

19. Sales where purchaser assumes more than two years of accrued taxes;

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

21. Sales of cemetery lots;

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

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

24. Sales of property, the value of which has been materially influenced by zoning changes where the latter are not reflected in current assessments;

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

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

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

(b) Transfers of the foregoing nature should generally be excluded but may be used if after full investigation it clearly appears that the transaction was a sale between a willing buyer, not compelled to buy, and a willing seller, not compelled to sell, and that it meets all other requisites of a usable sale.

Amended by R.1980 d.62, effective February 4, 1980.  
See: 12 N.J.R. 56(a), 12 N.J.R. 162(a).

#### Law Review and Journal Commentaries

Burdens—Municipalities—Taxes. Judith Nallin, 134 N.J.L.J. No. 1, 71 (1993).

Tax assessments. Steven P. Bann, 137 N.J.L.J. No. 3, 76 (1994).

#### Case Notes

To exclude challenged sales taxpayer must demonstrate that inclusion of challenged sale was improper because sale was not for fair market value. 1530 Owners Corp. v. Borough of Fort Lee, 135 N.J. 394, 640 A.2d 811 (1994).

Taxpayer may correct substantially skewed "chapter 123 ratio". 1530 Owners Corp. v. Borough of Fort Lee, 263 N.J.Super. 382, 622 A.2d 1350 (A.D.1993), certification granted 134 N.J. 478, 634 A.2d 525, judgment modified and remanded 135 N.J. 394, 640 A.2d 811.

Tax court could refuse to apply previous year's discount where circumstances have changed. 1530 Owners Corp. v. Borough of Fort Lee, 263 N.J.Super. 382, 622 A.2d 1350 (A.D.1993), certification granted 134 N.J. 478, 634 A.2d 525, judgment modified and remanded 135 N.J. 394, 640 A.2d 811.

When sale price was used to establish "chapter 123 ratio", the taxpayer has burden of proving that price was less than market value. 1530 Owners Corp. v. Borough of Fort Lee, 263 N.J.Super. 382, 622 A.2d 1350 (A.D.1993), certification granted 134 N.J. 478, 634 A.2d 525, judgment modified and remanded 135 N.J. 394, 640 A.2d 811.

Taxpayer could not substitute unweighted, unclassified ratio of assessment to true value for purpose of determining whether taxable value was subject to revision. Glenpointe Associates v. Township of Teaneck, 241 N.J.Super. 37, 574 A.2d 459 (A.D.1990), certification denied 122 N.J. 391, 585 A.2d 392.

Taxpayer improperly relied on tax year in question to determine if taxpayer could substitute unweighted unclassified ratio for statutory ratio. Glenpointe Associates v. Township of Teaneck, 241 N.J.Super. 37, 574 A.2d 459 (A.D.1990), certification denied 122 N.J. 391, 585 A.2d 392.

Statute providing method for taxpayer's discrimination relief is not a sole remedy; statute establishes rebuttable presumption of common level assessment; taxpayer restricted to use of average ratio in statute to establish common level; to overcome common level presumption, a taxpayer must establish that application of the ratio would be virtually confiscatory. Murnick v. City of Asbury Park, 95 N.J. 452, 471 A.2d 1196 (1984).

Upon demonstration that the sales price on an FHA-financed sale was substantially distorted by extraordinary charges so that it does not reflect the true consideration for the property as between the seller and the buyer, the sale should be discarded and not used in a sales-ratio study for equalization table computation purposes. Trenton v. Mercer Cty. Bd. of Taxation, 66 N.J. 470, 333 A.2d 1 (1975).

Director properly excluded sale of real property from sales ratio study used to develop table of equalized valuations where property was sold as part of private deal, and parties to sale were not knowledgeable as to facts about property. Pennsville Tp. v. Director, Div. of Taxation, 16 N.J.Tax 47 (A.D.1996).

Comparison of properties for real property taxation includes physical characteristics and economic aspects. Ford Motor Co. v. Edison Tp., 10 N.J.Tax 153 (1988), affirmed 12 N.J.Tax 244, affirmed 127 N.J. 290, 604 A.2d 580.

Property value was more accurately presented by taxpayer's expert than municipality's expert. Chevron U.S.A., Inc. v. City of Perth Amboy, 10 N.J.Tax 114 (1988), affirmed 237 N.J.Super. 280, 567 A.2d 597, superseded 11 N.J.Tax 480, certification denied 121 N.J. 628, 583 A.2d 324.

