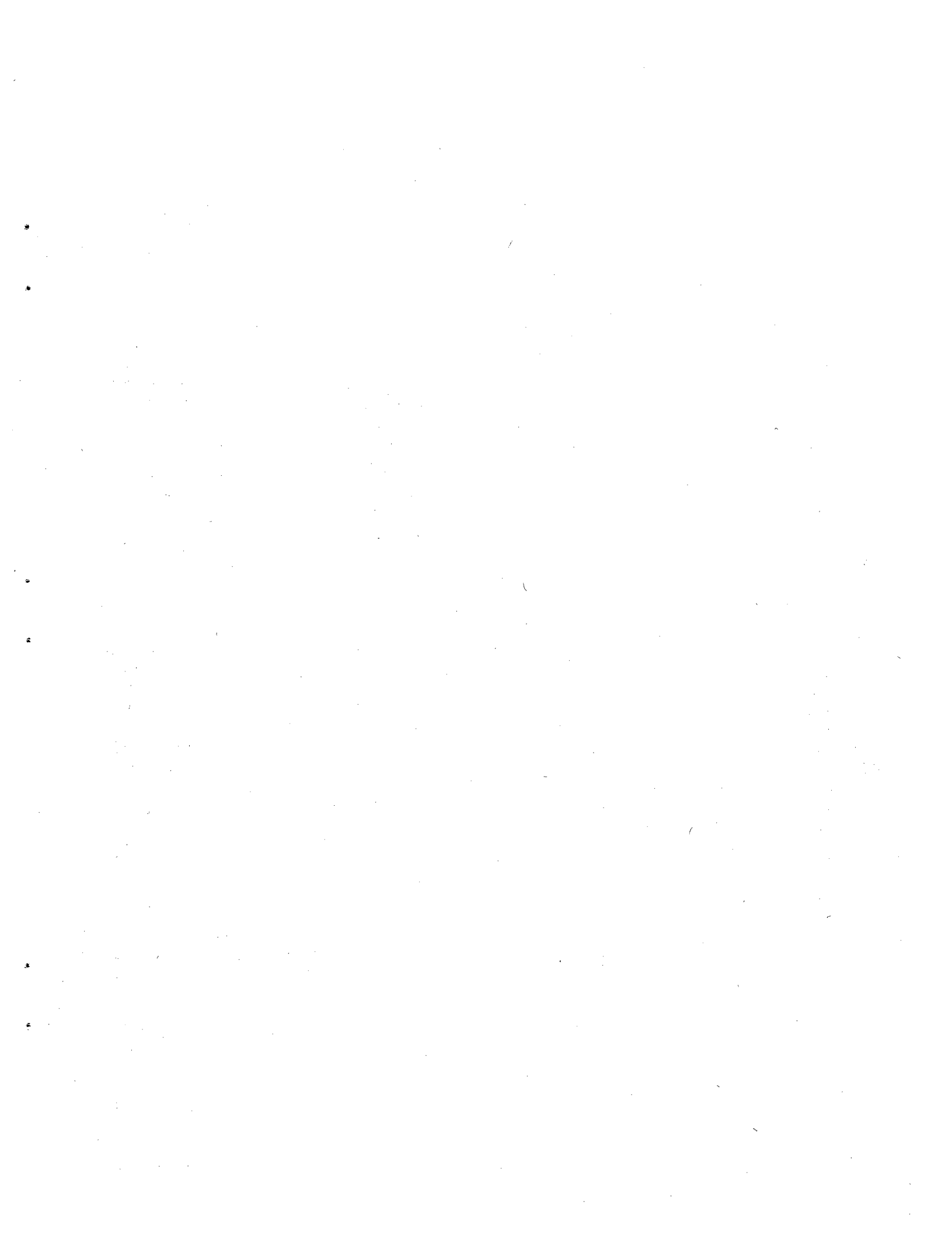
I hope my comments will be of some benefit, and I would like to state that the opinions I have expressed are my opinions and not necessarily those of the members of the Ocean County Board of Taxation.

Respectfully submitted,



John R. Fox
Secretary

JRF/sd
Enc.



ANALYSIS OF COSTS FOR PROVIDING
TRANSCRIPT OF RECORD
OCEAN COUNTY BOARD OF TAXATION

A. Estimated Cost for Providing Transcripts of 1976 Appeals

1. Number of appeals heard		1600
2. Number of days of testimony		60*
*Based on an average 6 hour day		
3. Number of hours of testimony		360
4. Average time per hearing		13.5 Min.
5. Average number of pages of testimony per hour		35
6. Total number of pages 35 x 360	=	12,600
7. Cost Breakdown		
(a) Court Reporter \$50/day x 60 days*	=	\$ 3,000.
(b) Transcript \$2.00/P x 12,600*		\$ <u>25,200.</u>
(c) Total Cost for Record		\$ 28,200.

