

CHAPTER 12

LOCAL PROPERTY TAX: GENERAL

Authority

N.J.S.A. 54:1-35.1, 54:1-35.35, 54:3-14, 54:4-1, 54:4-8.66d, 54:4-23.21, 54:4-26 and 54:50-1.

Source and Effective Date

R.2005 d.366, effective November 21, 2005.
See: 37 N.J.R. 1128(a), 37 N.J.R. 4462(a).

Chapter Expiration Date

Chapter 12, Local Property Tax: General, expires on November 21, 2010.

Chapter Historical Note

Chapter 12, General, was filed and became effective prior to September 1, 1969 with Subchapter 1, Categories of Nonusable Deed Transactions; Subchapter 2, Preparation of Local Property Tax List and Duplicate, and Subchapter 3, Preparation and Filing of Exempt Property Tax List and Duplicate.

Subchapter 4, Revaluation of Real Property by Appraisal Forms, was adopted as R.1972 d.179, effective September 13, 1972. See: 4 N.J.R. 197(b), 4 N.J.R. 249(a). Subchapter 4 was repealed and new rules adopted as R.1983 d.221, effective June 20, 1983. See: 15 N.J.R. 322(a), 15 N.J.R. 1039(a).

Subchapter 5, Property Tax Appeals, was adopted as R.1973 d.144, effective June 1, 1973. See: 5 N.J.R. 167(c), 5 N.J.R. 247(a). Section 5.1 was amended by R.1991 d.511, effective October 21, 1991. See: 23 N.J.R. 2230(a), 23 N.J.R. 3177(a). Pursuant to Executive Order No. 66(1978), Subchapter 5 expired on July 29, 1993.

Section 6.1, Definitions, of Subchapter 6 was adopted as R.1976 d.172, effective June 3, 1976. See: 8 N.J.R. 259(b), 8 N.J.R. 356(b). Subchapter 6, Allowance of Home Improvement Exemptions, was adopted as R.1976 d.185, effective June 10, 1976. See: 7 N.J.R. 522(b), 8 N.J.R. 356(d). Amendments to Subchapter 6 were adopted as R.1978 d.287, effective August 15, 1978. See: 10 N.J.R. 301(a), 10 N.J.R. 407(c). Subchapter 6 was replaced by a new Subchapter 6, One and Two Unit Residences, and Subchapter 6A, Multiple Dwellings, by Emergency Amendment R.1980 d.253, effective June 16, 1980. See: 12 N.J.R. 436(b). Section 6A.6, Construction permit; certificate of occupancy, was adopted as Emergency Rule R.1980 d.335, effective July 28, 1980. See: 12 N.J.R. 554(c). Section 6A.7, Notification of disallowance, was adopted as R.1980 d.553, effective December 22, 1980. See: 12 N.J.R. 614(b), 13 N.J.R. 111(b). Section 6A.8, Supplemental procedural rules for assessors, was adopted as R.1982 d.78, effective March 15, 1982. See: 14 N.J.R. 72(b), 14 N.J.R. 278(b). Section 6A.8 was amended by R.1983 d.256, effective July 5, 1983. See: 15 N.J.R. 613(a), 15 N.J.R. 1105(a). Sections 6A.1 and 6A.2 were amended by R.1984 d.550, effective December 17, 1984. See: 16 N.J.R. 2424(a), 16 N.J.R. 3480(a). Subchapter 6, Home Improvement Exemption: One and Two Unit Residences, and Subchapter 6A, Home Improvement Exemptions: Multiple Dwellings, were repealed by R.1993 d.130, effective March 15, 1993. See: 24 N.J.R. 4335(a), 25 N.J.R. 1228(c).

