

TAX COURT OF NEW JERSEY



ANNUAL REPORT OF THE PRESIDING JUDGE OF THE TAX COURT OF NEW JERSEY JULY 1, 2004 - JUNE 30, 2005

(including statistics from the court year
July 1, 2003 - June 30, 2004)

The Tax Court of New Jersey
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ANNUAL REPORT OF THE PRESIDING
JUDGE OF THE TAX COURT OF NEW JERSEY
JULY 1, 2004 - JUNE 30, 2005

This report is submitted to the Chief Justice of the Supreme Court of New Jersey pursuant to N.J.S.A. 2B:13-11. This annual report covers the period July 1, 2003 through June 30, 2005. The last annual report of the Presiding Judge of the Tax Court covered the period July 1, 2002 to June 30, 2003 (with statistics from prior years).

The Tax Court was originally established on July 1, 1979 as a trial court with statewide jurisdiction to review state tax and local property tax assessments. New issues arise as laws are amended, taxpayers change the way they do business, and the taxing jurisdictions develop new methods and theories to maintain the flow of tax revenue necessary to support government. Judges of the Tax Court also hear Superior Court cases. The special expertise of its judges has helped resolve complex issues relating to valuation of assets and business relations.

THE COURT

In the period since the last annual report of June 30, 2003, the Tax Court of New Jersey has continued to hear and dispose of tax controversies by facilitating settlements and rendering opinions and decisions in the cases filed with the court. A review of the statistics in the Appendix and discussed briefly in this section and the section captioned “caseload” reveals a modest increase in filings and growth in inventory, which is the result of the beginning of a decline in the value of commercial property, and an increase in the value of residential property substantially greater than changes in the value of other property.¹

1. The bulk of the court’s cases (in excess of 90%) are disputes relating to local property tax assessments. The major issue addressed in these cases is the amount of the assessment, which is based on the market value of the

During the 2003 and 2004 court years, the judges assigned to Tax Court were Presiding Judge Joseph C. Small and Judges Roger M. Kahn, Peter D. Pizzuto, Harold A. Kuskin, Vito L. Bianco and Gail L. Menyuk. In 2004, Judge Raymond A. Hayser was reassigned from Superior Court to the Tax Court and at the end of June 2005, Judge Kahn retired. At this time, a new judge has not yet been appointed to replace Judge Kahn. The Judges maintain chambers and hear cases in Hackensack, Newark, Morristown, and Trenton. Cases are generally assigned to the chambers closest to the property whose assessment is being challenged or convenient to the taxpayer's attorney's office. With six judges, the Court is now in a position to dispose of between 7,000 and 7,500 cases per year. With last year's filings of over 7,000 cases and anticipated increased filings due to a continued decline in the commercial real estate market and a number of substantial municipal revaluations - we can anticipate a modest increase in our inventory of cases. Once a judge is appointed to replace Judge Kahn we should be in a position to keep current with the caseloads unless there is a marked increase in filings. In that case, we may need to request the assignment of an additional judge or judges to the Tax Court.

However, this method for dealing with potential increased filings (the assignment of additional judges to the Tax Court), is temporarily foreclosed. Of the twelve authorized Tax Court Judges, four have been temporarily assigned to the Superior Court Trial Division and one to the Appellate Division. Each of the four trial judges has established him or herself in their current assignment and prefers remaining assigned to the Superior Court. Accordingly, I would urge the Governor and Legislature to consider appointing any or all of these highly qualified judges to the Superior Court so that there will be one or more vacancies on the Tax Court to be filled by qualified and experienced individuals at the appropriate time (N.J.S.A. 2B:13-6b). An

property. Because tax assessments tend to lag behind the market, when real property market values increase, taxpayer appeals decrease; when market values decline appeals increase.

alternative would be for the Chief Justice to temporarily assign a qualified Superior Court Judge to the Tax Court for the court year when and if the need becomes acute.

During the past two court years, the Tax Court has undertaken a major initiative and has been automating and implementing Differentiated Case Management (D.C.M.) statewide. This uniform system of case management has been in operation for local property tax cases in Bergen and Hudson counties for eight and three years, respectively. On January 1, 2005, the Rules for the statewide D.C.M. Pilot Program went into effect and all complaints filed after that date are subject to the new Rules and procedures. To ensure adequate evaluation of policies and procedures, the Supreme Court adopted the recommendation of the Supreme Court Committee on the Tax Court to continue D.C.M. as a pilot program into 2006. It is anticipated that the D.C.M. program will ultimately increase the efficiency of the Tax Court by improving the uniformity of procedures among the judges and eliminating some of the judges' current administrative (non-adjudicative) functions.