*Fees for transcript verified by two large
freelance Court Reporter Service Agencies
located in this area.

B. Effect on New Fee Schedule

1. Approximate fee income by old fees	\$	10,000.
2. Approximate fee income by new fees	\$	20,000.
3. Additional income	\$	10,000.

Page 2 Analysis of Costs for Providing Transcript of Record - Ocean County Board of Taxation

C. Effective Cost for Record

(a) Total cost for Record		\$ 28,200.
(b) Less Additional Fees Received under New Rate		10,000.
		<hr/>
(c) Effective cost		\$ 18,200.
(d) Cost per page	$\frac{\$18,200.}{12,600} =$	\$ 1.44
(e) Cost per extra page copy	$=$	$\frac{.15}{1.59}$
		\$ 1.59
(f) Total cost per page for copies		\$(R) 1.60

Average number pages per appeal = 8

Average cost per Appeal transcript = \$ 12.80

Number of State Appeals 640

Est. Average Number Pages on Appeals that go to State 15

No. pages required to be copied
640 appeals x 15 x 2 = 19,200

Cost per page to copy .15

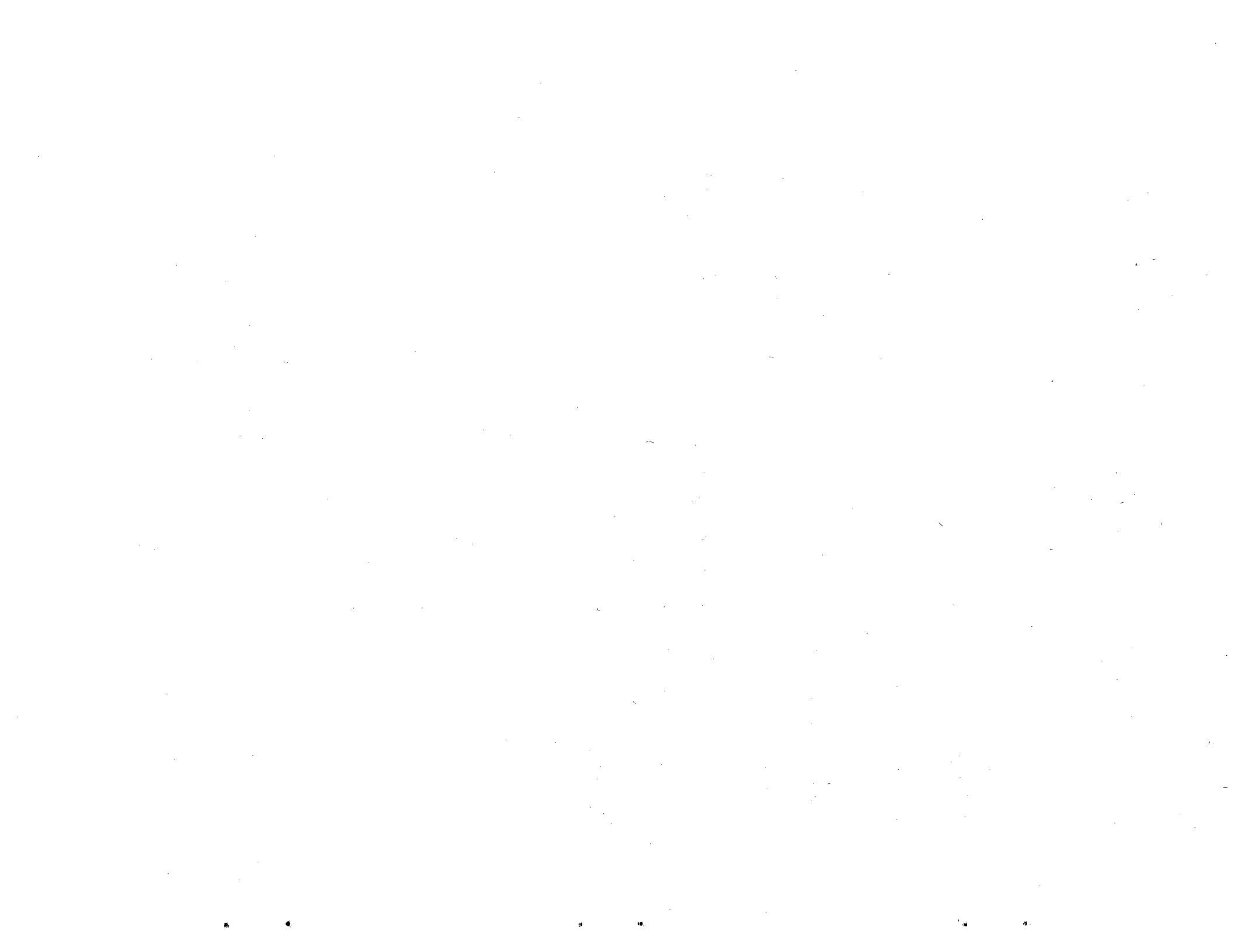
Total cost of copies
19200 x .15 \$ 2,880.

