

16. Sales of property assessed in more than one taxing district;

17. Sales to or from any charitable, religious or benevolent organization;

18. Transfers to banks, insurance companies, savings and loan associations, or mortgage companies when the transfer is made in lieu of foreclosure where the foreclosing entity is a bank or other financial institution;

19. Sales of properties whose assessed value has been substantially affected by demolition, fire, documented environmental contamination, or other physical damage to the property subsequent to assessment and prior to the sale thereof;

20. Acquisitions, resale or transfer by railroads, pipeline companies or other public utility corporations for right-of-way purposes;

21. Sales of low/moderate income housing as established by the Council on Affordable Housing;

22. Transfers of property in exchange for other real estate, stocks, bonds, or other personal property;

23. Sales of commercial or industrial real property which include machinery, fixtures, equipment, inventories, or goodwill when the values of such items are indeterminate;

24. Sales of property, the value of which has been substantially influenced by zoning changes, planning board approvals, variances or rent control subsequent to assessment and prior to the sale;

25. Transactions in which the full consideration as defined in the "Realty Transfer Fee Act" is less than \$100.00;

26. Sales which for some reason other than specified in the enumerated categories are not deemed to be a transaction between a willing buyer, not compelled to buy, and a willing seller, not compelled to sell;

27. Sales occurring within the sampling period but prior to a change in assessment practice resulting from the completion of a recognized revaluation or reassessment program, that is, sales recorded during the period July 1 to December 31 next preceding the tax year in which the result of such revaluation or reassessment program is placed on the tax roll.

28. Sales of properties which are subject to a leaseback arrangement;

29. Sales of properties subsequent to the year of appeal where the assessed value is set by court order, consent judgment, or application of the "Freeze Act";

30. Sale in which several parcels are conveyed as a package deal with an arbitrary allocation of the sale price of each parcel;

31. First sale after foreclosure by a Federal- or State-chartered financial institution;

32. Sale of a property in which an entire building or taxable structure is omitted from the assessment; and

33. Sales of qualified farmland or currently exempt property.

(b) Transfers falling within the foregoing category numbers 1, 2, 3, 9, 10, 13, 15, 17, 26, 28 and 31 (under (a) above), should generally be excluded but may be used if after full investigation it clearly appears that the transaction was a sale between a willing buyer, not compelled to buy, and a willing seller, not compelled to sell, with all conditions requisite to a fair sale with the buyer and seller acting knowledgeably and for their own self-interests, and that the transaction meets all other requisites of a usable sale.

Case Notes

Director of the New Jersey Division of Taxation and a county board of taxation correctly excluded the sale of two hotel property sites from the calculations of the city's school aid, county equalization, and chapter 123 ratios for local property tax value purposes because the sites were non-usable as both an assemblage and as part of a package deal with an arbitrary allocation. The Tax Court of New Jersey also found that the city did not otherwise establish that the sale was an arms-length transaction reflective of the two sites' fair market values. *City of Atl. City v. Director, Div. of Taxation*, 24 N.J. Tax 1, 2008 N.J. Tax LEXIS 10 (Tax Ct. 2008).

SUBCHAPTER 2. PREPARATION OF LOCAL PROPERTY TAX LIST AND DUPLICATE

18:12-2.1 Insertion of property classification code on line items

The municipal tax assessor of each taxing district shall classify each line item appearing in the tax list according to the several categories shown below, and shall designate the same by the applicable property classification code symbol.

PROPERTY CLASSIFICATION CODE

<u>Symbol</u>	<u>Category</u>
1	Vacant Land
2	Residential (4 Families or less)
3A	Farm (Regular)
3B	Farm (Qualified)
4A	Commercial
4B	Industrial
4C	Apartment/cooperative
5A	Class I Railroad
5B	Class II Railroad
6A	Personal Property Telephone
6B	Machinery, Apparatus or Equipment of Petroleum Refineries
15A	Exempt Public School
15B	Exempt Other School
15C	Exempt Public
15D	Exempt Charitable

<u>Symbol</u>	<u>Category</u>
15E	Exempt Cemetery
15F	Exempt Miscellaneous

18:12-2.2 Property classifications with definitions

(a) Class 1: "Vacant Land" means land itself above and under water in its original, indestructible, immobile state. Vacant land is idle land, not actively used for agricultural or any other purpose; unused acreage; and is land in an approved subdivision actively on the market for sale or being held for sale.