Subchapter 7, Homestead Tax Rebate, was adopted as Emergency Rule R.1976 d.333, effective October 21, 1976. See: 8 N.J.R. 582(c). New Subchapter 7 was adopted as R.1978 d.4, effective January 4, 1978. See: 9 N.J.R. 596(a), 10 N.J.R. 81(b). Section 7.1 was amended by R.1977 d.130, effective April 14, 1977. See: 9 N.J.R. 143(a), 9 N.J.R. 245(a); by R.1978 d.411, effective December 5, 1978. See: 10 N.J.R. 518(a), 11 N.J.R. 51(d); by R.1979 d.432, effective October 26, 1979. See: 11 N.J.R. 525(a), 11 N.J.R. 650(a); by R.1989 d.146, effective March 20, 1989. See: 21 N.J.R. 16(b), 21 N.J.R. 778(c). Section 7.2 was amended by R.1977 d.130, effective April 14, 1977. See: 9 N.J.R.

143(a), 9 N.J.R. 245(a); by R.1978 d.411, effective December 5, 1978. See: 10 N.J.R. 518(a), 11 N.J.R. 51(d). Section 7.3 was amended by R.1977 d.130, effective April 14, 1977. See: 9 N.J.R. 143(a), 9 N.J.R. 245(a). Sections 7.4 and 7.10 were amended by R.1978 d.411, effective December 5, 1978. See: 10 N.J.R. 518(a), 11 N.J.R. 51(d); by R.1987 d.477, effective November 16, 1987. See: 19 N.J.R. 1637(a), 19 N.J.R. 2201(a). Section 7.5 was amended by R.1977 d.130, effective April 14, 1977. See: 9 N.J.R. 143(a), 9 N.J.R. 245(a). Sections 7.9, 7.10 and 7.11 were amended by R.1977 d.130, effective April 14, 1977. See: 9 N.J.R. 143(a), 9 N.J.R. 245(a). Section 7.12 was amended by R.1976 d.339, effective October 29, 1976. See: 8 N.J.R. 586(c); by R.1977 d.90, effective March 16, 1977. See: 9 N.J.R. 199(b); by R.1977 d.448, effective November 30, 1977. See: 10 N.J.R. 44(a); by R.1978 d.10, effective January 18, 1978. See: 10 N.J.R. 81(c); by R.1978 d.406, effective November 28, 1978. See: 11 N.J.R. 51(b); by R.1978 d.411, effective December 5, 1978. See: 10 N.J.R. 518(a), 11 N.J.R. 51(d); by R.1979 d.467, effective November 28, 1979. See: 12 N.J.R. 56(b); by R.1980 d.517, effective December 1, 1980. See: 13 N.J.R. 47(a); amended on an emergency basis by R.1981 d.474, effective December 1, 1981. See: 13 N.J.R. 948(b); readopted, R.1982 d.41, effective February 2, 1982. See: 14 N.J.R. 212(a); amended on an emergency basis by R.1982 d.439, effective November 30, 1982 and expired on February 1, 1983. See: 14 N.J.R. 1466(a); amended on an emergency basis by R.1983 d.582, effective December 1, 1983. See: 15 N.J.R. 2177(a); amended on an emergency basis by R.1984 d.15, effective January 17, 1984. See: 16 N.J.R. 252(b); amended on an emergency basis by R.1984 d.584, effective December 4, 1984 and expired February 4, 1985. See: 16 N.J.R. 3498(a), 17 N.J.R. 740(a), 17 N.J.R. 746(b). Correction: Date changed in (h) to March 1, 1984; emergency amendment, R.1985 d.655, effective December 5, 1985 (expired February 3, 1986). See: 18 N.J.R. 107(a); readopted, R.1986 d.64, effective March 17, 1986. See: 18 N.J.R. 107(a), 18 N.J.R. 568(b); emergency amendment, R.1986 d.482, effective December 1, 1986 (expired January 30, 1987). See: 18 N.J.R. 2460(a); readopted, R.1987 d.223, effective May 18, 1987. See: 18 N.J.R. 2460(a), 19 N.J.R. 884(a); emergency amendment, R.1987 d.537, effective December 2, 1987 (expired January 31, 1988). See: 19 N.J.R. 2498(a); emergency amendment, R.1988 d.109, effective March 7, 1988. See: 19 N.J.R. 2498(a), 20 N.J.R. 547(a); amended by R.1989 d.146, effective March 20, 1989. See: 21 N.J.R. 16(b), 21 N.J.R. 778(c). Sections 7.13 and 7.14, new rules, R.1978 d.411, effective December 5, 1978. See: 10 N.J.R. 518(a), 11 N.J.R. 51(d). Section 7.15, emergency new rule, R.1991 d.251, effective April 6, 1991 (expired June 15, 1991). See: 23 N.J.R. 1464. Adoption of concurrent proposal, R.1991 d.527, effective November 4, 1991. See: 23 N.J.R. 1464(a), 23 N.J.R. 3345(a). Pursuant to Executive Order No. 66(1978), Subchapter 7 expired on July 29, 1993.