Fee for copy of Transcript \$ 5.00

Total Number of Transcripts
640 X 2 1,280

Page 3 Analysis of Costs for Providing Transcript of
Record - Ocean County Board of Taxation

Total Fees 1280 X \$5.00	\$ 6400.
D. Recap	
Cost of Record	\$ 28,200
Cost of Transcript Copies	2,800
Total Costs	\$ <u>31,000</u>
Income from additional filing fees	\$ 10,000
Income from transcript fees	\$ <u>6,400</u>
Total Income	16,400
Net loss	\$ 14,600



OCEAN COUNTY LINE ITEM GROWTH 1972 - 1976

REVALUATION & REASSESSMENT
PROJECTIONS - 10 YEARS *

MUNICIPALITY	TOTAL LINE ITEMS 1972	TOTAL LINE ITEMS 1973	% INCREASE OR DECREASE	TOTAL LINE ITEMS 1974	% INCREASE OR DECREASE	TOTAL LINE ITEMS 1975	% INCREASE OR DECREASE	TOTAL LINE ITEMS 1976	% INCREASE OR DECREASE	% INCREASE 1972-1976	1976 TAXABLE LINE ITEMS	REVALUATION @ \$18/LINE COST \$	RE-ASSESSMENT @ \$8/LINE COST \$	TOTAL RE-ASSESSMENT & RE-ASS. 10 YEARS COST \$
1. Barnegat Twp.	2392	2837	18.60	3546	24.99	7903	122.87	7913	.13	230.81	7655	2 142434	0 63304	284858
2. Barnegat Light Boro.	1093	1095	.18	1108	1.19	1101	-.63	1104	.27	1.01	1056	2 19872	1 8832	48576
3. Bay Head Boro.	1015	1019	.39	1020	.09	1035	1.47	1038	.29	2.27	1022	1 18684	1 8304	26988
4. Beach Haven Boro.	1999	1999	0	2011	.60	2010	-.03	2024	.70	1.25	1988	1 36432	1 16192	52624
5. Beachwood Boro.	5463	6543	19.77	6558	.23	6540	-.28	6526	-.21	19.46	5468	1 117468	1 52208	169676
6. Berkeley Twp.	16,887	20,434	21.00	22,562	10.41	22,800	1.05	22971	.75	36.03	18563	1 413478	0 183768	413478
7. Brick Twp.	22,523	23,113	2.62	23,826	3.08	26,498	11.21	26938	1.66	19.60	26224	1 484884	1 215504	700388
8. Dover Twp.	30,692	31,811	3.64	32,365	1.74	32,799	1.34	32270	-1.61	5.14	31254	1 580860	1 258160	839020
9. Eagleswood Twp.	1504	1450	-3.59	1455	.34	1472	1.17	1472	0	-2.13	1418	1 26496	0 11776	26496
10. Harvey Cedars Boro.	1157	1172	1.30	1176	.34	1178	.37	1178	0	1.82	1138	3 21204	1 9424	73036
11. Island Heights Boro.	801	804	.37	809	.62	808	-.12	816	.99	1.87	779	2 14688	0 6528	29376
12. Jackson Twp.	11,603	11,739	1.17	11,361	-3.22	11,380	.17	11357	-.20	-2.12	9990	1 204426	0 90856	204426
13. Lacey Twp.	17,303	17,768	2.69	17,849	.46	17,874	.14	17848	-.15	3.15	16714	1 321264	0 142784	321264
14. Lakehurst Boro.	825	825	0	871	5.58	874	.34	876	.23	6.18	828	1 15768	0 7008	15768
15. Lakewood Twp.	20,034	21,521	7.42	22,501	4.55	24,931	10.90	24979	.19	24.68	19212	1 449622	0 199832	449622
16. Lavellette Boro.	2145	2147	.09	2158	.51	2159	.05	2465	14.17	14.92	2435	2 44370	0 19720	88740
17. Little Egg Harbor Twp.	6401	6850	7.01	7298	6.54	7584	3.91	7650	.87	19.51	7213	2 137700	0 61200	275400
18. Long Beach Twp.	6499	6633	2.06	6710	1.16	6745	.52	6783	.56	4.37	6713	2 122094	0 54264	244188
19. Manchester Twp.	5554	6324	13.86	12,160	92.28	12,518	2.94	13076	4.46	135.43	12136	2 235368	0 104608	470736
20. Mantoloking Boro.	607	603	-.66	604	.16	601	-.50	601	0	-.99	585	1 10818	2 4808	9616
21. Ocean Twp.	3710	3883	4.66	4270	9.97	4293	.54	4295	.05	15.77	4022	1 77310	1 34360	111670
22. Ocean Gate Boro.	1474	1472	-.14	1475	.20	1470	-.34	1466	-.27	-.54	1338	1 26388	0 11728	26388
23. Pine Beach Boro.	988	985	-.30	979	-.61	977	-.20	959	-1.84	-2.94	894	1 17262	1 7672	24934
24. Plumsted Twp.	1646	2037	23.75	2098	2.99	2136	1.81	2169	1.54	31.77	2107	1 39042	0 17352	39042
25. Point Pleasant Boro.	7396	7414	.24	7424	.13	7392	-.43	7417	.34	.28	7328	1 133506	1 59336	192842
26. Pt. Pleasant Beach Boro.	2854	2864	.35	2861	-.10	2856	-.17	2854	.07	0	2788	2 51372	0 22832	102744
27. Seaside Heights Boro.	1588	1593	.31	1587	-.38	1643	3.53	1626	-1.03	2.39	1598	2 29268	0 13008	58536
28. Seaside Park Boro.	1930	1857	-3.78	1852	-.27	1851	-.05	1865	.76	-3.37	1803	2 33570	0 14920	67140
29. Ship Bottom Boro.	1769	1775	.33	1778	.17	1782	.22	1783	.06	.79	1741	1 32094	1 14264	46358
30. South Toms River Boro.	1202	1203	.08	1205	.17	1229	1.99	1227	-.16	2.07	1189	1 22086	1 9816	31902
31. Stafford Twp.	9180	9193	.14	12,276	33.53	12,973	5.68	13120	1.13	42.92	12884	1 236160	0 104960	236160
32. Surf City Boro.	2114	2119	.24	2129	.47	2126	-.14	2126	0	.57	2100	2 38268	0 17008	76536
33. Tuckerton Boro.	1766	1778	.68	1787	.51	1796	.50	1832	2.00	3.74	1720	1 32976	1 14656	47632
TOTALS	194,114	204,860	5.54	219,669	7.23	231,334	5.31	232,624	.56	19.84	213,903	4,187,232	1,860,992	5,806,170