(b) Class 2: "Residential" means property described generally as a dwelling house including the lot or parcel of land on which the dwelling house is situated. The dwelling is functionally designed for use and enjoyment by not more than four families. This class includes residential condominiums. A dwelling functionally designed for use and enjoyment by more than four families should be designated Class 4C.

(c) Class 3A: "Farm property (Regular)" means land being used for agricultural or horticultural purposes, including its use for the breeding, pasturing and production of livestock and animal products. Farm property also includes land, together with improvements, where the use of the land and function of the buildings thereon are for agricultural or horticultural purposes, as well as farm houses and the lots or parcels of land on which they are situated. For definitions of agricultural use and horticultural use, see N.J.A.C. 18:15-1.1, adopted under the "Farmland Assessment Act of 1964," N.J.S.A. 54:4-23.1 et seq.

(d) Class 3B: "Farm property (Qualified)" means land which has qualified and is assessed under the Farmland Assessment Act, P.L. 1964, c. 48.

(e) Class 4A: "Commercial properties" means any other type of income-producing property other than property in classes 1, 2, 3A, 3B and those properties included in classes 4B and 4C below.

(f) Class 4B: "Industrial properties" means land or land and improvements adaptable for industrial use; ideally, a combination of land, improvements, and machinery which has been integrated into a functioning unit intended for the assembling, processing, and manufacturing of finished or partially finished products from raw materials or fabricated parts, such as factories; or a similar combination intended for rendering service, such as laundries, dry cleaners or storage warehouses.

(g) Class 4C: "Apartments" designed for the use and enjoyment of five families or more. This class includes residential co-operatives and mutual housing corporations.

1. While classes 4A, 4B and 4C are required to be separately designated on the tax list, the aggregate of these classes will be indicated as class 4 ("Other") for the purpose of the Table of Equalized Valuations (school aid table).

(h) Class 5A: "Railroad Class I" means real property consisting of the length of main stem of a railroad in each taxing district.

(i) Class 5B: "Railroad Class II" means all real property used for railroad purposes which is not class I or classified ("Railroad Class III" means passenger facilities).

(j) Class 6A: "Personal Property Telephone" means tangible goods and chattels exclusive of inventories used in the business of telephone companies.

(k) Class 6B: "Machinery, Apparatus or Equipment of Petroleum Refineries" means the machinery, apparatus or equipment of a petroleum refinery that is directly used to manufacture petroleum products from crude oil in any of the series of petroleum refinery processes commencing with the introduction of crude oil and ending with refined petroleum products, but shall exclude items of machinery, apparatus or equipment which are located on the grounds of a petroleum refinery but which are not directly used to refine crude oil into petroleum products.

(l) Class 15A: "Public School Property" means real property owned by Federal, State, county or local governments or their agencies used for public education.

(m) Class 15B: "Other School Property" means real property owned by a non-governmental, non-profit corporation used for educational purposes.

(n) Class 15C: "Public Property" means real property owned by Federal, State, county or local governments or their agencies and devoted to public uses.

(o) Class 15D: "Church and Charitable Property" means real property owned by religious and charitable organizations actually and exclusively used in the work of the organizations.

(p) Class 15E: "Cemeteries and Graveyards" means real property solely devoted to or held for use as a cemetery, graveyard or burial ground.

(q) Class 15F: "Other Exempt" means real property exempt from taxation but not described in any of the foregoing classes.

Administrative correction.
See: 38 N.J.R. 2887(b).

18:12-2.3 Tax list page summaries; recapitulation of property

(a) The municipal tax assessor shall prepare a summary containing the valuations as they appear in the tax list and duplicate for both taxable and exempt properties. In addition, the municipal tax assessor shall prepare an alphabetical index listing the taxpayer by name. The summaries will pertain to the property classification code as described in N.J.A.C. 18:12-2.1.

(b) The municipal tax assessor shall make provisions for a summary of deduction amounts for senior citizens, disabled citizens, and their surviving spouses, and for veterans and their surviving spouses and the surviving spouses of service-persons. There shall also be a summary setting forth the number of parcels and the exemption amounts for the following:

1. Fire Suppression Systems (N.J.S.A. 54:4-3.130);
2. Pollution Control (N.J.S.A. 54:4-3.56);
3. Fallout Shelter (N.J.S.A. 54:4-3.48);