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PUBLIC HEARING

before

ASSEMBLY COMMITTEE ON TAXATION

(Pursuant to AR-3003)

Held:  
July 12, 1977  
Pennsauken Jr. H.S.  
Pennsauken, New Jersey

COMMITTEE MEMBERS PRESENT:

Assemblyman Charles Yates

OTHER LEGISLATORS:

Assemblywoman Mary Keating Croce

\* \* \* \* \*

J. Gilbert Deardorff - Staff Asst.

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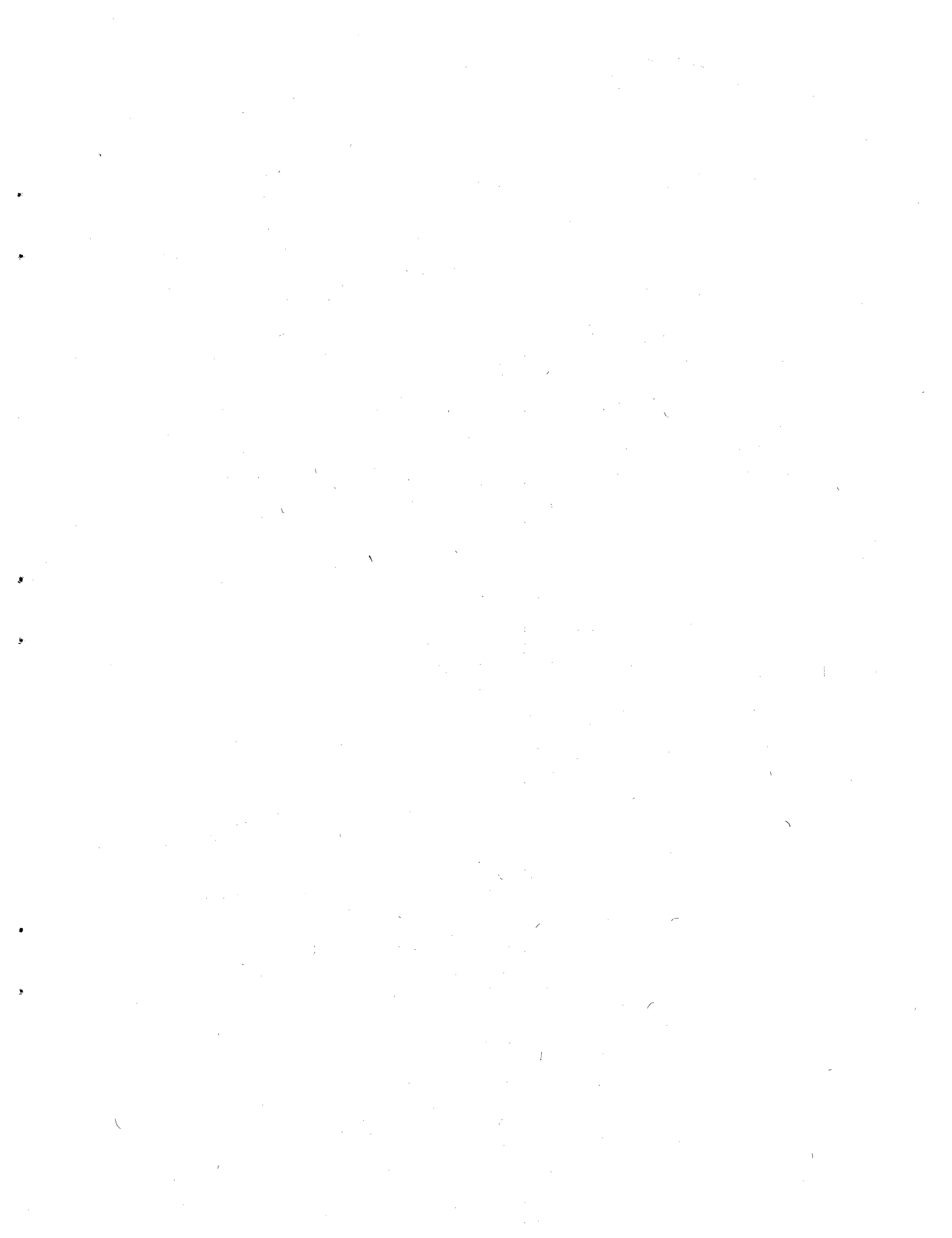
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Ethel H. Dover  
Tax Collector, Evesham

Statement and Materials

Richard McCarthy  
Tax Collector, Berlin Twp.

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YATES: My name is Assemblyman Charles Yates. I am a member of the Assembly Taxation Committee and in that capacity I am serving as Chairman of this meeting. On my left is Assemblywoman Mary Croce, and on my right Mr. Deardorff, the staff professional of the Assembly Taxation Committee.

The public hearing tonight, which is being transcribed for the Committee's future use, is the first of a number of planned public hearings in various parts of the State. The Assembly Taxation Committee is studying the problems of assessment, equalization and revaluation, and all the things which affect those and are affected by them. This means, actually, that we are studying a subject which affects every property owner in the State.

If you have not entered your name on the list of speakers and wish to speak, please come up front and give your name to the young lady here. If you wish to speak and have a prepared statement, please give a copy of your prepared statement to the Committee prior to speaking. I am going to call the names in the order that they appear on the list. If you have a prepared statement, and it is long, to make it easier for us to take notes rather than read it word for word, please summarize it in the interests of brevity.

One more thing, if you wish to submit a statement or suggestions to the Committee and you have not prepared one at this time, you may submit one to the Assembly Taxation Committee in the State House in Trenton and it will be entered into the record for this hearing.

CRANE: Assemblyman Yates and the Committee; I am Joseph Crane, President-elect of the State Association of Assessors of New Jersey. First of all I would like to make the request that we definitely hold another hearing down here in South Jersey. The timing of this was real bad. I got word of it quarter off four on Friday afternoon. There has been no newspaper advertising down here. Being July it was ridiculous for me to stay home this week-end and call people in Burlington, Gloucester, Camden and Salem counties. The net result, I did call Monday all day -- the first reports I got "sorry we're committed, we definitely want to appear but cannot Tuesday night." So I would appreciate if you would honor that request.

Second of all, I did not have time to prepare a statement for this evening. I can touch on several subjects strictly off the cuff, that I have run across during the years as Assessor.

I am currently the Assessor in Deptford Township and the Borough of Clayton. I have been through three revaluations, two in Deptford, one in Clayton, and if you like I will touch on that first. I think definitely that it should be mandated that when we get into a revaluation, that the Assessor is the officer in charge for that program. There has been too many going on in the State where the Mayor, or the Finance Director, or somebody else in the Borough capacity has been the officer in charge, to oversee and run that reval. The end result, a lot of them don't know what the current assessment procedure is about, what they're even looking for, or what they are trying to arrive at. Another thing, the revals should be definitely taken off of the first of the year depending upon the size of that district, so that they can be done, sectionalized, and back to that Assessor; it gives him

more time for review. What is happening, a lot of them are coming in the last minute; no chance for review, and there's bound to be hundreds and hundreds of computation errors into it which creates a lot of appeals. If you get it off the ground in time, get it done in time, and maybe some districts might have to be a two year program -- a year to do it, a year to review and so on, and adjust your figures accordingly. I think we have seen some very great examples around the State where reval. has gotten off on the wrong direction and has created utter chaos. I can speak for my own two districts. The first year out a ten thousand line item book I had less than 231 county appeals, went out with approximately 41 State appeals. The Borough of Clayton which is twenty-three hundred line items, I came in with 43 county appeals, four State appeals the first year out. Only because I had time to go thoroughly over that, make adjustments and corrections. Again, on a reval.-- and this is going to relate to equalization -- I think definitely there should be some type of standardization of what they are going to charge for and what they're going to deduct for within the county. I don't say this would relate from county in county but I am talking about in the county, because if you get the same builder building in two municipalities, brand new, board for board and nail for nail, and you're doing a current reval. in those two municipalities (which happens a lot of times), there is no reason that building should not come back at the identical number in the book. The only difference would be your land value, and it was possible somebody would pay more for a lot in one municipality than in the other, that would give you your aggregate total difference. Again, if you go into this theory here, and by the same token I have seen

it time and time again when you get down to developing a cost-factor in reval, and it is being done the same year and you get to know that the materials, the labor and what have you are coming right from the same source most generally. They are coming out with two entirely different cost-factors with real disparity into it which really reflects another value. Then he gets the cross fire back in the assessor's office ...my mother had the same house build over in another municipality and she is only assessed this; this causes a lot of problems. Ok. We have had a manual we've been told, through the years, as a guide. Fine. But again, I question how many are relating to the manual. We all know the manual is outdated; we know the State has been working on it, hopefully, and when this new manual comes out, if ever, that's the 64 thousand dollar question at the moment. At that time I think again, it should not be "suggested" as a guide, it should be "mandated" that that manual be used.

Here again, the one big thing we are charged with is uniformity and equality. Now if we were only saying use it as a guide and leaving discretion to go whichever, then you are not getting uniformity and this reflects throughout the State as far as I am concerned. True property sells for more and it costs more in North Jersey than it does in South Jersey. By the same token you have got some good basics there that should be uniformly applied throughout the State if it was mandated.

One problem we have run into in the past when we touch on a subject and we say something and we go back to say it oh well really I don't know, but if you put the word "shall" in the statute it is mandatory. But every so often you find this word "may" in legislation which so often leaves it open.

YATES: I would like to get your view on the question of reassessment done by local person as opposed to outside companies. Do you have a view on this?

CRANE: Yes I do. I think there is a lot of assessors in the field who can definitely do it locally. Again we have run into the problem of this in the past particularly down here in Gloucester County where I am from; we have had a couple of districts done that way, and done very thorough, but the county board had the discretion to apply the page 8 formula or not to apply, and it was a real grey area where it was a reassessment or a reval because it was done at a local level. I think if the assessor is qualified to hold and maintain that office he should be able to do it providing that the Borough gives him enough additional help to do so and compensates him for it. By the same token, if you go outside, again I think the assessor should be the officer in charge. He should really call the shots, and again, he should be compensated for that additional work because there is a lot of hours if you are really going to sit down and review that in the proper fashion. One man cannot do it. He needs help, and again he would be there to supervise and deputize that help. I have a feeling this way, as far as being done on a local level I think the average assessor is better than the "average"; I think they have more interests at heart than what some of the outside companies do. Because there have been some good companies come and go and I have found that some of them have now gotten so far removed from that local level of reval., that the good personnel, the first thing we know you've got numbers coming at you that somebody cranked in wrong.

YATES: Let me ask you this. Is there a problem of, you might

say, the political importance of revaluation, it can be a disaster once it happens or it can be a problem that they can get by with, but for a local assessor doesn't revaluation have local serious political problems?

CRANE: Well the Mayor and Councilmen seem to think it does but I met that head on in Deptford Township in 1972. They had appropriated money two years prior, all set to go, about ready to sign a contract and they pulled their heels in, and when I went up there and was hired as an assessor that was one of the first questions they asked. They asked do you think we need a reval? I said looking at your coefficient and your ratio you're behind, you need help. I almost didn't get the job. However, when we did do it we were not the uncumbants, ran that following year, all came back strong, by bigger majorities than they ever had in their life before. But it took a lot of work, and I am going to take a little credit on my part to relate to the public. This is one of the biggest problems. The first thing you know, when you hear if you upgrade your assessment you are going to be paying more in taxes. I had the pleasure of listening to a man talk one night for two hours in front of my council saying how much more he was going to be paying in taxes in his community due to the revaluation. I don't know how he came up with a number because those numbers were not in the book until the following year. I wont mention any names but I think you know who I'm talking about. The thing is again, the assessor has to have an open office, an open book, he has to be able to relate to the taxpayer. I don't say I send everybody out of my office jumping with joy, but I do send them out with a little better understanding of what it is all about.

YATES: If it is going to be done by a local rather than an

outsider, is it going to be better done?