*PROJECTIONS DO NOT INCLUDE INFLATION

OR LINE ITEM INCREASES

45 15

R = Complete Revaluation
 A = Complete Reassessment
 P = Partial Reassessment

OCEAN COUNTY
 REVALUATIONS & REASSESSMENTS
 HISTORY

MUNICIPALITY	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Barnegat Township				R		P		R		
Barnegat Light Borough		R			R					A
Bay Head Borough				R						
Beach Haven Borough				R					A	
Beachwood Borough						R				
Berkeley Township						R				
Brick Township			P			R		P		
Dover Township		R		P					A	
Eagleswood Township						P		R		
Harvey Cedars Borough	R		R			R				A
Island Heights Borough					R					R
Jackson Township		P	P					R		
Lacey Township						P	R			
Lakehurst Borough									R	
Lakewood Township			P					R		
Lavallette Borough		P		R						R
Little Egg Hbr. Twp.	R		P			R				
Long Beach Township		P	P	R	P					
Manchester Township			R	P					R	
Mantoloking Borough				A				A		
Ocean Township					R					A
Ocean Gate Borough			P				R			
Pine Beach Borough				R				A		
Plumsted Township						P			R	
Pt. Pleasant Borough		P				R				A
Pt. Pleasant Bch. Boro		P	R	P	R		P		P	
Seaside Heights Boro		R							R	
Seaside Park Borough	R					R				
Ship Bottom Borough	P	P	P		R			A		
South Toms River Boro				R				A		
Stafford Township			P	R			P	P		
Surf City Borough		R			R					
Tuckerton Borough					R			A		
TOTALS	4	10	11	12	8	11	4	11	7	6

MANCHESTER TOWNSHIP BOARD OF ASSESSORS

JOYCE A. JONES, Secretary

1 Colonial Drive Lakehurst, N. J. 08733

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Board Members

Joyce A. Jones

John Novak, Jr.



August 2, 1977

Glenn E. Moore, III
Legislative Services Agency
State House
Trenton, N. J. 08625

The following comments relative to the Assembly Taxation hearing on August 2, 1977, are sent for your consideration.

1. Equalization Program

The most impossible task a tax assessor faces is that of maintaining a 100% ratio as prescribed by law. First, the whims of the buyer cannot be anticipated, and most people are determined to believe that whatever the assessed value is on a property, the property must be worth more, and then proceed to prove they can get more for it; result: a low sales ratio, leading toward revaluation. It becomes a vicious cycle, with the over-burdened taxpayer having to pay for a very costly revaluation every few years.