No weight could be attributed to the sale price of the subject property by taxpayer to borough in reviewing assessments; valuation and entitlement to discrimination relief. Linwood Properties, Inc. v. Fort Lee Boro., 7 N.J.Tax 320 (Tax Ct.1985).

Adoption of "master plan" and land development ordinances by township pursuant to Pinelands Comprehensive Management Plan held to have no effect on the sale prices of three properties, sales of which were used by the Director in arriving at assessed value-true value ratio; sales held properly included in a sales study for the establishment of the county equalization table; ratio for residential properties properly applied by the Director to vacant land in the township where no sales of vacant land occurred in the relevant time period. Washington Tp. v. Burlington Cty. Bd. of Taxation, 7 N.J.Tax 1 (Tax Ct.1984).

On appeal by township of 1984 county equalization table, held that, as of the date of the sale in question, the sale price of the parcel could not be related to an identical parcel that had been assessed for the 1982 tax year, and that the sale, therefore, could not be used in arriving at the equalization ratio for the township. Cranbury Tp. v. Middlesex Cty. Bd. of Taxation, 6 N.J.Tax 501 (Tax Ct.1984), affirmed 7 N.J.Tax 667 (App.Div.1985).

Sale of post office property by Federal government held not ipso facto unusable for assessment-sale ratio, without offering of evidence that requisites of usable sale not met; statute providing tax assessment discrimination remedy held not constitutionally repugnant; discrimination relief ordered. *Kearny Leasing Corp. v. Town of Kearny*, 6 N.J.Tax 363 (Tax Ct.1984), affirmed 7 N.J.Tax 665, certification denied 102 N.J. 340, 508 A.2d 215.

Sale price of lot in open, competitive sales market sold and bought by undressed, use-knowledgeable parties was a reliable indicator of market value and usable in a county equalization table calculation of the ratio of assessments to true value; two usable sales were a sufficient basis from which to determine total true value of "vacant land" classification of property. *West Deptford Tp. v. Gloucester Cty. Bd. of Taxation*, 6 N.J.Tax 79 (Tax Ct.1983).

Sale of commercial property used as trucking company depot held a nonusable deed transaction concerning the sale of commercial property including indeterminable items, thus properly excluded from the Division assessment practices study. *Union Twp. v. Director, Division of Taxation*, 1 N.J.Tax 15, 176 N.J.Super. 239, 422 A.2d 803 (Tax Ct.1980).

## SUBCHAPTER 2. PREPARATION OF LOCAL PROPERTY TAX LIST AND DUPLICATE

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

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

#### PROPERTY CLASSIFICATION CODE

Symbol	Category
1	Vacant Land
2-	Residential (4 Families or less)
3A	Farm (Regular)
3B	Farm (Qualified)
4A	Commercial
4B	Industrial
4C	Apartment
5A	Class I Railroad
5B	Class II Railroad
6A	Telephone
6B	Telegraph
6C	Messenger Service
15A	Exempt Public School
15B	Exempt Other School
15C	Exempt Public
15D	Exempt Charitable
15E	Exempt Cemetery
15F	Exempt Miscellaneous

### 18:12-2.2 Property classification definitions

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

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

(c) Class 3A: "Farm property (Regular)" means land being used for agricultural or horticultural purposes, including its use for the breeding, pasturing, and production of livestock and animal products. Farm property also includes land, together with improvements, where the use of the land and function of the buildings thereon are for agricultural or horticultural purposes, as well as farm houses and the lots or parcels of land on which they are situated.<sup>1</sup>

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

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

(f) Class 4B: "Industrial properties".

(g) Class 4C: "Apartments" designed for the use and enjoyment of five families or more.<sup>2</sup>

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

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

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

(k) Class 6B: "Personal Property Telegraph" means tangible goods and chattels exclusive of inventories used in the business of telegraph companies.

(l) Class 6C: "Personal Property Messenger Service" means tangible goods and chattels exclusive of inventories used in the business of messenger services.

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

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

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

tions actually and exclusively used in the work of the organizations.