CRANE: I would say so yes. One of the big problems here again when you get outside and they come in for the public hearings prior to these going into the book, there has been a tendency in some of the companies to say ok we'll take another look, we'll get back to you. Would you please let me know when you are coming. Well it's almost impossible but again it is a big question unless the assessor is on top of it, some kind of assurance that they really went back and took another look. And again, if you have a Mayor in charge or a Finance Director in charge, no way is he ever going to know. See what I mean? It has got to be somebody who is with that day in and day out, and that can be nobody but your local assessor.

Again, when you get into a reval he needs that extra help, and when you go outside -- and definitely it is done on the local level -- he has got to have additional help, he has got to have qualified people because when that man goes out in the field he has got to be able to classify that property out there in the field. Because the guy sitting behind the desk doing the computation has not seen that property, he is going off a work sheet, and all of a sudden if he comes up with the wrong class, you get off on the wrong foot before you get any farther.

I would like to say a couple of things about equalization. When that program came into being it was a very worthwhile tool.. Today with the market in the very recent past years, the way it's going, the equalization process doesn't really do the trick. You take a district that has not been through a reval for maybe ten, fifteen, twenty years, their ratio is down a given number and through the equalization process the county board makes an adjust-

ment to bring it up.. For a true example, the Borough of Clayton, the year prior to it, I had about a 62 ratio; I had about a roughly 21/22 million dollar book value; at the time of equalization it was up to 38 million dollars. I came back the following year with a reval at \$57 million but we were not up to where we should have been with the \$57 million after reval, and as I told you earlier, of the 43 appeals I had on twenty-three hundred line items, and four State appeals out of that, I am satisfied those four State appeals I'll win.

YATES: What was the reason for the equalization being so far off after reval? Was it because there were a lot of new houses?

CRANE: No, it was older property. Again, we have a lot of houses which we call fac houses; it was an old glass works town, the old narrow, 2½ storey 14 foot wide .... we had it in there like for maybe \$6,000 with a lot, and they're getting \$18,000, \$19,000, \$21,000 for them on the market today all because the average 1,100 sq. ft. new home today on a 90 x 100 lot is going for about \$32,000 in the swamp with no utilities, no kerbs, no sidewalk, no street--- no nothing. This is what affects this really bad. Again, getting down to equalization and ratios and so on, yes, we have our SR6 forms which we can use to question the determination of the ratio department in Trenton. I think most assessors have stopped using it, I myself have stopped using it. I have sent numerous forms up there, they lay up there for a month or two, back they come -- no change. I have done six-page letters accompanying them, to have that knocked out, and it comes back no change. It is impossible. Like a wasted effort.

YATES: Is that in the tax appeals?

CRANE: No, that is in the ratio. To get my ratio adjusted because

what happens. Again, we had a case a few years ago in Gloucester County where there was a gas station/house combination, one of these little gas stop jobs. Unfortunately it had run through as a commercial. One commercial sale that changed the ratio around in that district so drastically it cost the other twenty-three municipalities about at least anywhere from \$8,000 to \$27,000 in county tax money that year. What I am saying here is now we have twenty-seven reasons that we can use to knock out a sale; I think we need at least two more in there to cover some other categories.

YATES: These are all categories for not using in determining the ratio?

CRANE: Right.

YATES: Do you have the problem of too few transactions to use in making the ratio?

CRANE: This has happened too in Gloucester County. We have a couple of municipalities if they have six transfers a year this is a lot of work; yet we have other municipalities like in Deptford Township, I run at least seventy-five a month, a lot of times 100 to 125 a month. In another community, Washington Township, we are not hitting 200 a month. So when you get in these various fast-moving districts boxed in with the districts where there is not too much activity, and then you get one sale in that strata category, and commercial, you can really shift that equalization all over the ball lot.

YATES: Do you have a situation where when you sell a house you will sell that house with certain articles such as drapes, carpets, something which is not part of the house. For your purpose does it appear in the price of the house?

CRANE: That is correct.

YATES: And yet the selling price of the house would include the price of these items. Do you have any way of adjusting up or down for this type of thing?

CRANE: Well actually what I have done in my two districts when I have gotten what I consider a wild sale that doesn't really reflect what I think is the market value of real property, I went out and made an inspection on it and tried to determine what else they bought besides real property and this is where you find the drapes, the carpets, and all the goodies, the den room furniture, the whole bit, you know. Ok. This is where I used to come back and try to run this thing through on an SR6. I know one district who constantly over the years, they have thrown out more sales residential-wise just by writing on there "personal property included", which is really not acceptable. Most of them Bob Johnson's department has kicked out and used them, but again I know for a fact there have been sufficient of them that have gotten by. Not any one particular person's fault but this happens when you go through all these processes. Again this tends to juggle that ratio around and you're looking at a district here now, and I speak of this particular district with a ratio of about 42 and a coefficient of 11.

DEARDORFF: Joe, isn't one of the problems that the whole ratio idea is an average for a community and if the average is 80, you may have many above 90 and others below 70, so if somebody files an appeal and they're actually being assessed at very close to true value, if your ratio is 80 they appeal on that and not on the basis of the individual property.

CRANE: This is right. Every so often you get the appeals coming

in, and I have run into this at the State level on tax appeals, the first thing they come along and say, ok, we want to determine true value of the property, then the next thing out, they now want to apply the district ratio or so-called common level. Basically that ratio to my way of thinking -- and I may be wrong -- is there for equalization purposes at the county level. It's there for the school aid, the old Bateman-Tanzman formula. I don't think it applies unless you apply the common ratio throughout the district. I take a real strong exception when they want to apply the common level or the weighted average ratio, or the district ratio, or whatever they want to call it, and you get three different numbers when you fool with these things. Tie that to the true value because they come back and say well, this is where the other property is at, which is wrong. One thing I did do in my own districts three years ago, I took all my multi-family income-producing properties and other income producing properties off the brick and mortar less depreciation, and I put them on the income stream, and I fluctuate with the economy. Up to that time every year here comes the same appeals, the same six multi-family apartment complexes. Since I have done that I haven't had one. Understand I took some money out of the book when I did it. I came in with a number I could live with; I came in with a number they could live with, and we stopped that. And by the same token, I go out each year, now it is going out in next Monday's mail, requesting their income expenses from the past year up to now in relation to assessment for next year. I'm not saying I'm going to make any adjustments up or down. Again, I am going to run through them and see where we sit, and it has basically worked. You know, the time you wind up at the county appeal end, the first thing you

know the county people they dismiss without prejudice, goes up to the State, lays up there for three, four or five years. Then you go up there with entirely new testimony again, and entirely rework the whole thing, then you get hit head on with the common level or the district ratio. Four years ago I was very interested in Judge Lyle's opinion where because in referring a judgment for say 1973 year in 1977 that no way locks that into a freeze because they don't know if they're going up further, they don't know if there have been further developments, if they have higher value from 1974 on right across the street from that subject property. And I think there's been a lot of assessors once they get that appeal judgment down from the State put that property under the freeze act, and the end result was they actually lost money for the municipality for doing it.

Again I would like to say a couple of things in relation to farmland assessment. I think basically the farmland assessment is good, and I am well in favor of the good, legitimate farmer who wants to maintain and run that farm, to give him every consideration we can possibly give him. I think we need some open spaces, if we don't, the first thing New Jersey will be a black-top State. However, I take strong exception to these builders, developers, speculators coming into the township, buying up land, pulling all kinds of deals to keep that farm going in some sort of fashion until their market's right, mortgage money, or sell their product or whatever it may be. It is an injustice to a district because what happens, you shift that burden right to the residential owner. I had that problem in Deptford Township. The old ( ) Grove Farms involved some 850 acres. At the time when we did a reval in 72 that had been laying fallow for a

number of years since Abbott's Dairies closed up. The end result when we did the reval they came in for appeal and the only thing we stipulated to, and the only thing everybody agreed to, was about a 30% low land in one tract. Two weeks after that appeal here comes the farm; they cut, tore it down, they planted wheat in some areas, they got some cattle going in another area and so on, and the end result basically is that now the whole thing is qualified farm and it took some \$8 million in value out of my books by qualifying. I had to put that \$8 million right into the residential people.

YATES: What kind of a thing? How big was the remainder of the tract?

CRANE: At the time it was roughly about \$217 million, total book. Of course it's well over that today with the new Deptford Mall in there. Unfortunately I had the Mall coming in right behind it which helped cushion it a little bit, but the Mall didn't give us the gain to effect the tax dollar relief everybody was really looking for because of this one problem here.

YATES: Was the property prior to that, paying on the roughly \$8 million valuation?

CRANE: Yes, on true land value.

YATES: Is it under farmland valuation at present?

CRANE: Yes. A long while ago Abbots Dairies closed up there. The farm was unusable, it was just laying there. Basically it was vacant land except for a few tenant houses scattered around the acreage.

YATES: So that applying for the farmland assessment was only seeking a way to keep the value down?

CRANE: It was an abatement for taxes that was what it was.

YATES: Was it held by a developer at that time?

CRANE: Well this is right. You have a rollback with the change of use in land occurs. Change of ownership doesn't necessarily do it. I might say, and I was wrong and maybe it was a wrong bill, but Assemblyman Herman and myself drew up an amendment to the Municipal Land Use bill where we covered that situation where upon preliminary approval; now when you get to a preliminary approval part, the developer has already spend many a good dollar on engineering, development rates, and a few other things and we said at that time section 1 would be effective to rollback and back to true land value. Again, this could be maybe 40 acres out of a 400 acre tract. Again he could move further but we couldn't move further to take the rest of it off the farmland set-up until the first section was 50% oc. We had some bad bits in there that don't belong in the Municipal Land Use bill, but I say it definitely belongs in the Farmland Assessment bill, and as far as I am concerned, after November when I take over presidency of the Association, I am going to work to get that back in where it belongs in some form or fashion. I think it is a real vital thing and I think it definitely should be there.

A couple of other things that have annoyed me in the past and I think we have got this straightened out to some degree in county appeals, and I think what was happening in the past, an appeal would come in from an income-producing property, no supplemental statements -- not a thing attached. You go back to the guy, try to request it and he would ignore it. He would go into the county board that day and dump all kinds of paper out, comparables, incomes, ~~and~~ expenses, and so on. Currently the county rules and regulations say five days. As I said, we have brought this up before, asking

for seven working days at least, and I think definitely it ought to be at least fifteen days to give that assessor a chance to review this because if the assessor doesn't have sufficient time to review it before the hearing, how can he go in and properly defend that assessment when he is going to get all this thrown at him there?

YATES: Do you mean that when you go in to defend before a county board you do not get any information on what grounds the appellant is making his appeal?

CRANE: Usually a simple statement of appeal discrimination. Where there is discrimination he should have the comparables attached. In other words what he says is he is being discriminated against or vice versa -- whatever that means. If it is an income-producing property and so on we are required by law to approach that on market, cost and income. Again, if we do not have numbers supplied we can look at that and maybe stabilize it and come up with a value. The end result there's not too much testimony on the assessor's part. By the same token it is ridiculous for them to ask for a given number either at the county or at the State level without first doing that, coming up with a net income and then capitalize it out. This should be the only argument -- the cap rate because if they use the standard deductions as allowed in expenses those numbers have got to jell because there's ways of checking them. There's no problem in finding out the economic rents, to find out the water and sewer, so on and so forth what was charged to that property that year. The only debate would be again, whether the wise investor got a good investment on his money or he got a poor investment.

YATES: Would there be any problem if the appellant would make these figures available at least ten days before the hearing?

There's an exchange of information and the suit is conducted on the discovery process; after all the facts are resolved then they can go before the judge for determination. In essence, why shouldn't this be done before the county board?

CRANE: This is right. Again, two years ago I introduced a discovery method by having interrogatories issuing a county board order. I had good results with it.

YATES: Have you lost any?

CRANE: Yes, I see nothing wrong with it, I have gotten some back. First of all, this cuts down time at the actual hearing because here again you have the numbers, you have everything right in front of you. It does give you a wealth of information. I am not saying every assessor, including myself, has always been right. I am saying when I got some of this information I was off of the beaten path -- I'll be the first one to admit it. I will try to work out an equitable settlement and cut out all this malarkey. It costs money to go into a county appeal and it costs money to go to State appeals, and the end result is that it costs the municipality money also. When this happens you get these reductions back; what happens then when you say the ratio or your common level, or whatever back in the year 74 X? Now you hear six big State appeals this year that get rendered different numbers. Now what's your ratio back in 74 X? All of a sudden you might have been the highway robber back in 74.