One of the major problems of the sales ratio system is that very often, the sales price stated on a deed includes many items other than real estate. Personal items, such as carpeting, drapes, furniture, boats, horses, etc. can be included in the total price. If we are unsuccessful in getting these sales removed from the "usable sales", we end up again with a low ratio. We can assess only the real estate; therefore, the consideration shown on the deed should only reflect the real estate. Also, "selling points" and terms of financing should not be included in stated price. In my township, one speculator sells building lots (normally sold for \$6,000) for \$8,000 with no down payment, and holds the mortgage. He admittedly is selling financing, and at the same time he's creating a new market value, with our revaluation only one year old.

The present method of establishing equalized ratios is completely unfair and unrealistic, and should be revised for the benefit of all concerned.

2. Property Tax Deductions and Exemptions

For years, tax assessors have voiced complaints about the inequities in the laws on Senior Citizen and Veterans' deductions. The very fact that we have deductions on property taxes is unfair, and in my opinion, the law should be abolished.

The income regulation for Senior Citizens places the tax assessor in the position of being a watchdog over elderly people, who deserve to be treated with the respect and dignity due them. We should not invade their privacy by making them itemize their income. The law was intended to help Senior Citizens who are in a low income bracket. However, because of the different exceptions from the income, one couple with government pensions can earn over \$13,000 and qualify, while another couple earning much less, with private pensions, will not qualify.

Also, I have in my township approximately 8,000 Senior Citizen families, representing more than half of the total ratable in my town, who can't apply for any benefits or homestead rebates, because they are in a co-op type of ownership. This is completely discriminatory and unfair.

A better method of helping Seniors would be on a graduated payment basis, according to gross income and to benefit all Seniors in some way;

Example:

Income	\$8000 or over	Check in Amount of	50.00
	7000		100.00
	6000		150.00
	5000 or under		200.00

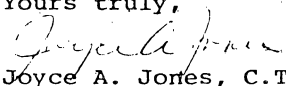
There are several states using this type of system, which seems to work very well and does away with the discrimination because of type of income or type of ownership. This would also benefit elderly people who are too poor to own their own homes. The administration should be handled through a State Agency, and checks issued by same, just as Homestead Rebate checks are.

As for Veteran's exemptions, the law was originally intended to benefit New Jersey veterans; however, a study by the State Association of Municipal Assessors verified a large percentage of veterans receiving deductions in New Jersey were not from New Jersey when they were in the service. Also, many were from states which gave cost bonuses, so they received both the bonus and now the \$50.00 deduction, or \$100.00 if both husband and wife qualify. The one time cash bonus for New Jersey veterans would be more beneficial to the veteran and would be a saving financially, inasmuch as the State is reimbursing the Municipality for veteran's deductions. It is also unfair that property tax payers have to share the burden placed on them by the exemption of Disabled Veterans. While everyone agrees they should receive benefits, many disabled vets are financially better off than some of the taxpayers who have to make up the exemptions. Since the law was amended to include many other so-called "service-connected" problems, this burden has increased tremendously, and the Veterans Administration seems quite liberal in grading at 100% disability.

We tax assessors find ourselves spending more and more time on all sorts of duties which have nothing to do with assessment of real property. It is very difficult to perform the duties necessary to maintain the proper values, when we spend so much time with these non-assessing jobs. The Homestead Rebate Act placed an unconscionable burden on all of us, at the busiest time of the year, especially for those who had no additional help. We had to neglect many of the end of the year changes to get our new books ready. I sincerely hope we never have to go through another year with the same system, which not only wasted much of our time, but the waste of taxpayers money because of the method of payment, was unwarranted and ridiculous.

There are so many areas in our tax administration system which need revision and I am sure others will comment on many of them. We are grateful for the opportunity you are offering us, and for the good of all the citizens of New Jersey, I wish you the best of luck in your endeavor.

Yours truly,


(Mrs) Joyce A. Jones, C.T.A.
Manchester Township
Lakehurst Borough



OCEAN COUNTY BOARD OF TAXATION

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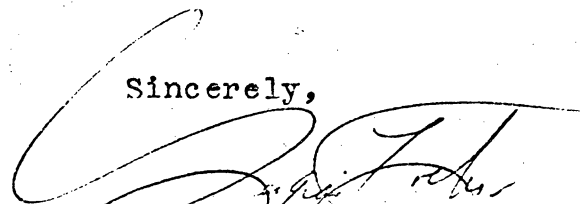
August 1, 1977.

Dear Mr. President:

Copies of the enclosed, a talk I gave on S43, the county tax administrator's bill at Rutgers on June 17th, have been requested by various commissioners. Would you have copies made and forward them to the commissioners on your board.

This is an extremely important proposal and deserves the careful scrutiny of all county tax board commissioners. The enclosed report given at our last annual conference reveals all too clearly my own thoughts about it.