The following is an analysis of filings and dispositions for each of the court years covered in this report. The analysis represents Tax Court cases only and does not include Superior Court cases or miscellaneous tax applications handled by the judges of the Tax Court.

An examination of these tables shows that the vast majority of the court's cases involve local property tax. Of those, the overwhelming number of cases relate to non-residential property. The small claims category is defined by Court Rule as one to four family houses. Most disputes relating to those properties are adequately resolved at the twenty-one County Boards of Taxation. Although the non property tax cases are a relatively small percentage of the court's volume of work, their relative complexity makes them less susceptible to settlement and requires judicial time out of proportion to their numbers.

CATEGORIES OF CASES FILED DURING THE COURT YEAR ENDING JUNE 30, 2004

A.	Local property tax cases	90%
	State tax and Equalization Table cases	10%
B.	Cases filed by general category	
1.	Local property tax cases filed during the court year	
	Regular cases	86%
	Small Claims cases	14%
2.	State tax and Equalization Table cases filed during the court year	
	State Tax cases (excludes Homestead Rebates & related cases & Equalization Table cases)	19%
	Homestead Rebate & related cases	80%
	Equalization Table cases	1%

CATEGORIES OF CASES FILED DURING THE COURT YEAR ENDING JUNE 30, 2005

A.	Local property tax cases	93%
	State tax and Equalization Table cases	7%
B.	Cases filed by general category	
1.	Local property tax cases filed during the court year	
	Regular cases	88%
	Small claims cases	12%
2.	State tax and Equalization Table cases filed during the court year	
	State tax cases (other than Homestead Rebate & related cases & Equalization Table cases)	33%
	Homestead rebate& related cases	66%
	Equalization Table cases	1%

Detailed Tax Court statistics for the 2004 and 2005 court years can be found in the Appendix.

THE TAX COURT MANAGEMENT OFFICE

The Management Office is the administrative arm of the Tax Court. It provides the support services necessary for the efficient functioning of the court. Not only is the office responsible for case flow management, record keeping, and case management functions necessary to move cases to disposition, it also manages the resources needed to support the Tax Court Judges and support staff in four separate locations. Specifically, the Management Office accepts papers for filing, assigns cases, prepares calendars and judgments, responds to attorney and litigant inquiries and provides procedural guidance.

The office is comprised of three case management teams that are responsible for docketing, screening, data processing, calendaring, records management and administrative services. Each of the teams at various stages in the litigation process provides taxpayers, tax attorneys and tax administrators with information about the filing of complaints, opinions of the court, judgments and other information regarding the review of state and local property tax assessments. The staff of the Management Office also furnishes sample forms, Court Rules and pamphlets explaining Tax Court procedures in local property tax and state tax small claims cases.

Historically, the Supreme Court approved a pilot program for D.C.M. for local property tax cases in Bergen County beginning January 1, 1997. The program was expanded to Hudson County for local property tax cases beginning January 1, 2000. These pilots anticipated that D.C.M. would enable the Tax Court to make better use of judicial resources by reserving the judges' time for functions requiring their expertise and allowing more administrative functions to be handled by personnel other than judges.

Our experience with D.C.M. in Bergen and Hudson Counties was extremely positive.

The case managers and members of the management team performed many administrative tasks that were previously handled by the judges or staff. Additionally, case processing improved, even though there was less judicial involvement.

During 2004, the Supreme Court of New Jersey approved a proposal by the Supreme Court Committee on the Tax Court for statewide implementation of D.C.M. The implementation of this program statewide will increase the uniformity of procedures among the judges of the Tax Court and free the judges and their staffs from some of their current administrative (non-adjudicative) functions.

It is anticipated that this program will lead to the resolution of cases in a more timely fashion because there will be trial date certainty. To date, the novelty of the system and the need for all parties to become accustomed to it has not yet yielded the anticipated results.

In October 2005, Ms. Cheryl A. Ryan, was appointed as the seventh Clerk/Administrator in the Tax Court's twenty-six year history. She was previously the Assistant Criminal Division Manager in Union County. During the two years prior to Ms. Ryan's appointment, Ms. Diane L. Ailey served as the Clerk/Administrator. Ms. Lynne Allsop was the acting Tax Court Clerk/Administrator between the terms of Ms. Ailey and Ms. Ryan.