Assemblyman Yates I could go on but there are other people who want to say a few words; it's July, it's hot, and I'm ready to take off on vacation on Friday night myself so I'm going to let someone else talk for a while

YATES: I think you can see that there is a lot of information

and that this Committee is getting an education, and we're going to hear from other assessors about some of the other problems.

CRANE: Right. If Gil will set up another hearing down in South Jersey and have enough lead time, we'll get the attendance out I guarantee it. In the meantime after I get back from vacation I'm going to put some of this in writing and ship it off to you. Thank you. Thank you very much.

YATES: Thank you, Mr. Crane. Now we will hear from the next speaker. I believe the next one on the list is Walter Salmon.

SALMON: Gentlemen: My name is Walter W. Salmon, residing in Moorestown, and I am presently retired from the profession of Tax Assessor after nearly 15 years in that office, and I am of the opinion that that service plus the additional designations that I have accumulated over the years qualifies me to make a few statements regarding the Assessment function as well as on the Appeals Procedures that have come to the attention of taxpayers and courts alike. May I at this time suggest that you read Volumes I and II of the reports on Public Hearings conducted by Senators Thomas Dunn, Joseph Maressa, and Peter McDonough, relative to appeals procedures in the State of New Jersey. I am sure that your reading will be most educational, and hope that future legislation can be written to correct some of the abuses noted in the reports. Representing the members of the Assessors Association, some 900 strong, I presented a paper stating the assessors views. That report is found on pages 25 thru 31 of Volume II.

I again state as before, that there is nothing wrong with the assessment system in the State of New Jersey. The constitution mandates that assessed values must be at market value, at a value that a willing buyer and a willing seller would knowledgeably exchange

value for value, whether the exchange includes money or some other valued item or not. Collectively the assessors endeavor to establish fair market value by the use of sales of like properties, either land or building or both, and then conscientiously apply that procedure to properties in his/or/her jurisdiction. There is no better way to establish value than the use of current and recent sales. However, no matter what procedure the assessor uses he is confronted with the decision of the courts of appeal when the property owner feels that his property is over-assessed.

At this point, the assessor comes out second best in 90% of his cases even though he has priced land all the same, used the State Appraisal Manual for replacement and depreciation figures, only to be confronted by appeals decisions which have invoked the "equalization rate," thus reducing the total value well below the fair market value. The purpose of the "equalization process" was not formulated to set values of properties, but to equalize School Aid, and to determine County taxes among the several municipalities. During the two years as President of the Assessors Association I made numerous attempts to have the "equalization process" reviewed and revised, but always the same answer came back to us--"In the absence of something better there is no reason to make a change."

Only today was I asked to appear here in the place of the Vice-President of the Association who could not be present, and I apologize for not having a more comprehensive report to file with your committee, however, I will be only too glad to answer any questions that I may be able to, and will prepare a detailed written statement to be mailed at a later date.

YATES: Where did you serve as assessor?

SALMON: I was assessor in Moorestown for 9½ years and Mt. Laurel 4½ years.

YATES: Does local politics get involved with the assessment process in a way that it causes problems?

SALMON: You can bet your bottom dollar on it. If you want to change your council, just have a revaluation and next time they would be there.

YATES: The council is generally reluctant?

SALMON: Generally, yes.

YATES: I have heard that people in politics tend to have better change on appeal than other people, at least alot of people feel that way.

SALMON: I think that's the newsprint that points that out. To give you an example of some of the things that happen and I don't mind using myself as an example. While in Mt. Laurel, I had one taxpayer who paid I think it was \$47,500 for a \$39,000 house and when she got in it she found out she couldn't swing it and it was only assessed at \$39,000 same as all models. She got six women to come in and they all requested them to lower their assessments because they felt they were too high. I couldn't do anything about it because they were all alike. One even had a swimming pool she wanted me to take off, that sort of thing. What the outcome was she got hold of a reporter from the Courier and they came out and took pictures of this and wrote a beautiful article condemning me and my brother whose house was properly assessed and this can upset the apple cart in the assessor's office, but primarily its bad publicity because of the newsprint. I left my post last year because of age. I am a little over 70 right now and I was too old to stay by the statutes. Joe mentioned the equalization rates and I mentioned it in mine. What I would like to

say about the equalization ratio is that when that ratio was compounded in municipalities where we are practically guided and told how much farmland should be by figures put out by the farmland evaluation committee, there's almost a set figure that goes on farmland. Now, these aren't any farms sold for farm use, not many anyway. I think that during the last 2 or 3 years not more than 6 farms statewide have been sold from farmer to farmer for farm use. And they're not usable for usable sales because there is a rollback feature if its sold for a non-farm use. But, if there are no sales, then to formulate the equalization ratio where in their infinite wisdom I don't know where it comes from but they apply the ratio of residential sales, which are the real culprits in the municipalities, to the farmland. So that if you have a statistic, say \$1 million in farmland and you have a 50% ratio on residential, the figures jump the farmland up from \$1 million to \$2 million and this is wrong. The whole equalization program is acknowledged to be wrong. In its original conception it was fine because it was designed to get the school aid properly distributed and the only way to do it was to say, okay, these properties are such and such and the same way with the county taxes. I don't think any assessor would object to that. However, there are other things that happen. When I was at Mt. Laurel, I had 38 cases that I put in at the State level to have the equalization ratio changed. I had statements from the 38 property owners where they had sold from \$2,000 to \$10,000 worth of personal property with the properties. They were signed statements. When I went to the hearing, they said "This is ridiculous because down at the shore where they all had these houses, they include all the furniture there, so why not in Burlington County? You don't have a case. So that cost Mt. Laurel Township about \$144,000, but this is the irrationality in the thinking

of the courts of what goes on in the assessors office to deflate the values. The ratio keeps going down and down and down. We're not living in an era of decision of actual values by book. We are living in values by decision. The State says 100%. The Constitution says 100% of market value. You can go into the courts and get the thing knocked down to 50%. An example, I did an appraisal on an apartment complex in the city of Woodbury. This appeal was for the year 1974 and was heard in 1977. The property sold in 1973, so in 1971 for \$1,300,000, it sold in 1973 for \$1,400,000. It was assessed at \$1,037,600. Every other property was considerably lower than the sale price. Every other property, every other apartment that had been sold had been sold for something in the \$8,000 to \$10,000 per unit class, so we went through the routine of a State Division hearing and when it came out, the judge in his infinite wisdom figures out what the thing was worth and then applied the ratio and dropped that property down to \$800,000. It cost the City of Woodbury about \$50,000 in lost taxes and it has to stay that way for the years 1976 and 1977, because he said, the judge said, we're going to carry that over your freeze years we're going to carry it one year further unless you have a revaluation. The revaluation was only in 1971 in that case. As I mentioned, in the hearings reports, volumes 1 and 2, there are 6 or 8 pages, something like that. I think they'll give you a pretty good idea of what I'm trying to say right here. I would like to have, as Joe asked to have the opportunity to present a properly prepared statement to give you some instances, some actual cases. I can't get hurt any more, I'm not an assessor, but I am a taxpayer. I know some cases in municipalities in Burlington County which you should be interested in where the records of that municipality are such that everybody else in

Burlington County is helping to pay the load, and I think that I may, in my retirement, take a suit against the township and the County Board to force a revaluation or have a complete examination of that municipality. It's not only a couple of bucks, it's quite a lot.

YATES: What type of thing?

SALMON: It's everything, every violation.

YATES: Not proper valuations?

SALMON: Not when you have properties not even on the record.

People are getting veteran's and senior citizens who do not live in the property and that sort of stuff, and it affects everybody in Burlington County. Now, if you wish, I'll be glad to ...

YATES: Later on I'd like to discuss this with you.

SALMON: It's in your district.

DEARDORFF: It's been suggested a number of times. I'm not sure whether it's been said in Senator Dunn's report--that we shall have assessments for two years or three years. Wouldn't that save the assessor a lot of time he could devote to other things, would this enable him to have a local revaluation or reassessment? One of the reasons would be to make the whole equalization process much better.

SALMON: Gil, as I understand your question--you say that only one tax list would be filed every third year--is that what you're saying? Let's take Joe Crane's district where he might have a hundred changes a month, they have them by the thousands some places---

DEARDORFF: I'm not talking about ownership changes--the assessments--naturally where you have turnovers, addresses, improvements, etc. Why not have the assessor during that time be changed, with help of course, with the reassessment of the community?

SALMON: Gil, let me address one part of that question, that is have the assessor himself do it. Burlington County being the largest county in the State, I think there are only 5 full-time assessors in the county. Now, a part-time man and some of the salaries that they pay. You must can't get a man to do that sort of thing. And, a second thing, I don't believe in in-house revaluations without adequate help and in most municipalities, they won't give the help to the assessors to even get what work they have now to get done. Now, another thing about the permanent tax list, the added assessments have to be changed every year, so its only a matter of putting in the change forms and having the base tape changed and to print the book which is a minimal cost but the assessor still has to make the corrections and do the proofreading every time a change is made in the tax list, no matter what it is .

DEARDORFF: Would a 2 or 3 year list help or have an effect on appeals?

SALMON: I think it would take a constitutional amendment, wouldn't it to change the appeal procedure.

DEARDORFF: I don't think so.

SALMON: I don't know how it would change appeals because my experience going through three revaluations over the years, the more money that goes on the tax list, the more money the schools want, the more money people want to spend, so you raise your ratables from here to here, and the cost down here never stays, they usually go up here and in about four years you're worse off than you every were -- taxwise.

DEARDORFF: It would have to be statutory, naturally.

SALMON: Sure.

DEARDORFF: When you take an appeal, it sometimes takes years and that's one of the big problems.

SALMON: The proper way for an assessor to do it, and it sometimes hurts the municipality, is when he has an appeal is not to change his books until its heard, it doesn't hurt the overall ratables but when he changes it, he's licked because--I lost a case in my first six months--the county had changed it and they took it to the State and I changed it back to what the county had set, and when I got to the State level, they said, well you must have thought the county was right, so I lost it. So the assessor should never change the assessment regardless of where the appeal is, at the State Division or the County level.

DEARDORFF: Do you think that there should be a record of the proceedings before a County board.

SALMON: You bet! They should reduce all their decisions to writing. They say they don't have the personnel. They have more personnel in the County board than most assessors' offices have, and I used to tape some of mine and come back and find--for instance, I had five properties which were identical, the fellow in the middle appealed. They took \$7,000 off of him but never touched the others. That's some judgement, same size land, same kind of building--I think frankly, and I've said it publically, I think we need a tax court. Any questions?

YATES: We thank you and if you do have anything further to submit, to the committee...

SALMON: Well, it was just at the last minute that they contacted me I'll get my committee together and we'll make a written statement.

DEARDORFF: We hope to take advantage of your knowledge and experience. This committee hopes to put some concrete proposals in the form of legislation before the Legislature.

SALMON: Right!

DEARDORFF: We will be glad for any help. However, we know that often the administration of a law is the problem, but as you know so many of our laws are old and Title 54, particularly, the first four chapters is old and outdated--

SALMON: Maybe we need another Constitutional Convention. Before I leave I'd like to say to the legislators here that Gil and I have worked together on many a problem much to the benefit of the tax assessors and the taxpaying public. Things that noone thought about, we got together and worked on them and everybody seems to be happy with them. Thank you!

YATES: Carl Miller

CARL MILLER: Well, I'll tell you that I was formerly the Assessor of Haddon Heights for 13 years and in real estate for my entire life, and I have written articles on the assessment program and assessment problems for the newspapers and for the State Assessors' Bulletin. And I am concerned with a facet of the assessment work which you have had speakers talk on, but to me is the one which I think is the most unfair part of this assessment problem as far as the local assessment is concerned. And that is, revaluation. I have seen revaluation destroy the reputations of honest, hard-working assessors, who have dedicated themselves to giving a uniform program in their community, but because of political reasons, it is usually the "outs" who grab hold of the revaluation and have used it for purely political purposes to upset a community in which the assessor becomes the goat and his reputation is not worth two cents. Now, these are strong statements, but anyone reading the newspapers over the last several years, particularly locally, have seen this without my having to say it tonight.