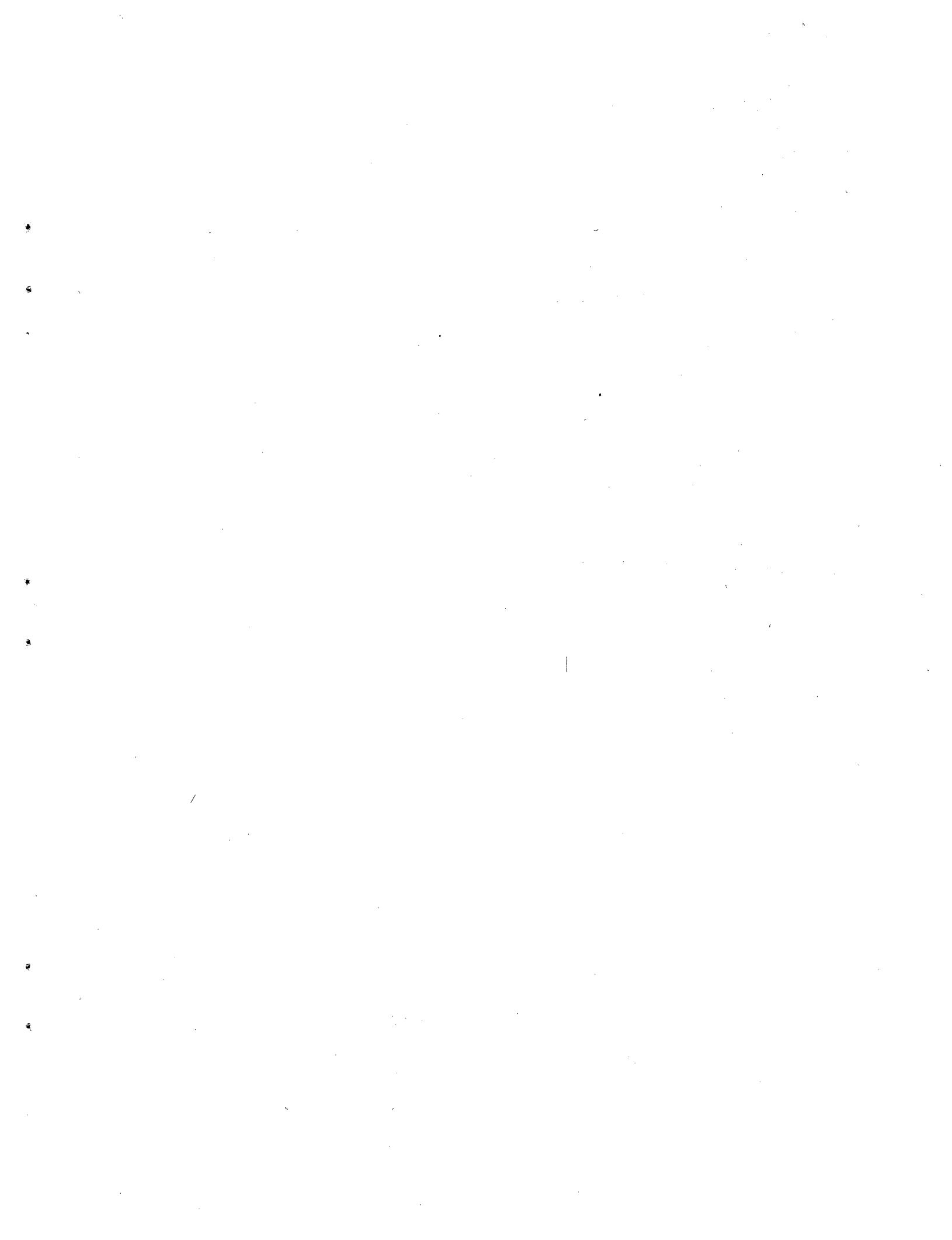
Sincerely,



Georgian Kolber, Pres.

gk/enc.
Report S43

Ocean County Board of Taxation.



I was assigned the task of discussing pending legislation. I ran through some thirty bills and rather than give you the number and a brief synopsis of each, I selected the one bill which has a direct bearing on this body and which will, I hope, create interest and controversy. This bill may have died on the legislative vine for all I know, but it should be discussed. Senate Bill #43 is "An act concerning the office of the secretary to the county tax board, and changing the title of the secretary to county tax administrator, and amending sections 54:3-7, 8, 9, 10, 11, 17, 18, 30, 31 and repealing in its entirety 54:3-29. Such extensive changes warranted a careful examination of this bill. I doubt if anyone present would object to a bill which purports to change the title of secretary to county tax administrator and which establishes adequate compensation for the position, but this bill as it is written, in my opinion, goes much further than that and intrudes upon and erodes the statutory authority and considerable powers of the county boards of taxation. Let us examine the changes it proposes:

54:3-7 Takes away the discretionary power to hire a secretary. The present statute gives the county boards of taxation the right to appoint a secretary and with the approval of the board of chosen freeholders, such other clerical assistants as may be necessary. S43 makes the hiring of a county tax administrator mandatory and gives the administrator the authority to hire clerical assistants.