The Tax Court Management Office continues to make significant improvements to its automated case management system, especially with respect to the court's statistical reporting abilities and managing of D.C.M. cases. The enhancements have enabled the court to perform more meaningful analyses of filings, dispositions, caseload assignments and timeframes, which ultimately will aid the court in its ability to meet the demands of its constituents. Training and encouraging chambers' staff to fully utilize the system has also facilitated calendar management for the Management Office.

In addition to making Tax Court opinions available through the Rutgers-Camden Law School internet site, the Management Office has added a direct link to them through the State Judiciary and Tax Court websites. This will provide the opinions to the public as soon as they are published. The following reports and information are also available on the Tax Court web page: all state and local property Tax Court forms, the Rules of the Tax Court, small claims handbooks for D.C.M. and non-D.C.M cases, all Court Rules for the D.C.M. program, all of the Tax Court's standard form interrogatories, as well as the Annual Reports of the Presiding Judge and the Supreme Court Committee on the Tax Court Biennial Reports. Links to access the state's twenty-one County Boards of Taxation have also been constructed and are available on-line. It is anticipated that the website will continue to be expanded to include Tax Court judgment data with a docket number search feature.

SUPREME COURT COMMITTEE ON THE TAX COURT

The Supreme Court Committee on the Tax Court is comprised of members of the bench and tax bar as well as representatives of taxpayers' groups, local, county, and state tax administrators, and others concerned with the administration and review of the New Jersey tax laws. The Committee meets quarterly and is chaired by Michael A. Guariglia, Esq.

The Committee fulfills a vital role in an advisory capacity by developing and recommending rule changes affecting the conduct of the Court and the litigants who file cases with the Court. Specifically, during the past two years, the Committee has recommended to the Supreme Court statewide implementation of the Tax Court's D.C.M. program along with modifications of current Rules to support this implementation. The Committee continues to

review the Rules governing the Small Claims practice of the Tax Court, to comment on proposed legislation and when necessary to make recommendations for amendments to the statutes.

The Committee concluded its two-year tenure with the submission of its biennial report to the Supreme Court in January 2004. For the term ending in 2006, a report was filed in January 2006. Rule recommendations from the Committee were approved by the Supreme Court and promulgated by Court Order effective September 1, 2004. The Rule changes amended the Program Rules for Tax Court Differentiated Case Management (DCM) found in the Appendix of the Rules Governing the Courts of New Jersey; they are:

- R. 8:6-8, Local Property Tax Cases; Initial Case Management Conference
- R. 8:6-9, Local Property Tax Cases; Mandatory Settlement Conference
- R. 8:8-5, Adjournments

These Rule changes are intended to enhance the DCM Program by eliminating unproductive court events, emphasizing the importance of early settlement efforts and the exchange of interrogatories in preparation for settlements or trial, as well as enforcing the Mandatory Settlement Conference Rule by disallowing adjournments for failure to indicate if interrogatories have or have not been served and answered.

In addition to DCM Program Rule amendments, the Tax Court Rule of General Application R. 8:3-1 (Separate Complaints for Different Tax Years) was amended.

CASELOAD

At the beginning of the 2004 court year the Tax Court had an inventory of 9,268 cases. Tax Court cases filed during the court year totaled 8,105. Thus, the aggregate total of cases in inventory was 17,373. Dispositions for the court year totaled 5,973 cases, resulting in an

inventory of 11,400 cases at the end of the court year.² Due to several years of increased filings, the Tax Court Judges were not able to clear the calendar. However, the Court accomplished much by resolving 34% of the pending caseload and by issuing opinions on several notable cases (see section, Standards of Assessment and Legal Principles Utilized by the Tax Court in Local Property Tax Cases and State Tax Cases).

At the beginning of the 2005 court year the Tax Court had an inventory of 11,400 cases. Tax Court cases filed during the court year totaled 7,332. Thus, the aggregate total of cases in inventory was 18,732. Dispositions for the court year totaled 6,719 cases, resulting in an inventory of 12,282 cases at the end of the court year.³ While the Tax Court Judges were not able to clear the calendar, the Court accomplished much by resolving 36% of the pending caseload and by issuing opinions on several notable cases (see section, Standards of Assessment and Legal Principles Utilized by the Tax Court in Local Property Tax Cases and State Tax Cases).

Following is a comparison of all filings and dispositions of the Tax Court for the past twenty-six years.