Also, there is happening right now in central New Jersey a similar situation in which a local assessor, highly regarded among his peers, is being harrassed for reasons similar to this. Not that he has not done the proper job - because he has; but for reasons entirely separate from maintaining a uniform program in his community which he is being paid to do.

I have come here tonight for a program for revaluation which I thought many times and I have convinced myself certainly if nobody else that this would answer many of the problems that have come out of revaluation. There must be, first of all, a county-wide revaluation. Secondly, since we have twenty-one counties in the State of New Jersey, I would suggest that three counties be taken at one time on one year, a large county, a medium size county, and a small county. Then, that a sufficient force of qualified revaluation persons, private firms, those that have qualified with the State Division of Taxation and whose work has been well tested, supervised by the State Division of Taxation and by the local county Tax Board, to

conduct the revaluations in each of the three counties. That means that every seven years, there will be a physical revaluation of local property in the State. Now, I don't want to go into the reasons for county-wide revaluation. I think you know what it is, or if you don't, you should appreciate the fact that it is that you reevaluate an individual town over a period of time and the revaluation must be taken out of the hands of local officials because it opens the gate to the political problem that comes out of it. The revaluation must be paid for on a state basis and not by the local community. And sufficient supervision by the County Board the the local assessor must be made over the State's private firms, who are doing the work so that many peculiarities may be found by the local assessor for years will be brought to the attention of the firm doing the revaluation. So here we have revaluation taken away from local people so they get paid by the State, supervised by the State Division of Taxation, the County Boards, and the local assessor. I think that this program would guarantee a greater degree of uniformity in each county. I know it would guarantee a greater degree of uniformity than now exists under the present method of revaluating property I might say.

I have said this many times - Jesus Christ, Mohhamed, Budda, and Moses could sit on a committee just as you have here and you would not be able to solve the problems that are inherent in valuating property for tax purposes. The courts recognize this fact. Value of property is a matter of opinion. It is more an art than a science by far. And if an assessor in this program can come up with a range of uniformity which by certain statistical tests reveal that there is a high degree of uniformity, we all have to be satisfied with that. Because we will never reach perfection.

So, I have presented my plan to you for consideration. I think it is valid. I think it has a great deal of merit. It does not open the gate to all of the nonsense that goes on with reputations being ruined and towns being torn apart. My words are not too strong when I say them because this is actually what has happened, and I am sure you are aware of it. With that I will close and if you have any questions . . .

YATES: How do you handle the equalization during the seven years after the revaluation?

MILLER: Equalization based upon sales. Sales is that of the previous year in each community.

YATES: What you are actually trying to do throughout the State is the variation in one community from another. The range at which their property is increasing in value or decreasing in value.

----- It could change from one county to another or that it could be a significant precedent in one county.

MILLER: Study of this problem would reveal exactly that. There is a study I made, a study of what we call coefficient of the dispersion. It is the statistical method of determining if there is uniformity within a community. The tests for uniformity is introduced as a coefficient lying below twenty percent, anything from twenty percent down to zero is zero's perfection that exists. But if correct within the range of 20 or below, then you have pretty good uniformity in this community. One county in the State of New Jersey, in one county there wasn't a single town that was below 20 percent. Every community in that county had so much disuniformity that it really had no assessment program. The facts and figures are in the hands of the State Division of Taxation because that is the book that I read and saw it in. Now, that's uncalled for.

YATES: Does Gil know which county it is?

MILLER: Well, I think it is a simple matter of asking the State Division of Taxation and other counties at large so uniformity was almost . . . you just could not find it frankly. To me, an assessor is obligated to maintain a uniform program of assessment. If a taxpayer is supposed to pay his fair share, the only way he can pay his fair share is to have a uniform method of assessment. And since each community reports to the county or the state, for State school aid purposes, county equalization based upon county taxes and so on, this matter of a lack of uniformity puts a great burden upon the assessor who is maintaining a uniformity in property taxes and allows a community where

there is a lack of degree of uniformity to in a sense not pay its fair share to county taxes; and perhaps getting even more than its fair share under the State School Aid Program. So that, I think, that a statewide uniform program of revaluations, properly supervised, properly handled by competent trained people, is the answer to a lot of problems that creep up in assessment programs.

Gil: For years now we have had a bill in the Assembly Taxation Committee providing for county-wide revaluation, and we looked into this several years ago very seriously because of the things that you mentioned that could be eliminated on a county-wide basis. But we were advised privately and in letters from several of the large firms which do revaluations, sufficiently large enough to handle, that there was no sufficiently large enough firm to handle it.

MILLER: It is probably true, but there are many firms doing this kind of work and I think . . .

GIL: You don't mean one firm ...

MILLER: Oh, no. There is no firm in existence today whose reputation leads you to believe that they are competently supervised by the State Division and by the County Board. Several firms have to do this throughout the three counties. I would say it would be a proper program. Yes. There is one other thing that has come to my mind which I think is important and that is a bill that was passed last year permitting a community which has been declared run-down and so on, to permit it an exemption of assessments, improvements up to \$4,000 we call it. To me, I think that is very unfair. It think it was designed to help communities like the Cities of Camden, Trenton, Jersey City, and so on; but what we are having now is we are having communities of a high type where there is no property which is boarded up or vandalized taking advantage of this situation. Now, the inequity comes about in this way.

If this community is able to do this and the other communities in the county are not able to do it, and are assessed for these certain improvements, their total overall assessments will be somewhat higher than the other properties that the other town has not assessed them so that the payment to the county is less. Allowing the \$4,000 is inequitable, and secondly, in the community - how about all those people in the past who have been assessed for that improvement, but from this point on, the same improvement will not be assessed? The people in the past years will continue to pay taxes on the very same improvement that the people who are not assessed and don't pay taxes on it. It is a very unfavorable and inequitable bill in my opinion.

YATES: I think that the theory of it is presumably with the concurrence of the local citizen rates, because they are beyond the point of recovery and they have the feeling that if we don't do something, to keep them going because they are rundown more so than the question of what does it cost to a taxpayer in another part of town. Even if it isn't in the same part of the town, it will help the entire town if the property isn't allowed to go down any further, rather than let the property go off the rolls entirely.

MILLER: You mean you pick up all these improvements that were made and they should reduce this fellow's share?

YATES: But the point is that the people in one part of town might be of help to the people in the other part of town and willing to pick up that improvement for the purpose of improving the town. It is only done for the people in the better section of town, because the people in the better part of town are willing to help the people in the poorer part of town so that the entire town is better. The whole town wants to improve.

MILLER: Well, the theory might have been that, but it isn't working out that way at all. There's too many aspects of it that the honest

citizen who wants to pay his fair share, and to do the right thing is  
just . . .

YATES: Dick McCarthy

MCCARTHY: I'm Dick McCarthy, the Tax Collector in Berlin Township and the comments I'm going to be making will be an extension of what I have submitted to the Committee. I'm opposed to the property tax completely because of its tax lightning impact upon — and it is a direct threat to an individual's right to own a home. Tax lightning is caused by the equalization table and by revaluation. The property tax is not a politically or financially proper way to support government. The true value standard is so flexible that it is impossible to determine the taxable value of property with any reasonable degree of uniformity and equality. For nearly 125 years it has proven to be discriminatory and regressive. I propose a gradual reduction of the property tax over a period of 10 years and that it be replaced completely by a graduated loophole free income tax. There are four ways of bringing about tax changes, by judicial action, legislative action, public demand and a constitutional amendment which is a combination of the last two. I am convinced that property taxes will be abolished completely within the next 25 years throughout the country and I'm interested in promoting this change. Therefore, I will be using any one or all of the four methods mentioned above. I am even more convinced that the true value standard is unconstitutional and if I ever find the means, I will proceed through the courts to prove this. As a matter of fact, I already have a suit ready to go. The thing I used is the money to bring it all the way up to the U.S. Supreme Court because I think that is where it will have to end.

As far as the equalization table is concerned, you have to look at the residential property owner and taxpayer as a member of county government and therefore his county taxes should be uniform throughout the country. With the equalization table this is not true. If, for example, the sheets

I have given you which shows the cumulative usable sales was the report which was given to us by the State and it shows in vacant land one property was sold and the ratio between assessed value and true value, or the sales price rather, was 78% and another property was sold with a ratio of 187%. In vacant and residential property the ratio ran from 76% to 271%. On farmland, commercial property it was 172%. No place are you going to equalize the burden in Berlin Township within the equalization table. I think our ratio now is about 106%. We had revaluation in 1975 and it was used in 1976 and it came in at 113% and I believe, I'm not sure, it's about 106% or 107% now. So using the factor of equalization, how can you possibly equalize the county burden within Berlin Township when you have a range from 76% to 271% on residential property alone. Another factor is the non-usable sales. In order for a person to determine if he is being taxed correctly or not, he has to be aware of almost every single sale that takes place in the county, the reason why it is used as a usable sale or the reason why it is used as a non-usable sale.

I know alot of the assessors and I know they work hard to bring about equality and uniformity but everyone who has appeared before this microphone so far has testified that it can't be done, or they say we have to try to improve it. This is not what the Constitution says. The Constitution says to the State, you cannot tax inequitably and nonuniformly, therefore, you cannot devise a system that is so inherently defective that it produces that result.

My comments are not a criticism of any assessor or any collector or any legislative person. This problem goes back to 1845 when property was first assessed according to actual value and then in 1875 according to true value. In 1947 we had a constitutional amendment and the wording was changed from "true value" to "the same standard of value" with the intent of the delegates and, the understanding of the people that the true value

standard is dropped," and that is in I think Volume II of the minutes of the 1947 Constitutional Convention at pages 1322, if I remember rightly. I wouldn't swear to it but I think so.

I think that one of the problems is that if you are going to look at this situation and you are going to try and devise a system of fair and equitable property tax, you would have to devise a system and go back 5 years and superimpose it and bring it up to date to see if that is what's going to happen. There were many cases as to property and property taxes in New Jersey. One of the most important cases was World Manufacturing Company about 1909 where the court had ruled that a person was entitled to have his assessment reduced to the true value level, but it others were assessed lower than that, his only recourse was to sue to bring them up to the true value level. It was used mainly in personal property and gave rise to the question of tax lightning and New Jersey became known as a tax lightning state. It wasn't until 1945 in the Hillstonough vs. Cromwell case where the U.S. Supreme Court overturned that and said that it was the obligation of the State to remove discrimination.

It wasn't until 1957 in the case of Sivitz cs. Middletown Township that the State finally made a concerted effort to revise the system of assessment in order to bring about uniformity. So the Sixth Report of the N.J. Commission on Tax Policy showed that it was discriminatory and regressive. That was in 1953. In 1972 there was the Cahill Committee on N.J Tax Policy which drew the same conclusion. In order to determine what you are doing is going to meet constitutional requirements as I said before, I would strongly urge that you take the plan and you put it back five years and you work it forward. I don't know how you're going to do it. I don't know how you are going to bring back equality and uniformity when you use the true value standard. You can use another standard --

you can use measurement -- and tax according to the square foot. Now, I don't know what the rate would be on a square foot but that's not the question. The question is whether you're going to have equality and uniformity. You forget value completely and you go out and measure and you say "Yes, I have a property 100' x 100' and they are taxing me so much a square foot." O.K. I'm fine. When they come to me and tell me my house is worth \$35,000, I'm not an expert and I have to assume this is right. If they tell me John Doe's property down the street is worth \$45,000, I have to assume that it's right. The only proof that the city is accepting, that the State is accepting is when the property is sold. And when that property is sold they say, "Oh! We will accept the average ratio within that municipality and they raise or lower everybody's assessment according to that average ratio. That doesn't bring about equality, and that's the constitutional command. I hope that..."

YATES: Just a minute. Are you saying that the words "same standard of value" would permit a measure of value that was arbitrary and that from now on we should use the area under the roof and we'll value it on a square foot and that that would be permissible under the constitutional requirement for the "same standard of value?"

McCARTHY: Yes.

YATES: And that could be done?

McCARTHY: Yes.