54:3-8 Takes away the authority of approving warrants for salaries and compensation from the president of the county tax board and gives it to the county tax administrator.

54:3-9 Takes away the right of the county tax board to establish just rules or regulations for the standards of conduct, competence, etc. for the secretary and gives it to the Director of the Division of Taxation.

- 54:3-11 I quote: "Except as otherwise provided in this amendatory act" allows county boards of taxation to have all the powers formerly exercised. If this bill is passed the county boards of taxation will be reduced to hearing tax appeals and these will probably be limited to assessed valuations not exceeding \$100,000.
- 54:3-16 Takes away the supervisory control of assessors which is the sole responsibility of county boards of taxation by saying this supervision and control must be exercised THROUGH THE COUNTY TAX ADMINISTRATOR, and eliminates the requirement that the State Commissioner approve all rules, orders or directions established by the county boards of taxation for making assessments. QUESTION: Why in the world would any county board want to amend the statute as it is presently written? The summary statement on the last page of this bill reads "Transfers from the county boards of taxation the supervising and controlling of municipal tax assessors." Question: Do you think one man should have such extraordinary powers?
- 54:3-17 Takes away the statutory authority of the county boards of taxation and transfers to the county tax administrator the authority to annually ascertain and determine according to HIS best knowledge and information, the general ratio or percentage of true value at which the real property of each taxing district is in fact assessed according to the tax lists and gives the county tax administrator the authority to prepare the equalization table amending paragraphs a, b, c, d, e, f, g, h and i to further implement this change.
- 54:3-18 Takes away the statutory authority of the county boards of taxation to meet on February 1st for the purpose of equalizing the assessment of property among the several taxing districts in the county and gives the sole responsibility to the county tax administrator. Also gives the authority for making changes in valuations to the county tax

administrator as well as to the county boards of taxation. The statute as it is presently written gives that responsibility solely to the county boards of taxation.

4:3-29 Reveals in its entirety the requirement that the county boards shall be provided with facilities for the transaction of its business and amends 54:3-30 to read:

4:3-30 The board of chosen freeholders shall provide the county board of taxation AND THE COUNTY TAX ADMINISTRATOR with permanent offices for the transaction of THEIR business and the preservation of THEIR records, etc. The records of the county board of taxation and THE COUNTY TAX ADMINISTRATOR shall be open to the inspection of the public during business hours. QUESTION: Are we dealing with one agency of government here or two distinct and separate entities?

This bill would strip county boards of taxation of all administrative powers and reduce it to an appellate body. Let us review the statutory duties and powers of county boards of taxation. These duties fall into two major categories; administrative and appellate.

Administrative: The county board of taxation performs four principal administrative functions. (1) Supervision: All municipal assessors carry out their duties under the direct supervision of the county board. The board may remove an assessor from office for failure to file his Assessment List and duplicate; It may request his removal by the Director of the Division of Taxation in other cases.

Assessment: The county board may act as an assessor, viewing and inspecting properties, and revising and correcting assessments upon its own initiative.

Equalization: The county board is responsible for ascertaining the level of assessment in each taxing district and for making appropriate adjustments in order to distribute the costs of county government equitably among the taxing districts within the county.

Calculation of Tax Rates: The county board prepares a Table of Aggregates annually and calculates the tax rate for each taxing district. (The county boards of taxation no longer perform the duty of calculating the bank stock tax. This is now a function of the state.)