(p) Class 15D: "Church and Charitable Property" means real property owned by religious and charitable organiza-

Code	
S—Certain Water and Sewage Disposal Structures	(N.J.S.A. 54:4-3.59)
W—Water Supply Control	(N.J.S.A. 54:4-3.56)
H—Household Improvement	(N.J.S.A. 54:4-3.72)
C—Solar Energy	(N.J.S.A. 54:4-3.114)
B—Commercial/Industrial Improvement	(N.J.S.A. 54:4-3.97)

(8) Column 8—Net taxable value: Insert the total of columns 5 and 6 minus column 7.

(9) Column 9—Deductions: Approval of a tax deduction should be indicated by designating “V” in the case of a veteran, “W” in the case of a veteran’s or serviceman’s widow, “S” in the case of a senior citizen, “D” in the case of a disabled citizen and “R” in the case of a surviving spouse. If there are several owners or deductions, indicate this information in this column.

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

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

F—Fire  
G—Garage  
S—Sewer  
L—Light  
W—Water

iii. Property classification summary:

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

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

iv. Assessor’s affidavit—form and content:

(1) See N.J.S.A. 54:4-36 for form of affidavit to be annexed to the Tax List and Duplicate.

(2) When a district-wide adjustment of real property taxable valuations has been completed and put into operations, and such taxable valuations conform to the percentage level established for such year for expressing the taxable value of real property in the county, the assessor should be sure to affix to his assessment list and duplicate the affidavit and addi-

tional statement required under N.J.S.A. 54:4-36 (a) and (b), in order that the percentage level as is established for the taxable value of real property in the county may be accepted as the common level for such year. (See N.J.S.A. 54:4-11).

Case Notes

Although true value of real property exceeded assessment for certain year, increase in assessment not permitted; true value ratio of property within statutory common level range. *Appel v. Englewood*, 15 N.J.Tax 537 (1996).

Tax assessor is obligated to first ascertain assessable value of total complex and then allocate where improvements of single economic unit span more than one lot. *Mobil Oil Corp. v. Greenwich Tp.*, 9 N.J.Tax 123 (1986).

### SUBCHAPTER 3. PREPARATION AND FILING OF EXEMPT PROPERTY TAX LIST AND DUPLICATE

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

(a) Each assessor is required to enter in the exempt property list and duplicate, a description of all churches, cemeteries, public buildings and other real property exempt from taxation with the name of the owner and the value of such land and buildings, in accordance with the directions appearing on Form NJPT-03-2.

(b) Reproduced and made a part hereof are the exempt property list and accompanying instructions.

Editor’s Note: Graphics which were filed with these rules are not reproduced herein. Information on such data may be obtained from the Division of Taxation, West State and Willow Streets, Trenton, N.J. 08625.

(c) These instructions describe the form and content of the exempt property list and duplicate as prescribed by the Director of the Division of Taxation. The size of the exempt property list and duplicate should be 14 inches x 17 inches. Each page of the list should provide for 14 line items.

1. Page headings:

i. Title: “EXEMPT PROPERTY LIST”: An identical list shall also be prepared which shall serve as the assessor’s duplicate.

ii. Page number;

iii. Taxing district name and number;

iv. County name and number;

v. County percentage level.

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

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

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

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

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

v. Column 5—Identification code: Use the code as shown in the "Exempt Property Identification Code Book" issued by the Division of Taxation. Insert the two appropriate digits which denote ownership. Insert the two appropriate digits which denote the property purpose or use. Also, insert the three appropriate digits which denote specific description.

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

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

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

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

x. Column 10—Total exempt value: Insert in this column the sum of column 8 and column 9. The total of all exempt property should agree with the total exempt property as shown in the table of aggregates that is filed with the county board of taxation. The exempt property list should be produced in block and lot sequence together with an alphabetical list showing the owner of the exempt property. These lists should be inserted in the back portion of the tax list and duplicate.

Amended by R.1979 d.91, effective March 8, 1979.  
See: 11 N.J.R. 100(a), 11 N.J.R. 211(a).

#### SUBCHAPTER 4. REVALUATION OF REAL PROPERTY BY APPRAISAL FIRMS

##### 18:12-4.1 Definitions

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

"Contract" means any agreement between a firm, as defined below, and a municipality for a revaluation or reassessment of all or designated portions of the real property in a municipality.

"Director" means the Director of the Division of Taxation.

"Firm" means any individual, partnership, corporation or other association contracting to perform a revaluation.

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

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

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

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

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

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

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

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