YATES: Do you know how a system similar to that established early in the 1980's, established a number, a synthetic number.

McCARTHY: When Congress first started, in the charter they established that they would charge so much per acre. Animals were taxed according to type and age. They also had according to the use of the building. A blacksmith's shop was taxed so much. During the 1947 Constitutional

Convention, there was a strong argument to classify property according to use, but Jersey City fought that because they wanted to tax the railroads and therefore classification was eliminated. No, if they put the word classification in, you could tax whether it's a residential property or a business property, regardless of its value and value would have nothing to do with it, and therefore if someone is going to buy a home, he would know how much taxes he was going to be paying and then if the taxes went up in the rate he would know who to blame, but if his assessment goes up and the assessor -- the financial instability of the municipality for political reasons -- it is financially dangerous. Take Winslow Township for example. They came out of revaluation at 152% of true value. Now, to me that is just as bad as being at 52% of true value. Yet, it is accepted. And then it started to drop down, and every time you lose any points in your revaluation or in your assessment the county taxes go up if the rate on equalized value remains the same. Camden County, for example, I think it was a 4¢ drop in the tax rate if I'm not mistaken which meant in Berlin Township a 2¢ increase. But you try to convince people that county taxes went up when they read that the freeholders said that the taxes went down. They said, "Well, what are you doing to me?" Again, you have political instability. Getting back to Winslow Township, Levitt came in and bought a lot of property, property values skyrocketed. Homebuilding has died down in Winslow Township, yet the assessment could be up but land values could start to go down. When land values go down, then the people who own them are going to be penalized and then if they have a revaluation they're going to have to have such a high rate because they're going to come in with a lower assessment, and they're going to be back where they started from. I

don't think property taxation is the proper means of supporting government because it's not related to a person's ability to pay. Even in the commercial area it takes somebody who is a professional man, whether he is an attorney or an insurance man or somebody in that area where they're making a fairly substantial income, compare the income from his office to the income from a 7-11 store and the relationship of the taxes that they pay in relation to that income, and it's not right. As far as the homeowner is concerned, there is one standard of value. You can't use income, you can't use replacement cost, you can only use -- what will it sell for? Now, if you take all these factors and come up with that figure -- O.K. -- but if you say what is the income for it and base it only on income -- suppose the man moves or something, does that mean the building is worth nothing? And you take the homeowner, nothing is considered as far as his income from that property is concerned. He may buy a house for \$40,000 and let's say he puts \$10,000 down, what does he own? He owns \$10,000.

YATES: He owns the right to pay tax on the other \$30,000.

McCARTHY: On the other \$30,000. Which is his future income. So I think we're in very, very, serious trouble and until we look at the problem and go through all the records, and ask, "can it meet the constitutional requirements of equality and uniformity?" and, you know, I filed that suit -- Robinson vs. Cahill before Jersey City did, and when I filed that suit a lot of people laughed, and I filed this suit and it was thrown out of court and I didn't have the money to appeal it, but, if I get the money I'm going to go.

YATES: Dick, thanks very much.

YATES: Next please, Mr. Sharp.

SHARP: Ladies and gentlemen, I bow to the superior qualifications of this who have preceded me, for I have only been an assessor for three years now. However, I did have some prior experience in local government for 7 years and I was made aware of some of the problems in assessment particularly regarding revaluation. Can you hear me?

YATES: I can, but the people in the back --

SHARP: O.K. I won't bother to repeal all that because it doesn't really add anything, but I would like to say a few things about the problems I see in the assessment area. Of course, one that's on everybody's mind is revaluation. Again, I don't want to rehash everything that's been said about revaluation. I feel that this is a tremendous burden upon the taxpayers, the local taxpayers to have to finance these revaluations every five or six years or as the period may be. I don't really think it's necessary, and furthermore, the basis on which it is done is very unfair, because there are towns in Burlington County, for example, which have not had a revaluation for 12 or 15 years, whose rate is way below some towns which have had revaluations a lot more recent or a lot more often within that same period. Now, apparently, the county tax board is very lax in informing its duty here to require that all towns be revalued on a consistent basis and some towns are able to get away with not doing it, while others eventually give in, whereas, perhaps if they wanted to hold out that long they could too. I think that, in my personal opinion, would be to develop a county-wide computerized system of reassessment or revaluation or what you want to call it, whereby all of the properties in the county would be reassessed each year by a computerized system assisted by a personal check of the assessors. I think by using the statistical tools and reports that are available from a computer you could point out the properties

in each municipality that need to be manually checked. I think that the revaluations, what they principally do is that they upgrade all the properties in the township to account for the rate of inflation that has occurred since the previous one. At least, the majority of properties I think that the great majority of properties, particularly the residential properties, actually have very little effect upon their total tax bill from a revaluation because as the assessment goes up the rate goes down. Most peoples' taxes don't change that much. Of course, there are exceptions and then there is the industrial, commercial and vacant land which is another matter, but in order to get at these exceptions we're doing everything whether it needs it or not, and I think that by using the computer and the tools that are available today, this modern data processing, that alot of this unnecessary revaluation of properties where you're just upgrading to meet the inflation rate, could be eliminated; and they could be upgraded by a factor each year and the assessor could concentrate on those that do not fit in the normal pattern and make a manual check of those based on the information he receives from the computer.

The second items I'd like to touch on briefly is farmland assessment. We don't have too many farms anymore but the few that we do have, most of them are legitimate farms. However, we do have one or two which are pure land speculation matters. I think it very unfair that anyone who owns 5 or 10 acres on U.S. Route 130 who is a real estate firm who obviously owns it for speculation purposes, then rents it out to someone who does an absolutely minimal amount of farms is able to hold this land practically forever and pay practically no taxes on it whereas a half a mile away on the same highway, someone who has 4½ acres is paying \$4,000 or \$5,000 a year taxes for the same type of land.

I think that one thing that's wrong in a case like this is that the owner, or you could say the renter, because the owner does absolutely no farming, he simply rents it out so that he can get his exemption. I think that they should be required to furnish a complete financial statement showing their income from each farming each year. As it is now, they simply certify that they have over \$500. Nobody knows how much they have, nobody has any way of finding out how much they have or whether they have any income at all or not. Now we require the senior citizens if we wish, we can require them to furnish an income statement to justify their \$160 exemption to prove that they don't have over \$5,000 income, yet these speculators who have this farmland who simply say, "I have over \$500 income," nobody knows how much they have. I think they should be required to submit a statement. Furthermore, I think the \$500 limitation is ridiculous. I mean that anyone can get a farmland assessment and only have \$500 income is ridiculous. It should be higher, more practical limitation on the income or at least an income per acre, or something like that and they should be required to prove it.

Another thing about that farmland assessment is the sale of farmland. We had an example of a small farm that was actually farmed, legitimately farmed and it was sold for an exorbitant price. Now one way, you would be able to apply rollback taxes perhaps, in this case. However, as soon as the person sold this land, he rented it from the purchaser and continued to farm it and I took it to the county tax board but they refused to apply rollback taxes because it was still farmland. He has reaped the benefit of speculation on his land and still did not have to pay any back taxes. During the time he held it he paid minimal taxes and when he sold it he didn't have to pay any back taxes.

YATES: Eventually, you'll catch someone.

SHARP: Eventually, but how many times could this happen in the meantime? And it's only two years which again is not anything.

DEARDORFF: Actually, you only have to have anticipated income to qualify.

SHARP: Yes, that's true and who knows if they ever had an income. A third point, I don't know if it's really appropriate, but I'd like to bring it up anyhow. I guess there's nothing can be done about it because you have the human factor and as long as we are all human beings we just have to get along as best as we can with it, but the county tax board seems to have established a reputation whereby everybody who appeals anything gets something. And I had two examples where people appealed. In one case it was a vacant lot which was already under-assessed which was granted a reduction by the county tax board. It was assessed at \$7,000 was reduced to \$5,000 by the county tax board. I showed all of the comparable sales in the area which demonstrated that this lot was under-assessed. They still reduced it \$2,000. Within six months he sold the lot for \$15,000. I had another case exactly like that, a home that was assessed for \$65,000, they reduced it \$2,000. Within six months he sold it for \$125,000. Now, as I say, this is a tough question to answer, but I think it's definitely a matter for concern. I think that the county tax boards should consider the facts and not just the emotional appeal of the taxpayer.

YATES: Do you feel that the political part has anything to do with it?

SHARP: That's right, that's part of the problem.

DEARDORFF: Do you feel the decisions of the county board should be on the record? Actually, there's no way for the average person

to know the reasons for the decision of the tax board.

SHARP: That's true.

DEARDORFF: Wouldn't that help?

SHARP: That's a good suggestion. If they were common knowledge, it might bring about pressure on the tax boards to be more realistic. Thank you.

YATES: Albert Stack

ALBERT STACK: I'm Albert Stack, CTA, Camden County and President of the Camden Association and I'm not here representing the association, because due to the mail or your schedule of the meeting, we did not receive enough time or notice to really even get together to talk about this hearing. But it was interesting hearing the other speakers.

But I did want to bring to your attention and it wasn't covered in your outline of subjects, a situation that occurred in one of the towns that I work for.

I am really a part-time assessor. But I work for four towns so that I work every day of the week in tax assessment at a small town in Camden County, the Boro of Hi-Nella. It has 125 houses and 400 apartments. The problem there is the nonpayment of taxes by the apartment complexes. Now, I am sure that every town in Camden County, or every town in New Jersey that has the garden apartments, has the same problem about the owners paying the taxes.

The only thing is that in the town I am referring to we are talking about sixty percent of the ratables, and this occurred last year and it was devastating. The average house that was paying perhaps about \$1,000 in taxes at one time and because of this nonpayment and the reduction for payment of noncollectibles automatically last year paid \$2,000. Now, the only protective type clause is that they be two quarters behind and the town petitions the court to become the collector of the rent. It seems that in Camden County, in South Jersey generally, the bulk of these type of apartments are very shaky in operation, and many are going under in three or four of the towns that I work, and already the original mortgager has re-assumed.

And the other club that you can use is that they are continually appealing on the income approach, namely, which is the lowest approach of the value. Where to maintain the appeal particularly in the division, it

was 75 percent, and I believe, it changed to 90 percent, and perhaps even went back to 75 percent again. But even the problem is that any small town such as I outlined, even the payment of 75 percent is still devastating.

And somewhere along the line I haven't really been able to come up with an equitable answer to these types of problems. But somewhere along the line this type of development of a town is going to have to have some type of legislative action. And I am not just referring to this little town. Some of the towns which I work is are much larger and some of the other towns have the same problem.

In fact, I think that the Boro of Collingswood, if you're familiar with that case about Park View ... after three years or three and one-half years of this in the division of this appeal, it was finally a judgment and was issued and the Boro of Collingswood, I believe, if I recollect, put out a bond issue of \$380-400,000 to be able to make a refund due to the period of time. And, of course, we are all aware of the hang up in the Division of Tax Appeals.

So, I will follow up in writing about what I just talked about, and I did want to let you know that the Camden County Assessors are certainly interested in the assessment practices, and certainly those things to improve them and perhaps at our next executive meeting which is coming up in a couple of weeks, if we review your letter, we will probably submit something in detail on the points of the subject.

YATES: Thank you very much.

STACK: Yes sir.

GIL: Why do you feel that the apartment complexes are in such bad shape?

STACK: It seems to be about when they get to be about ten years old they seem to go to pot. But, when these were originally built, there was not too much competition in the lower section of Camden County in Garden apartments. And since 1966 or '67 when some of these started we have become

saturated with garden apartments, and, of course, our population has exploded justlike anywhere else in the State. But we have been saturated. The Boro just like the town where I live easily has several apartments that they didn't six or seven years ago. Gloucester Township is the same, saturated with apartment complexes. Now, they are very competitive. Some of these even, and you read about this particularly if you read the ads on these older units, they are offering the first month's rent free, and they're cutting every corner they can, probably to be more competitive without spending too much money to really, truly, remodel and update to make them first class apartments again. That is my feeling.

YATES: Thank you very much.

Is there anyone else interested in speaking?

CRANE: I would just like to touch on one subject before we close and that is condominiums.

YATES: Condominiums?