Subchapter 8, Exemptions: Solar Energy Heating and Cooling Systems, was adopted as R.1978 d.225, effective July 7, 1978. See: 10 N.J.R. 264(c), 10 N.J.R. 264(a). Pursuant to Executive Order No. 66(1978), Subchapter 8 was readopted by R.1983 d.355, effective August 12, 1983. See: 15 N.J.R. 1082(a), 15 N.J.R. 1487(b). Pursuant to Executive Order No. 66(1978), Subchapter 8 expired on July 29, 1993.

Subchapter 9, Moratorium on Taxation of Mobile Homes as Real Property, was adopted as R.1980 d.147, effective April 9, 1980. See: 12 N.J.R. 160(a), 12 N.J.R. 293(c). Sections 9.3, 9.5 and 9.6 were amended by R.1981 d.207, effective July 9, 1981. See: 13 N.J.R. 162(b), 13 N.J.R. 462(c). Pursuant to Executive Order No. 66(1978), Subchapter 9 expired on July 29, 1993.

Pursuant to Executive Order No. 66(1978), Chapter 12, General, was readopted as R.1983 d.355, effective August 12, 1983. See: 15 N.J.R. 1082(a), 15 N.J.R. 1487(b).

Pursuant to Executive Order No. 66(1978), Chapter 12, General, was readopted as R.1988 d.408, effective July 29, 1988. See: 20 N.J.R. 1066(a), 20 N.J.R. 2319(a). Subchapter 10, Real Property Defined, was adopted as R.1988 d.581, effective December 19, 1988. See: 20 N.J.R. 1787(a), 20 N.J.R. 3142(c).

Pursuant to Executive Order No. 66(1978), Chapter 12, General, was readopted as R.1993 d.482, effective October 4, 1993. See: 25 N.J.R. 2652(a), 25 N.J.R. 4604(b). Subchapter 7, Homestead Property Tax Rebate, was adopted as R.1994 d.136, effective March 21, 1994. See: 26 N.J.R. 109(b), 26 N.J.R. 1370(a).

Subchapter 11, Disabled Veteran's Property Tax Exemption: Retroactive Reimbursement, was adopted as R.1998 d.70, effective January 20, 1998. See: 29 N.J.R. 4411(a), 30 N.J.R. 380(a).

Pursuant to Executive Order No. 66(1978), Chapter 12, General, was readopted as R.1998 d.421, effective July 21, 1998. See: 30 N.J.R. 1922(a), 30 N.J.R. 3066(b).

Chapter 12, General, expired on July 21, 2003.

Subchapter 8, New Jersey Saver, was adopted R.1999 d.316, effective August 20, 1999 to expire February 20, 2000. See: 31 N.J.R. 2644(a). Subchapter 8, New Jersey Saver, was adopted as R.2000 d.82, effective February 7, 2000. See: 31 N.J.R. 271(a), 32 N.J.R. 814(a).

Chapter 12, Local Property Tax: General, was adopted as new rules by R.2005 d.366, effective November 21, 2005. See: Source and Effective Date.