2. The figures do not include miscellaneous tax applications and Superior Court cases assigned to Tax Court Judges.

3. The figures do not include miscellaneous tax applications and Superior Court cases assigned to Tax Court Judges and have been adjusted to reflect the end of year physical inventory.

Twenty-Six Year History of Tax Court Filing and Dispositions

Year ended	Pending first day of period	Filings	Dispositions	Pending last day of period
8/31/80	*26,000	6,925	11,549	21,376
8/31/81	* 20,448	8,343	15,564	13,227
8/31/82	13,227	6,376	12,288	7,315
8/31/83	* 7,311	8,647	9,003	6,955
6/30/84	** 6,299	8,633	9,004	5,928
6/30/85	5,928	6,523	8,012	4,439
6/30/86	4,439	5,310	6,312	3,437
6/30/87	3,437	4,619	4,687	3,369
6/30/88	3,369	4,764	5,629	2,504
6/30/89	* 2,532	6,570	4,627	4,475
6/30/90	4,475	7,901	5,262	7,114
6/30/91	7,114	11,371	6,026	12,459
6/30/92	* 12,402	16,300	9,224	19,478
6/30/93	19,478	14,967	16,560	17,885
6/30/94	17,885	15,223	11,697	21,411
6/30/95	21,411	12,741	17,402	16,750
6/30/96	16,750	9,410	12,075	14,085
6/30/97	14,085	7,954	10,406	11,633
6/30/98	11,633	7,124	9,390	9,367
6/30/99	9,367	6,356	7,005	8,718
6/30/00	* 9,069	5,386	6,702	7,753
6/30/01	7,753	4,815	4,515	8,053
06/30/02	8,053	5,952	5,932	8,073
6/30/03	8,073	6,639	5,444	9,268
6/30/04	9,268	8,105	5,973	11,400
6/30/05	11,400	7,332	6,719	12,282

* Adjusted to reflect year-end physical case inventory.

** Beginning July 1, 1983, the Judiciary changed its court year to end June 30, instead of August 31.

APPEALS FROM TAX COURT DECISIONS
SUPREME COURT

During the 2003-2004 court year the Supreme Court was presented with ten Tax Court cases. The Court denied certification in five cases, granted certification in one case and dismissed one appeal. One matter was withdrawn by the parties. The Court rendered no opinions on Tax Court matters.

During the 2004-2005 court year the Supreme Court was presented with seven Tax Court cases. The Court denied certification in one case, granted certification in two cases and denied one Motion for Leave to Appeal. The Court affirmed decisions in: American Trucking Association v. State of NJ, 180 N.J. 377 (2004) and AH Robins v. Director, Div. of Taxation, 182 N.J. 77 (2004). It reversed the Tax Court and Appellate Division in Township of Monroe v. Gasko, 182 N.J. 613 (2005).

APPELLATE DIVISION OF THE SUPERIOR COURT

During the court year 2003-2004, appeals were filed with the Appellate Division of the Superior Court from 34 Tax Court decisions. During the 2004-2005 court year appeals from 41 Tax Court decisions were filed with the Appellate Division of the Superior Court. The following chart provides the number of Tax Court cases appealed to the Appellate Division over the past twenty-six years.

TAX COURT CASES APPEALED TO THE APPELLATE DIVISION

Court Year	Number of Cases
1979-1980	11
1980-1981	53
1981-1982	92
1982-1983	84
1983-1984	56
1984-1985	65
1985-1986	51
1986-1987	49
1987-1988	48
1988-1989	44
1989-1990	32
1990-1991	40
1991-1992	49
1992-1993	43
1993-1994	67
1994-1995	84
1995-1996	79
1996-1997	53
1997-1998	71
1998-1999	58
1999-2000	45
2000-2001	35
2001-2002	41
2002-2003	50
2003-2004	34
2004-2005	41

ACTIONS TAKEN BY APPELLATE DIVISION ON TAX COURT CASES

2003-2004

Action	Number of Cases	Percentage
Affirmed	13	34%
Dismissed	17	45%
Reversed & Remanded	3	8%
Motion for leave to appeal denied	4	11%
Modified/Final Remands	1	2%
Total Dispositions	38	100%

2004-2005

Action	Number of Cases	Percentage
Affirmed	14	30%
Dismissed	24	51%
Reversed & Remanded	5	11%
Motion for leave to appeal denied	1	2%
Reversed	3	6%
Total Dispositions	47	100%

STANDARDS OF ASSESSMENT AND LEGAL
PRINCIPLES UTILIZED BY THE TAX COURT

LOCAL PROPERTY TAX CASES

Local property tax cases generally involve a determination of the value of property for assessment purposes. Value for assessing purposes is fair market value, that is, the price that would be paid by a willing buyer for all of the rights in the real estate, and accepted by a willing seller, if neither were compelled to buy or sell. The fair market value standard is utilized to achieve the uniformity in assessment that is required by the Tax Clause of the New Jersey Constitution. See N.J. Const., art. VIII, §1, ¶1(a). The court applies the valuation principles required by statute and the Constitution and determines fair market value by application of such of the three approaches to value as may be presented in evidence and deemed appropriate by the Court.