CRANE: That is correct. Under the original horizontal act, plan A or B, which was eventually changed here about a year ago by a bill introduced by Senator Maressa to say that we could go back and assess them the same as any other residential property within the taxing district, which I think personally is the lowest, fairest and proper way to do it. Now Senator Maressa is getting deluged with requests to put in a repeal bill to change that back. What happens here again under the old setup about a maximum ratio of assessment, if you want to consider ratio again, particularly when you do the revaluation. Already, all the rest of the residential properties are 100 percent. You're lucky if you get 70 percent of that assessed value of the sales. The comdominium was a relatively new concept to Jersey people who have been familiar with Florida and other areas which have seen the light.

The thing they don't seem to realize is that they were buying a

different way of living - being able to come home, kick off their shoes, and not having to worry about the yard, painting the outside, doing the brick work, maintaining your own private pool, or whatever. Really the only thing that they don't get with local services is the garbage, trash, street maintenance and snow removal. The biggest part of that tax dollar paid by that condominium owner again first of all is schools. You know what we just went through. Under the old setup at 70 percent when every towns was at 100 percent. Now that law has been changed and I have 128 units in Deptford. However, it can be on the same plan as other residential property with the exception of the 53 appeals which I got last year. The county board has seen fit to basically raise their assessment approximately \$4,500, The county board cut \$2200 out of it for no rhyme or reason, as far as I'm concerned.

Again, when you look at the amount of tax dollars involved for them to take that on up to the State and get a reversal of that decision, the cost to the township is not worth it when you look at the tax dollars involved, so that is where the county stays. But what I am saying basically is that you have something a little different than the average residential homeowner has.

If "A" building is the building you live in, through that monthly maintenance or association fees they are paying for it. By the same token, when their building needs fixing, this guy in the other building is going to be paying for it too. But the average person went and bought this because they all of a sudden thought that here is a building that you can get a veterans deduction, a senior deduction, and now the disabled and surviving spouse, and every deduction available to them that every other residential homeowner does and don't forget the rebates. I wasn't even going to touch on that because I felt that Gloucester and Camden got a bad turn during the rebate time. I have heard some remarks in Trenton, but ~~xxxxxx~~ however,

when it comes right down to it, the only services they don't get, because they get the fire, they get the police, and the other items I mentioned, and in my case down there they got existing condominiums amounting to about 12,00 a year. Basically, what happened was the 128 units, 32 of them have never sold. The developer went bankrupt; the bank foreclosed on him, and he had ~~the~~ it stuck in the master deed that no units would pay a monthly maintenance charge until it was sold. The end result is that the ones that did buy had to absorb for the ones that were unsold. They started at \$22 a month when they were new, and they were bought, and right now they're paying \$57 a month. Now the increase of that monthly charge is far greater than my increased assessment by far. So what I am saying here is that I sure hope that Senator Maressa doesn't cowtail to the condominium owner and put in a repeal bill to change that back the way it was.

YATES: What happens to the property in the condominium community that consists of parking space and roadways and in effect certain things that in other parts of town would be public property for compensation. In effect, the private homeowner doesn't maintain and doesn't want to. When you go into a condominium, where's the value of those roads and streets?

CRANE: Basically this. Again, this is what's known as the common elements as far as roads are concerned. In other words, you assess the land as a whole and then you take it right out of their master deed. In my case, there's three types of units and a multiplying factor of the one bedroom, known as .690; and the one bedroom den is 1.2; and the two bedroom is .73. And the only difference between that one bedroom is they left the closet door off and they left the bedroom door off. The square cubic foot is still there. But if you're talking about the single residence, you're not paying for the rooms. Basically they are, because of the market value again.

Down in Deptford, depending upon the areas, there is a breezy town to work because we have approximately nine different sections down there, and

very little front foot value, approximately \$20 a foot to a high of \$550 a foot. We got the low of \$3,000 up to 4,400 an acre. Again it is based on market. So really if a person buys in that certain area, they are basically paying for that road or curb or sidewalk improvement, because the \$25 is used in the boondocks where there is no utilities, no curb, no sidewalk, maybe even on a dirt road. So, therefore, the market only justifies or warrants the \$25 for the front foot.

YATES: Does the land value improve when you divide it up? Say you buy a large plot of land and place a condominium on it. Doesn't that increase the value of the land?

CRANE: Yes. Right.

YATES: Doesn't that improve the use value of the land?

CRANE: Yes, because you have improved it. Say a 60 acre tract is subdivided, would individual lots and so on take it off an acre value and put it on a front foot value. Based on you started ~~xxx~~ depth factor or whatever it is. Some cases use the ~~side value~~ sight value. I don't agree with that increase. the whole town is down that way because again you are getting off the uniformity standard. When you take an 60 acre tract and anyone with X number of lots and put the aggregated total of that land value to get it going to reflect a high value in raw acreage, and you determine your front foot again first part price or acquisition of land, raw land, and then the price of improvements to that land, and to those lots, you add sanitary, sewers, storm sewers, burbs, sidewalks, water and so forth, even landscaping the lot. I have currently three new developments underway in Deptford and I have met with the builders and with another fellow and that is how I worked up my front foot value. And as it is now I am operating on a '74 base for land value because of our update in '74. '72 was the base for the building value. But even right now I am still starting to slide right down to that of '75.

YATES: You don't think there is any injustice to the people in the condominium by not treating their whole land value as a parcel of land? In

other words, if you treat it as a unit you are not reflecting.

CRANE: Well, actually when I took the 12 acres and worked it, it was condominiums and worked up a number. And of that I took the same percentage of common element into that and this became about an \$800 land assessment. This was the bed of roses put in, the swimming pool, the tennis courts, and all of the other common elements and then we made a change when we did this land update. And then this final change and right now they are looking at a \$6,000 land value and approximately a \$14,500 to \$15,500 on building and it is what it comes out to and it comes pretty close to the sales price. The ~~bank~~ <sup>bank</sup> is taking this same 32 units in addition and putting them right back on the market. Okay, we had a couple of sales that went the other way because all of a sudden the people suddenly realized what they are into and they are flying the coop. I'd say a lot of the current owners do not occupy; they are now renting them out at an average throw of \$295 a month. And they are out living in an apartment somewhere themselves, or they are buying a house. But the bank has now got the 32 units on the market. There is a price of about a \$300 increase, but you deal, you buy, and 11 months later you get 95 percent of your money back. So really, right here's the market. I haven't seen any sales out on this low market, but a guy is getting a chance to sample. That's all I got on that.

YATES: Any further testimony ... I declare our hearing adjourned.

OFFICE OF  
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**ETHEL H. DOVE**  
COLLECTOR

**CAROL E. STAIR**  
DEPUTY COLLECTOR

12 July 1977

The following are my comments for the hearing by the Assembly Taxation Committee:

1. The October first deadline for added assessments should be changed to allow time for the Assessors to get all property completed by September 30, on the tax rolls. We have a problem of properties that have been completed in September not always getting on the added assessment list for the current year and then they are sold and the collector still has no assessment figures to work from.
2. Additions to existing properties are also problems. I think there should be a cut-off date, whereby small improvements not completed by a given date be assessed on the next years Tax Duplicate and eliminate the problem of trying to assess the improvement for three or four months for a prior year.
3. Farm assessments should not be granted to anyone unless the owner actually resides and farms the land in question.
4. Judgments should be mailed to the Tax Collectors in time to permit the taxpayers to pay on the adjusted assessment when they pay the fourth quarter taxes.

*Ethel H. Dove*  
**ETHEL H. DOVE**  
Collector of Taxes  
Township of Evesham

A Choice  
Meaningful Property Tax Reform  
or  
Property Tax Lightning

A Presentation to:  
New Jersey Legislature  
General Assembly  
Committee on Taxation

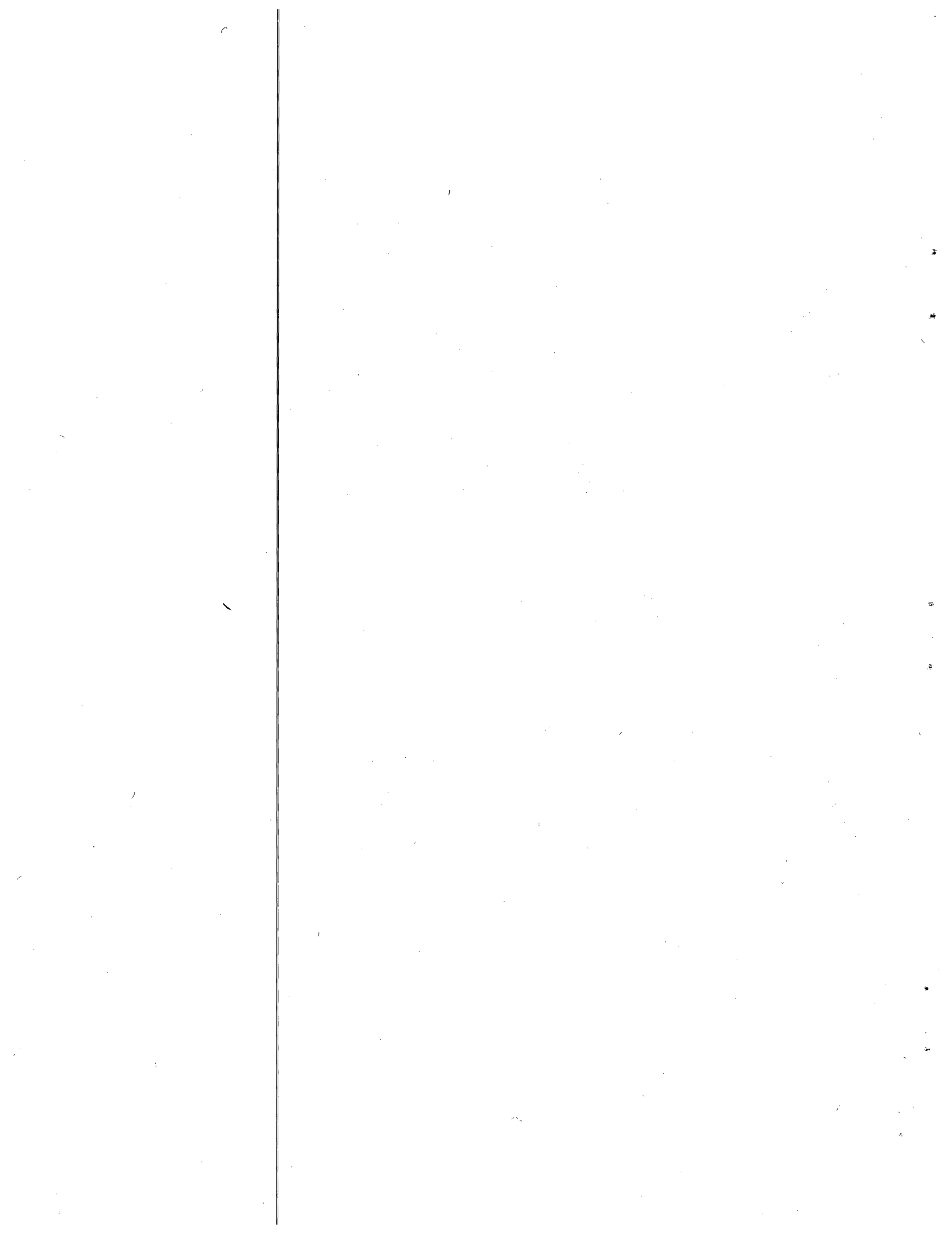
Subject: Property Tax Reform  
Date: July 12, 1977  
Place: Pennsauken Jr. High School

Presented By:

Richard F. Mc Carthy  
Tax Collector, Berlin Township  
P. O. Box 96  
West Berlin, N. J.

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08091



A Choice  
Meaningful Property Tax Reform  
or  
Property Tax Lightning

It is my understanding that the purpose of this Committee is to develop recommendations for the improvement of the assessment process, a more accurate equalization program for State Aid, and comments on revaluation, the problem of exempt property. The Committee is also seeking "opinions and recommendations on any or all of the above, and any matters not specifically enumerated here which you may feel are important in the revision of the local property tax structure".