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SUBCHAPTER 1. CATEGORIES OF NONUSABLE DEED TRANSACTIONS

18:12-1.1 Categories enumerated

(a) The deed transactions of the following categories are not usable in determining assessment-sales ratios pursuant to N.J.S.A. 54:1-35.1 et seq.:

1. Sales between members of the immediate family;
2. Sales in which "love and affection" are stated to be part of the consideration;
3. Sales between a corporation and its stockholder, its subsidiary, its affiliate or another corporation whose stock is in the same ownership;
4. Transfers of convenience; for example, for the sole purpose of correcting defects in title, a transfer by a husband either through a third party or directly to himself and his wife for the purpose of creating a tenancy by the entirety, etc.;
5. Transfers deemed not to have taken place within the sampling period. Sampling period is defined as the period from July 1 to June 30, inclusive, preceding the date of promulgation, except as hereinafter stated. The recording date of the deed within this period is the determining date since it is the date of official record. Where the date of deed or date of formal sales agreement occurred prior to January 1, next preceding the commencement date of the sampling period, the sale shall be nonusable;
6. Sales of property conveying only a portion of the assessed unit, usually referred to as apportionments, split-offs or cut-offs; for example, a parcel sold out of a larger tract where the assessment is for the larger tract;
7. Sales of property substantially improved subsequent to assessment and prior to the sale thereof;
8. Sales of an undivided interest in real property;
9. Sales of properties that are subject to an outstanding Municipal Tax Sales Certificate, a lien for more than one year in unpaid taxes on real property pursuant to N.J.S.A. 54:5-6, or other governmental lien;
10. Sales by guardians, trustees, executors and administrators;
11. Judicial sales such as partition sales;
12. Sheriff's sales;
13. Sales in proceedings in bankruptcy, receivership or assignment for the benefit of creditors and dissolution or liquidation sales;
14. Sales of doubtful title including, but not limited to, quit-claim deeds;
15. Sales to or from the United States of America, the State of New Jersey, or any political subdivision of the State of New Jersey, including boards of education and public authorities;

the case of a veteran, "W" in the case of a widow or widower of a veteran or serviceperson, "S" in the case of a senior citizen, "D" in the case of a disabled citizen and "R" in the case of a surviving spouse. If there are several owners or deductions, indicate this information in this column.

(A) The above information is necessary to determine the proportionate share of the eligible applicant's interest in the property.

(10) Special tax codes: Insert the special tax code as follows:

- F—Fire
- G—Garbage
- S—Special Improvement District
- W—Water
- R—R.E.A.P. Eligible

iii. Property classification summary:

(1) The summary of the several real property classes will be prepared on a separate listing. The summary will facilitate the preparation of an accurate sales ratio card (Form SR-3A) for each taxing district in the State.

(2) Note that classification 3 (Farm) has been divided into two sub-classes. Classification 3A (Regular) includes all farmland and farm improvements not subject to the "Farmland Assessment Act of 1964" (P.L. 1964, c. 48). Classification 3B (Qualified) includes those lands which are assessed under the Farmland Assessment Act of 1964. Farms listed under classification 3B are subject to roll-back taxes in the event of a change in use.

iv. Municipal tax assessor's affidavit—form and content:

(1) See N.J.S.A. 54:4-36 for the form of affidavit to be annexed to the tax list and duplicate.

(2) When a district-wide revaluation or reassessment has been completed and put into operation, and such taxable valuations conform to the percentage level established for such year for expressing the taxable value of real property in the county, the municipal tax assessor should be sure to affix to his assessment list and duplicate, the affidavit and additional statement required under N.J.S.A. 54:4-36(a) and (b), in order that the percentage level established for the taxable value of real property in the county may be accepted as the common level for such year. (See N.J.S.A. 54:4-2.47).

SUBCHAPTER 3. PREPARATION AND FLING OF EXEMPT PROPERTY TAX LIST AND DUPLICATE

18:12-3.1 Tax exempt list; format and contents

(a) Municipal tax assessors are required to enter in the exempt property list and duplicate, a description of all churches, cemeteries, public buildings and other real property exempt from taxation with the name of the owner and the value of such land and buildings.

(b) The information required under (a) above is to be contained in the form and content of the exempt property list and duplicate as prescribed by the Director of the Division of Taxation. The size of the exempt property list and duplicate should be 14 inches x 17 inches. Each page of the list should provide for 14 line items.

1. Page headings:

i. Title: "EXEMPT PROPERTY LIST": An identical list shall also be prepared which shall serve as the municipal tax assessor's duplicate;

ii. Page number;

iii. Taxing district name and number;

iv. County name and number; and

v. County percentage level.