These three approaches are: (1) the sales comparison approach, in which an estimate of market value is derived from the sales prices of comparable properties; (2) the cost approach, which is founded on the proposition that an informed buyer would pay no more for a property than the cost of building a new improvement with the same utility as the subject plus the value of the land; and (3) the income approach, which is predicated on the capitalization of the income the property is expected to generate.

Local property tax cases sometimes involve a claim of discrimination in assessment. In such cases the court follows the legal principles established by our Supreme Court in In re Appeals of Kents, 2124 Atlantic Ave., Inc., 34 N.J. 21 (1961), Murnick v. Asbury Park, 95 N.J. 452 (1984), and West Milford Tp. v. Van Decker, 120 N.J. 354 (1990), as well as statutory provisions granting relief from discrimination contained in N.J.S.A. 54:51A-6 (chapter 123 of

the Laws of 1973).

During the years covered by this report, significant opinions were rendered in the following cases. Other opinions are reported in New Jersey Tax Court Reports, which as of the date of this report, had reached Volume 22.

In Freehold Borough v. Nestle USA, 21 N.J. Tax 138 (Tax 2003), this court invalidated omitted added and added assessments which had been made in the fictitious amounts of \$1, to allow the borough assessor additional time to make his assessments by way of filing a tax appeal after the statutorily prescribed assessment dates.

In Regent Care Center, Inc. v. Hackensack City, 362 N.J. Super. 403 (App. Div. 2003), certif. den. 178 N.J. 373 (2003), the Appellate Division held that there was no impermissible spot assessment where the only nursing home in the municipality was reassessed following an evaluation of all commercial and industrial properties in the taxing district. Selection for increases in assessment were based upon objective non-sales related evidence.

In Worden-Hoidal Funeral Homes, Inc. v. Red Bank Borough, 21 N.J. Tax 336 (Tax 2004), the Tax Court held that the comparable sales method was probative of true value of a funeral home as both experts who testified made the same assumptions as to the reliability of sales prices allocated to real estate.

In Metuchen I, LLC v. Borough of Metuchen, 21 N.J. Tax 283 (Tax 2004), the Tax Court considered the valuation of contaminated property, and prescribed a method for the annual valuation of property that was in the process of being cleaned up.

In Alexandria Tp. v. Orban, 21 N.J. Tax 298 (Tax 2004), the Tax Court held that the Farmland Assessment Act requires that the written and approved woodland management plan

required by the statute must be filed on or before January 1, two full years prior to the first year for which farmland assessment is sought.

In City of Atlantic City v. California Avenue Ventures, LLC, 21 N.J. Tax 511 (Tax 2004), the City was estopped from asserting that the sale of the subject property was not a market sale. In earlier litigation challenging the school aid ratio, the Tax Court had accepted the City's position that the sale of the property was a market sale.

In Hennefeld & O'Dell v. Montclair Township, 22 N.J. Tax 166 (Tax 2005), the Tax Court held that a disabled veteran and his same sex domestic partner were entitled to a 100% disabled veteran's exemption pursuant to N.J.S.A. 54:4-3.30 because the Domestic Partnership Act, L. 2003, c. 246 (N.J.S.A. 26:8A-1 to -12), extends this exemption to a disabled veteran who is in a registered same-sex domestic partnership.

In Christopher S. Brighton and Avery Brighton v. Rumson Bor., 22 N.J. Tax 39 (Tax 2005), farmland assessment was denied by the Tax Court because less than the five acres required by N.J.S.A. 54:4-23.6 for farmland assessment was actively devoted to agricultural use. The dominant use determines whether land may be included in the minimum five acres required under N.J.S.A. 54:4-23.6, and the dominant use of that portion of the property was not agricultural.