When I read the letter from Mr. Deardorff I felt as though someone had <sup>placed</sup> an elaborate erector set in front of me and told me to build a model of the Betsy Ross Bridge in one hour.

I use the analogy of the Betsy Ross Bridge because it is a bridge that leads nowhere; and I do not believe that the hearings of this Committee will lead anywhere. This is not a condemnation of the Committee or of its purposes. It is a statement made in recognition of the impossibility of your task. I also realize that you are here because of the need to keep trying to find a solution and I commend you for your efforts.

I do not believe there will be meaningful tax reform until there is a general public understanding of the historical development

of the New Jersey property tax structure. The first part of my statement, therefore, deals with this development as one of the matters not specifically enumerated in the letter.

#### Historical development

Prior to 1851, property was assessed according to use and size; animals were assessed according to type and age. The value of property was not a consideration in the assessment process.

In 1851 a new law was passed that required the taxation of all real and personal property upon an equal ratio according to actual value, and this is where the real problem of property taxation began.

In 1854 Governor George F. Fort expressed concern regarding the equity of the property tax when, in his annual message to the legislature he said: "There would be a propriety of devising some better mode to obtain a fair and equal assessment. As now exercised, there is no doubt that, through favoritism, lack of energy, and other causes, equitable valuations of property are often evaded."

The State's constitution was amended in 1875 to provide for: All property shall be assessed for taxes under general laws, and by uniform rules, according to its true value. (Article IV, Sec. VII, par. 12). This constitutional tax clause set off a round of law suits that continues today; even though the constitutional tax clause was changed, in 1947, from the "true value" standard to the "same standard of value".

One of the worst decisions the New Jersey Court has ever made, in the area of taxation, was made in 1909 in the case of Royal Mfg. Co. v Board of Equalization of Taxes of New Jersey, 78 N.J.L. 357. The Court held: ..... "the fact that the property of A is assessed at its true value and the property of other taxpayers within the same district is assessed below its true value, affords A no ground for demanding a reduction of his valuation, though it does entitle him to apply for an increase in the valuation of the others. This decision led to a notorious practice that was referred to throughout the County as New Jersey's "Tax Lightning".

Local tax assessors had become a law unto themselves and they were assessing property <sup>according</sup> ~~to~~ how they felt about a property owner, or for political advantages, and as long as the assessment did not exceed "true value", the owner had no recourse. The term "tax lightning" was applied to the taxation of personal property owned by businesses more than to real property; and it was defined as: the difference between the actual assessed valuation of tangible personal property owned by businesses and the "true value" of such property. Personal property was not assessed at its "true value" in the beginning, but as the need for more and more revenue grew, assessors turned to the personal property for additional revenue.

It wasn't until 1945 that the United States Supreme Court overturned the New Jersey Court's ruling, in the case of Hillsborough v

Cromwell (326 U.S. 620). The Federal Supreme Court held:

The equal protection clause of the Fourteenth Amendment protects the individual from state action which selects him out for discriminatory treatment by subjecting him to taxes not imposed on others of the same class. The right is the right to equal treatment. He may not complain if equality is achieved by increasing the same taxes of other members of the class to the level of his own. The constitutional requirement, however, is not satisfied if a State does not itself remove the discrimination, but imposes on him against whom the discrimination has been directed the burden of seeking an upward revision of the taxes of other members of the class.

The Hillsborough case ended "tax lightning" as far as the taxation of personal property is concerned. But it led to the case of Switz v. Middletown Township and a new form of "tax lightning"; a form that strikes at the individual's right to own a home. I will say more about this later.

New Jersey had a constitutional tax convention in 1947 and the tax clause was changed to provide: "Property shall be assessed for taxation under general laws and by uniform rules. All real property assessed and taxed locally or by the State for allotment and payment to taxing districts shall be assessed according to the same standard of value, and such real property shall be taxed at the general tax

rate of the taxing district in which the property is situated, for the use of such taxing district."

The issue of taxation proved to be one of the most controversial issues of the Convention. Three proposals were seriously considered: 1) to leave the tax clause of 1875 stand unchanged; 2) to add the phrase "the burden of direct taxation upon all real property not exempt shall be equal" to the old tax clause; 3) to change the old tax clause completely and substitute: "Property shall be assessed for taxes under general laws, and by uniform rules, according to classifications and standards of value to be established by law".

Municipalities, but mainly Jersey City, were supporting the second proposal while a group of labor unions, civic associations, the New Jersey Association of Real Estate Boards and the New Jersey Taxpayers Association were supporting the third proposal. The municipalities wanted the second proposal because they wanted to start taxing second class railroad property; a privilege they lost, through legislative action, in 1941. Mayor Hague was determined to regain this privilege.

Mayor Hague was recognized as a political power in the State of New Jersey and there was fear, among the delegates to the 1947 Convention that he would defeat the entire constitutional referendum if he was not satisfied with the tax clause. This fear was well

founded. In 1944, Mayor Hague defeated, almost single handedly, a constitutional referendum.

The present constitutional tax clause was a compromise between the supports of the second and the third proposals. Property was not to be classified, but it was to be assessed "according to the same standard of value". Two factors now enter the controversy: What was the intent of the delegates in the way they framed the tax clause; and what was the understanding of the people who adopted the clause.

The delegates expressed two intentions in adopting the new tax clause: they memorialized the governor and the legislature to reconsider the entire railroad tax law so that the tax that is for the State should be adjusted so that the application of local general property tax rates to second class railroad property will not impose a harmful and unfair total tax burden upon the railroad industry of the State. (Constitutional Convention of 1947, Vol. I page 787).

The second intent was expressed in Article 5 of the Convention's "Summary and Address to the people of New Jersey"; (Ibid Vol. 11, page 1322). This intent also became the people's understanding of the new tax clause because the "Summary" was mailed to all registered voters and advertised in all of the papers throughout the State. The delegates intent, and the people's understanding, was:

5. THE OLD "TRUE VALUE" STANDARD FOR ASSESSMENT IS DROPPED.

This provision of the old Constitution has been strongly criticized because of the variability in its interpretation by the

local assessors. The clause requiring assessment "under general laws and by uniform rules" has been retained because it assures equality of treatment of taxpayers and permits legislative flexibility.

Under the new tax clause it will be necessary to revise the present law which taxes second-class railraod property at a special rate lower than the general local property rates.

.....

The control of taxation by the legislature is continued.

.....

What is your understanding of the intent of the delegates to the Convention, in light of this "Summary and Address"? If you were voting, wouldn't it be right to assume that you understood that the "true value" standard would be ELIMINATED from the assessment process; and that the State could not CLASSIFY any property unless approved by Constitutioional law? This would be my understanding.

The constitutional tax clause that was hailed as a workable compromise wasn't a compromise at all because it didn't change a thing as far as the property tax was concerned, except for the taxation of railroad property. There was no change in the statutory criteria for determing the taxable value of real property, it remained the "true value" standard.

In 1953 the Sixth Report of the New Jersey Commission on Taxation was released and this report showed, statistically, that the taxation of real property <sup>is</sup> discriminatory in that assessments were not levied uniformly; and that the tax was also regressive in that low-valued properties were assessed at a higher percentage to true value than high-valued properties. The Commission also noted the following:

The development of the tax is marked by a patchwork response to particular evils as they were noticed over the years; but the basic structure as it exists today, does not vary from the form and substance a century ago; and

The gradual breakdown of the tax as a fair and equitable method of apportioning the costs of government, has been noted repeatedly over the past hundred years; and while many administrative changes have been attempted, they have failed to bring about the hoped for results. (P. xvi)

And:

For over a century, legislatures, governors and public commissions have recognized the breakdown of the general property tax and have tried all the remedies of their day-but none have succeeded.

None of these remedies has come to grips with the basic causes of the breakdown-an indefensible law and inadequate

provision for administration in the local taxing districts.

(P. xvii).

Equality in the assessment process did not improve with the change in the wording of the constitutional tax clause and this charge is supported by the Sixth Report mentioned above; by the report of the New Jersey Tax Policy Committee, issued as late as 1972; and by public records-namely the sales data of property sold which the State uses to develop its Tables of Equalized Values. Constitutional equality and uniformity must be achieved if there is to be meaningful tax reforms; and, in the light of all of the prior failures to achieve this, the first question to answer is whether or not equality and uniformity can be achieved as long as "true value" remains the standard for <sup>determining</sup> ~~determining~~ the taxable value of property. A review of what the Courts have said, regarding constitutional equality and uniformity, will be helpful at this point.

The Courts have held, in a long and unbroken line of judicial decisions, that uniformity is achieved when state taxes are levied uniformly throughout the state, when taxes for county purposes are levied uniformly throughout the county, and when taxes for municipal purposes are levied uniformly throughout the municipality. Equality is achieved when taxes are levied "under general laws and by uniform rules"; which means that taxes must be levied upon all persons and/or property selected for taxation

according to a uniform standard of value.

Uniformity can be further defined as establishing who has the power to tax whom; and equality can be defined as the quality of the assessment process.

One of the most important Court cases was that of Switz v Middletown Twp. (23 N.J. 580). It was this case that exposed the gross inequities of the property tax and led to a concerted effort on the part of the State to improve the assessment process. This case was decided in 1957 and it should be reviewed by anyone interested in meaningful tax reforms because the inequities of 1957 continue to exist today.

The plaintiff's property was assessed at \$31,000 for 1955, and the plaintiff claimed that if all real property in the Township been assessed by uniform rules, then by applying the Director's ratio of 15.45%, the true value of the plaintiff's property would be in excess of \$200,000; that the property was not worth such sum and the plaintiff was the subject of discriminatory assessment and was required to bear a disproportionate and excessive share of the taxes and tax burden of the Township.

In this case the Court held, Justice Heher, p. 594:

The direction for the assessment of property "under general laws, and by uniform rules, according to its true value," the standard laid down in the 1875 amendment to the 1844 Constitution, "requires, and is fulfilled by such regulations as should impose the same percentage of its actual value upon all the

taxable property in the township for township purposes, in the county for county purposes, and in the state for state purposes.

But this is not true of the "average" assessment ratio of true value, an arithmetical mean of varying ratios of true value, necessarily making for unequal proportions of value between the individual property owners and thus for inequality of treatment and burden obnoxious to basic principle.

And Justice Weintraub<sup>u</sup> concurred, saying: p. 608:

It seems clear to me that all of the taxpayers of a county are entitled to equal treatment with respect to the distribution of the cost of county government. Distribution among municipalities on the basis of equalization of aggregates of their respective ratables accomplishes a proper allocation of that cost as AMONG THE MUNICIPALITIES, and if equalization of the assessments within the Township of Middletown were achieved, each taxpayer of the township would bear his proper share of the cost of county government AS AGAINST OTHER TAXPAYERS OF THE TOWNSHIP. But, so far as the tax for county purposes is concerned, each taxpayer is entitled to equality, not merely against other taxpayers within his own municipality, but also against all other taxpayers of the county. It is no answer to say that the taxpayer is paying no more than his just share.

He is entitled to enforcement of the legislative scheme that all taxable property be taxed equally for the purposes of county government. ....

And, on p. 610:

If the county tax were separately levied by the county itself, the right of each taxpayer to seek enforcement of the statutory scheme throughout the county would be apparent. If the county tax were thus directly distributed by county assessments ranging from 3.08% to 80%, a taxpayer would not be denied the right to enforce the public duty merely because he happened to be paying the same number of tax dollars he would pay if uniformity had been achieved. If I am correct in this premise, then the right of a taxpayer of Middletown to relief as to the entire county with respect to the tax for county purposes should not be obscured and denied by the circumstance that the county tax is levied via municipalities and local assessors rather than directly by the county itself.

The Courts have clearly defined the meaning of equal and uniform taxation, but the State has not been able to achieve this goal. It is clear that the one and only reason for the lack of equality and uniformity is that it is impossible to achieve this goal as long as "true value" remains the standard for assessing property. Something

must be done; and done now, if there is to be an orderly transition in New Jersey's tax structure.

Two important factors that must be considered from the very beginning are: first and foremost is the constitutional restraint that has been placed upon the State's sovereign power to tax; second, is the political and economical forces that will be brought to bear in the shaping of any tax proposal.