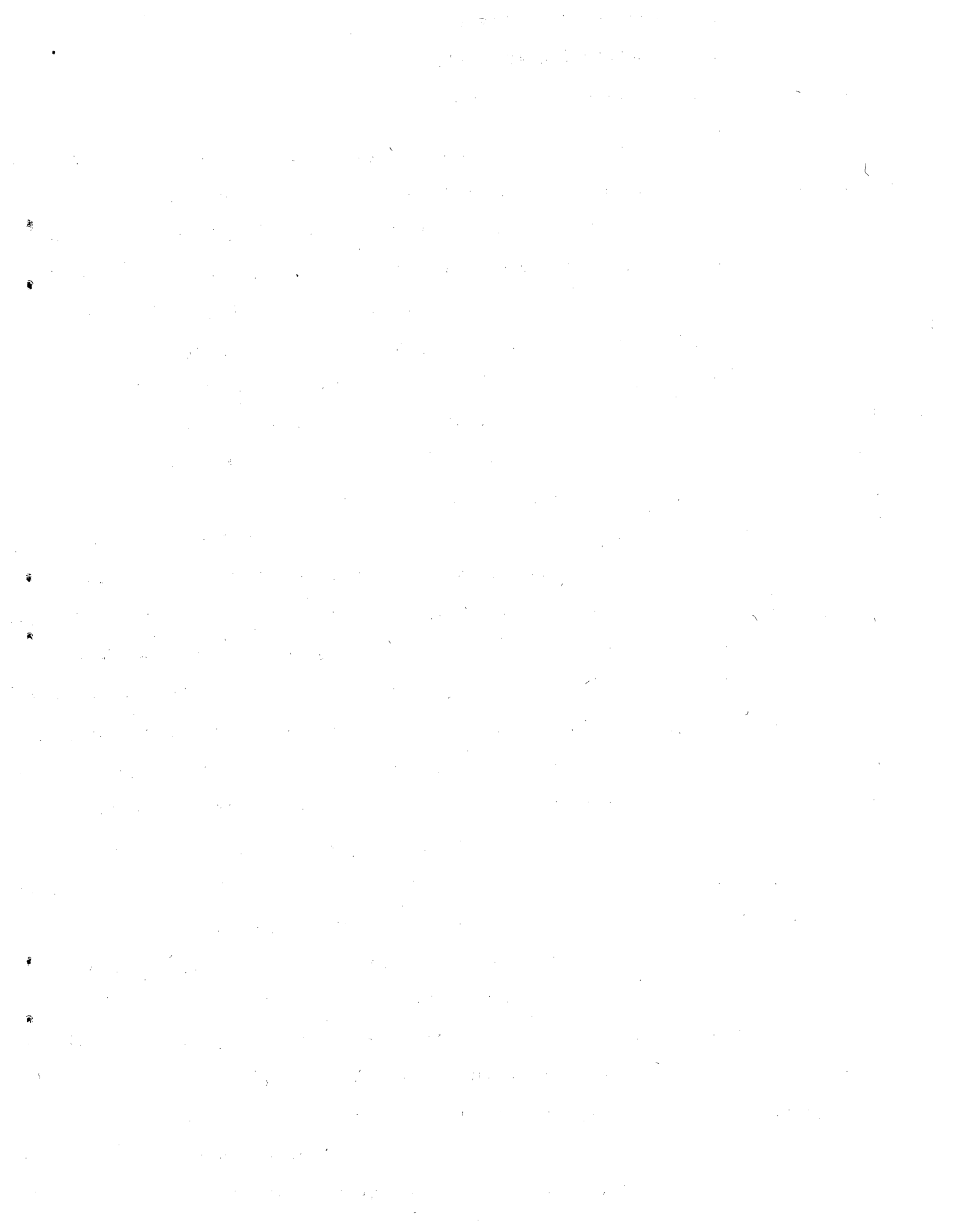
Appellate duties: The county board of taxation hears appeals from taxpayers and taxing districts and directs adjustments in individual assessments where, in its opinion, such steps are justified by law.

The statement which summarizes this bill and is a part of it includes the following changes which I find objectionable: Compensation of clerical assistants shall be on warrants approved by the county tax administrator without the requirement for any additional signature.

A transfer from the county board of taxation to the county tax administrator of responsibility for (a) determining assessed and true values, (b) preparing equalization tables for review and adoption by the county board of taxation, and (c) supervising and controlling municipal tax assessors. (d) A statutory requirement that the clerical assistants to the county tax board be appointed by the county tax administrator and the request that the boards of chosen freeholders provide county tax administrators with adequate office space when the statute already makes such provision for county tax boards.

The reason legislatures appoint boards and commissions is to create a system of checks and balances and in so doing, preserve our democracy. S43 would create a one man autocracy. A concentration of power in one man is anathema to any democratic institution. It has never served the best interests of the public and it never will. A board of three and five members results in a diffusion of power. The presumption is a board composed of various individuals will present different points of view, have different responses and approaches to problems and through thoughtful consideration and discussion come to a meeting of the minds for wiser decision making. A dictatorship of one man's opinion must be avoided at all costs on any level of government. I ask our county tax board commissioners to be extremely wary of any legislation that would deprive them of the powers they now exercise under law. Too many attempts to erode this power are being made. I cited the proposal to limit county tax board appeals to assessed valuations of \$100,000. This association is on record as opposing this recommendation. To reduce the functions of county tax boards to mere appellate bodies and to limit appeals to assessed valuations of specific amounts means that in the near future county tax boards may be abolished entirely. Pending legislation will expand the State Division of Tax Appeals by adding four new judges to hear the state appeals of smaller taxpayers. It is not inconceivable that one day, by further expansion, they might assume the appellate duties of county tax boards. The title of our association is the New Jersey Association of County Tax Board Commissioners and Secretaries. I have always been under the impression that board secretaries work for the tax board commissioners. If Senate Bill 43 is passed, county tax board commissioners will be working for county tax administrators. I urge every county tax board commissioner to read S43 carefully and oppose it vigorously. This bill, as it is written, represents a gross usurpation of the statutory powers invested in county boards of taxation by the legislature.

Address by Georgian Kolber, President,
Ocean County Board of Taxation,
Rutger's University, June 17th 1977.





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