2. Column headings: The following headings shall appear on the exempt property list.

i. Column 1—Line number: This column assigns a line number to a particular parcel or property for identification purposes.

ii. Column 2—Block number, lot number, qualification code and account number: Insert the block and lot number of the parcel and the qualification code if any. Qualification codes are shown on the exempt property tax list under the legend. The account number, if used, shall be entered in this column.

iii. Column 3—Name of facility: Insert building description code, property classification, land dimensions, acreage and additional lots.

iv. Column 4—Owner's name: Insert the full name of the owner, the owner's mailing address, the property location which identifies the location by street name and number, billing code, zoning and the tax map page.

v. Column 5—Identification code: Use the code as shown in the New Jersey Property Tax System Legend by the Division of Taxation. Insert the two appropriate digits which denote ownership. Insert the two appropriate digits which denote the property purpose or use. Also, insert the three appropriate digits which denote specific description.

vi. Column 6—Statute under which exemption claimed: In accordance with the provisions of N.J.S.A. 54:4-27, municipal tax assessors are required to state the grounds for exemption for each parcel of property to which exemption from taxation is allowed. The citation of the statute under which an exemption is allowed can be found on Line 13 of a properly executed Initial Statement Form, Form 1.S.

vii. Column 7—Filing date of statement: Insert the date on which the initial statement and/or further statement was filed with the municipal tax assessor's office as required by law. A further statement, Form F.S., is required to be filed every third year following the filing of an initial statement which was the basis for granting the exemption. See N.J.S.A. 54:4-4.4.

viii. Column 8—Land value: Insert the true value of the land to which an exemption has been granted. This will facilitate the conduct of the ongoing Statewide statistical study. This value should be consistent with full values of other real property in the taxing district.

ix. Column 9—Insert the true value of all buildings or improvements to which an exemption has been granted.

x. Column 10—Total exempt value: Insert in this column the sum of column 5 and column 9. The total of all exempt property should agree with the total exempt property as shown in the table of aggregates that is filed with the county board of taxation. The exempt property list should be produced in block and lot sequence together with an alphabetical list showing the owner of the exempt property. These lists should be inserted in the back portion of the tax list and duplicate.

SUBCHAPTER 4. REVALUATION OF REAL PROPERTY BY APPRAISAL FIRMS

18:12-4.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

“Contract” means any agreement between a firm, as defined below, and a municipality for a revaluation or assistance with a reassessment of all of the real property in a municipality.

“Director” means the Director of the Division of Taxation.

“Firm” means any individual, partnership, corporation or other association contracting to perform a revaluation or assistance with a reassessment.

18:12-4.2 Authority of the Director; approval of contracts

(a) The Director shall establish standards to be used in the valuation and revaluation of real property for assessment purposes and shall prescribe minimum qualifications for engaging in the business of providing such services to municipalities in this State.

(b) Prior to the execution of any contract, a municipality shall submit the contract to the Director for his or her review. The Director shall make a determination regarding the revaluation contract within 30 days of submission and for reassessment contracts within 45 days of submission.

(c) No firm shall assign or transfer a contract or any interest therein without written permission from the municipality, surety company, county board of taxation and the Director.

(d) No changes will be permitted in the contract except upon mutual consent of the contractual parties and written permission of the surety company and the Director.

18:12-4.3 Appeals from Director's disapproval of contract

(a) Any municipality, firm or individual aggrieved by any determination of the Director respecting a revaluation contract may request a formal hearing before the Director who shall render a decision within 30 days of the completion of the said hearing.

(b) Such hearing shall be conducted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

(c) An appeal of the Director's decision may be taken within 45 days of the date of final decision to the Appellate Division pursuant to the Rules of Court.

18:12-4.4 Appraisal firm: required information to be submitted

(a) An appraisal firm seeking approval from the Director to become an approved New Jersey revaluation firm shall initially provide the following information which shall be submitted annually thereafter:

1. Financial statements, including balance sheets and income statements for the past three years;

2. A list of municipalities in New Jersey and outside the State where the revaluations have been performed during the past five years;

3. The names and addresses of the officers and the number of years each officer has been engaged in real property valuation;

4. A statement of whether any litigation involving the firm's performance or revaluation contract has occurred