I believe the people have the right to know who is taxing them, how they are being taxed, and why. This right is being denied them when the State "mandates" such costs as welfare and the judiciary upon county government, or school costs upon the local government. The right to know how and why they are being taxed is being denied to the people when the State levies a tax upon utility companies' gross receipts and that tax is paid directly, by the companies, to a municipality--regardless of need. In this case, the people are not told how and why they are being taxed; nor are they told how much taxes they are paying, or that they are paying taxes to a municipality they don't even live in.

I am in favor of abolishing the present system of income taxation and replacing it with a graduated--loop-hole free--income tax. I am in favor of the State assuming all educational, welfare and judiciary costs; as well as all other "mandatory" costs. I believe "mandatory costs" are unconstitutional, and if the State does not assume these

costs then I believe each county and municipality should decide for itself how much money is to be spent in these areas.

I am opposed to State aid to counties and municipalities because the costs of these programs are hidden from public scrutiny. I believe the answer to a problem that is too big for the financial resources of county and municipal governments is to move the problem up to the proper level of government, rather than filter aid from the top to the bottom.

Immediate relief would be given to the property tax if the State was to assume all mandatory costs and this would give the legislature time to develop new standards of assessments; or to abolish the property tax completely. The property tax has outlived its usefulness and I am convinced that, within the next twenty-five years, this tax will be completely eliminated throughout the country; either by legislative or judiciary action. New Jersey has an opportunity to be a leader in the field of equal and uniform taxation and it is an opportunity that should not be ignored.

If property tax is to be continued with the "true value" standard, then New Jersey can look forward to more and more litigation. We have a choice; meaningful tax reform now or property tax lightning

END

CTY	DIST	SERIAL #	CLASS	NU	REC-DATE	NAME	LOCATION	ASSESSD VALUE	NUM OF SALES	SALES PRICE
BERLIN TWP										
✓	04	06	3537856	1	16	07-75	V APOSTOL	00533 00001	200	16,500
✓	04	06	3538287	1	27	07-75	E PATTI 0675	02404 00001	800	1,500
✓	04	06	3539713	1	07	08-75	BUTTONWOOD HOMES INC	00814 00002	600	35,000
✓	04	06	3539715	1	26	08-75	OBOYLE REAL EST INC	01606 00003	3,200	45,000
✓	04	06	3539717	1	06	09-75	S BLOM	00512 00009	400	3,500
✓	04	06	3541408	1	07	10-75	MONROE DEV INC	01403 00008	650	39,500
✓	04	06	3541926	1	07	11-75	A CAPORELLI	00601 00002	600	29,900
✓	04	06	3542236	1	03	11-75	A CAPORELLI	00712 00001	200	450
✓	04	06	3543035	1	26	12-75	C DOVE	00613 00004	1,000	1
✓	04	06	3543310	1	11	12-75	A ENGLER	00214 00001	300	
✓	04	06	3543603	1	27	12-75	L PIPITONE	00819 00003	1,000	7,000
✓	04	06	3543922	1	03	12-75	T DAMICO	02301 00001	6,116	1
✓	04	06	3543923	1	07	01-76	F CANNAVO	00610 00003	2,000	27,900
✓	04	06	3544058	1	27	01-76	C DOVE	02502 00011	100	2,000
✓	04	06	3544297	1	07	01-76	F CANNAVO	00610 0003A	6,250	27,900
✓	04	06	3544952	1	26	02-76	F CANNAVO	00610 00003	6,250	27,900
✓	04	06	3544954	1	01	02-76	J FORTE	01501 00001	187,250	1
✓	04	06	3547142	1	10	04-76	W JONES	01817 00002	1,500	1
✓	04	06	3548389	1	01	06-76	J WEATHERHEAD	00614 00003	37,000	1
✓	04	06	3548390	1	01	06-76	J WEATHERHEAD	00614 00003	37,000	1
✓	04	06	3548392	1	01	06-76	B COBB	01906 0002A	4,400	1
✓	04	06	3548393	1	01	06-76	L JOHNSON	00512 00002	3,000	1
								299,816	22	*
✓	04	06	3537857	2	27	07-75	G PHILLIPS 0675	00807 00016	12,350	36,000
✓	04	06	3537858	2	27	07-75	W TYRRELL 0675	00821 00002	10,400	30,450
✓	04	06	3537859	2	27	07-75	W PACE 0775	01301 00019	8,800	27,000
✓	04	06	3538288	2	27	07-75	A PETERS 0775	01306 00016	9,200	16,500
✓	04	06	3538578	2	27	07-75	P MCGINN 0775	00804 00004	14,450	37,000
✓	04	06	3538832	2	27	07-75	J GROSSO 0775	00822 00008	11,300	25,000
✓	04	06	3538833	2	27	07-75	W REIFSTECK 0775	00508 00009	10,300	14,200
✓	04	06	3538834	2	27	08-75	J ASTL 0775	00807 00012	14,200	37,500
✓	04	06	3539287	2	04	08-75	G HOMA	00819 00001	13,750	1
✓	04	06	3539288	2	04	08-75	G HOMA	00819 00001	13,750	1
✓	04	06	3539714	2	27	08-75	C SNYDER 0875	00606 00017	14,500	32,000
✓	04	06	3539716	2	27	08-75	W LANCASTER 0875	01306 00012	9,300	26,700
✓	04	06	3540137	2	27	09-75	J MYKYTYN	00702 00016	20,200	36,000
✓	04	06	3540138	2	27	09-75	CARRIAGE REALTY INC 0975	00805 00014	12,450	38,000
✓	04	06	3540418	2	27	09-75	J BLACKEBY 0975	00215 00020	7,200	31,500
✓	04	06	3540955	2	27	10-75	L FREDERICK 0975	01902 00008	6,200	6,000
✓	04	06	3540956	2	01	10-75	O KEE	00801 00010	11,700	1
✓	04	06	3542377	2	07	11-75	BOB SCOTT LTD	01603 00018	14,200	24,500
✓	04	06	3542615	2	01	11-75	C RHODES	00303 00001	6,100	1
✓	04	06	3542616	2	27	11-75	R STRATTON	00303 00003	7,500	22,000
✓	04	06	3542800	2	27	11-75	M GROSS 1175	00807 00002	10,250	30,900
✓	04	06	3542801	2	27	11-75	F GAFFNEY 1175	01303 00007	10,000	29,200
✓	04	06	3543036	2	27	12-75	R GAREMORE	01301 00005	12,400	40,000
✓	04	06	3543037	2	27	12-75	G GORDON	00812 00007	10,300	36,500
✓	04	06	3543308	2	27	12-75	B GARDNER 1275	00801 00013	12,850	38,000
✓	04	06	3543309	2	27	12-75	L GRUBER 1175	00702 00005	12,900	31,000
✓	04	06	3543311	2	27	12-75	T MILLER 1275	01301 00031	11,400	30,500
✓	04	06	3543602	2	27	12-75	F STALLARD 1275	00605 00018	12,400	35,500
✓	04	06	3543824	2	01	12-75	J STONE	01304 00004	8,750	1
✓	04	06	3543825	2	27	12-75	J STONE 1275	01304 00004	8,750	24,600
✓	04	06	3543920	2	01	12-75	J ADAMS	00601 00011	10,700	25,000

\* Over Assesed

NON USABLE SALES

ACCUM

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CITY	DIST	SERIAL #	CLASS	NU	REC-DATE	NAME	LOCATION	ASSESSED VALUE	NUM OF SALES	SALES PRICE
✓04	06	3543921	2	10	12-75	J HEDDEN	01002 00011	5,400		13,500
✓04	06	3544449	2	01	01-76	H MCQUATE	00703 00003	51,400		1
✓04	06	3544450	2	01	01-76	T FAGAN	00711 00008	31,200		1
✓04	06	3544451	2	12	01-76	J COYLE SHERIFF	00605 00006	41,500 *		35,600
✓04	06	3544725	2	27	02-76	J ERHARDT	00804 00005	11,800		36,300
✓04	06	3545559	2	01	03-76	C FREEMAN	01414 00007	13,400		
✓04	06	3545805	2	10	03-76	N DECICCO	01201 00007	29,200		30,000
✓04	06	3546365	2	06	03-76	G TURNER	00218 00003	28,450		5,000
✓04	06	3546570	2	05	04-76	N BENEVENTO	00105 00006	21,750		7,000
✓04	06	3547632	2	10	05-76	EST OF F. DOMEZZA	00702 00018	57,600 *		46,000
✓04	06	3547633	2	01	05-76	D THARINGTON	00807 00011	32,750 *		11,000
✓04	06	3547903	2	17	05-76	UNTD BODY DIS CHRIST	01416 00001	4,400		1
✓04	06	3547904	2	27	05-76	S TOMARCHIO	01304 00016	9,100		26,600
✓04	06	3548252	2	01	05-76	E DRUMM	02301 0001A	23,800		1
✓04	06	3548941	2	01	06-76	E DEVIVO	00603 00004	26,600		1
								736,900	46	*
04	06	3537860	4A	26	07-75	L DEFULIO	01308 00039	10,200		1
✓04	06	3541409	4A	27	10-75	A JUBB	00106 00002	12,500		45,000
✓04	06	3543604	4C	27	12-75	G TRANSUE	00815 00002	105,000 ETC		380,000
✓04	06	3547634	4A	26	05-76	J GLEESON	01301 00007	44,300 ETC *		37,500
								172,000	4	*
								1,208,716		72 DISTRICT TOTAL

\* Over amount

ACCUMULATIVE USABLE SALES

SERIAL #	REC DATE	GRANTOR NAME	LOCATION OF PROPERTY		CLASS #	TRANS	ASSESSED VALUE	SALES PRICE	RATIO		
CAMDEN COUNTY											
04-06	BERLIN TWP										
✓3544953A	02-76	V BARILOTTI	00215	0020A	1		5000	6400	78.13		
✓3548391A	06-76	C GIAMMUSO	01903	00001	1		8650	7500	115.33		
✓3546816A	04-76	S KINZY	01815	00003	1		3750	2000	187.50		
					YEAR TO DATE	1	3	17400	15900	380.96	126.40
✓3548388A	06-76	P GRUBB	00109	00001	2		14300	18800	76.06		
✓3546366Q	03-76	T BERNAT	00601	00031	2		21100	27650	76.31		
✓3545291A	02-76	M FREEDAMN	00102	00010	2		20000	25000	80.00		
✓3548760A	06-76	H BOWMAN	00807	00007	2		28600	34800	82.18		
✓3547368A	05-76	E BODINE	00605	00004	2		28250	33000	85.61		
✓3545560Q	03-76	J FOX	00605	0001A	2		31100	36200	85.91		
✓3545803A	03-76	J BARR	01308	00027	2		23150	26800	86.38		
✓3546160A	03-76	G AUSTIN	01308	00044	2		23100	26500	87.17		
✓3548757A	06-76	J HORVAT	00082	00006	2		25300	29000	87.24		
✓3547143A	04-76	I SHOEMAKER	00802	00008	2		30450	34250	88.91		
✓3545804A	03-76	W KOCH	00814	00007	2		28850	31740	90.89		
✓3547366A	04-76	T CALANDRA	00523	00012	2		28800	31000	92.90		
✓3547367A	05-76	A IACONO	00813	00010	2		35450	38000	93.29		
✓3548942A	06-76	G ALTIERI	00521	00008	2		28900	30225	95.62		
✓3544059A	01-76	J FRALEY	01306	00010	2		27500	28500	96.49		
✓3548759A	06-76	E RODILOSSO	00207	00013	2		31550	32500	97.08		
✓3545290A	02-76	HOMEMART REALTY INC	01306	00016	2		24300	23400	103.85		
✓3548758A	06-76	C SHONE	01304	00002	2		26000	23426	110.99		
✓3546571Q	04-76	M DRIEHORST	00105	00006	2		21750	8000	271.88		
					YEAR TO DATE	2	19	498450	538791	1888.76	99.40
✓3546959F	04-76	SECOND COMMERCIAL	01308	00039	A4		17250	10000	172.50		
					YEAR TO DATE	4	1	17250	10000	172.50	172.50
					YEAR TO DATE		23	533100	564691	2442.22	106.10