In General Motors Corp. v. City of Linden, 22 N.J. Tax 95 (Tax 2005), the Tax Court held that the highest and best use of plaintiff's plant for tax years 1983-2003 was its existing use as an automobile assembly facility, and not as a general purpose manufacturing facility.

STATE TAX CASES

State tax cases decided during the court years covered by this report include those dealing

with the Gross Income Tax, the Corporation Business Tax, the Sales and Use Tax, and the Estate Tax as well as Insurance and Motor Vehicle taxes. The following published opinions of state tax cases were among the most significant.

In Lanco, Inc. v. Director, Div. of Taxation, 21 N.J. Tax 200 (Tax 2003), the Tax Court held that a foreign corporation that had no physical presence in New Jersey but licensed the use of its trademarks in New Jersey for royalty payments, was not subject to New Jersey's Corporation Business Tax. This determination was reversed by the Appellate Division and is pending before the Supreme Court of New Jersey.

In American Fire and Cas. Co. v. Director, 21 N.J. Tax 155 (Tax 2003), the Tax Court determined that the Director had properly calculated the insurance retaliatory tax. The decision was reversed by the Appellate Division and is pending before the Supreme Court of New Jersey.

In American Trucking Associations, Inc. v. State, 180 N.J. 377 (2004), the Supreme Court of New Jersey affirmed the Tax Court's finding that the hazardous waste transporter fees violated the Commerce Clause.

In Corallos, Inc. v. Director, Division of Taxation, 22 N.J. Tax 383 (Tax 2005), the Tax Court held that the consent extending the time within which to make additional assessments of tax was valid where a power of attorney executed by the taxpayer expressly authorized its accountant to consent to a waiver of the statute of limitations.

In Yilmaz, Inc. v. Director, Division of Taxation, 22 N.J. Tax 204 (Tax 2005), the Tax Court upheld the Director's assessments for sales and use tax, corporation business tax, and gross income withholding tax because plaintiff did not retain documentation, as required by statute

In Robert Oberhand, as Executor of the Estate of Cynthia A. Oberhand v. Director, Division of Taxation, 22 N.J. Tax 55 (Tax 2005), the Tax Court held that the retroactive application of an

amendment to New Jersey's Estate Tax, although constitutional, was, under the facts of this case, manifestly unjust and would not be enforced. The Director of Taxation has taken an appeal to the Appellate Division of the Superior Court.

CONCLUSION

For over a quarter century, the Tax Court of New Jersey, established in 1979, has provided a forum for the resolution of tax disputes between New Jersey taxpayers and their governments. All of the original judges appointed in 1979 and 1980 are now retired. The institution established by them has proven to be a useful and enduring part of this State's tax structure, a place where aggrieved citizens, businesses, and governments can have their tax disputes impartially and fairly heard and resolved. The work of the Court is reported in the 22 volumes of New Jersey Tax Court Reports, the Biennial Reports of the Supreme Court Committee on the Tax Court and the Annual Reports of the Presiding Judge. The product of that work is a more detailed understanding by litigants, taxpayers, and taxing authorities of the tax laws of New Jersey and a reduction in the number of uncertain issues of tax law. Nevertheless, new issues arise and must be resolved; new statutes are enacted and must be interpreted, the application of existing laws to new business practices requires analysis. The Tax Court continues to provide a fair, impartial forum for the resolution of these important and often highly technical issues of tax assessment and administration.

One area that is of particular interest to the taxpayers of New Jersey is the heavy reliance of this State on the local property tax for the funding of government services. The need for tax reform is expressed constantly in the halls of government and in the press. Eventually some actions will be taken by the Legislature or a Constitutional Convention. Whatever the nature of

the reform, there will inevitably be disagreements about the imposition of taxes in New Jersey. The Judges of the Tax Court of New Jersey stand ready to resolve disputes as they arise on a case-by-case basis, and to build on over twenty-six years of experience embodied in the written decisions of this Court by utilizing the special qualifications, knowledge, and experience of its judges as required by N.J.S.A. 2B:13-6.

Respectfully submitted,

Joseph C. Small, P.J.T.C.

March 31, 2006.

APPENDIX

ANNUAL REPORT OF THE
PRESIDING JUDGE OF THE TAX COURT OF NEW JERSEY
FOR THE COURT YEAR ENDED JUNE 30, 2004
(with statistics for the court years ending June 30, 2005)

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Tax Court Cases Pending, Filed and Disposed	
CY 2004	1a
CY 2005	1a
Character of Complaints Filed	
CY 2004	1b
CY 2005	1b.1
Breakdown by County of Local Property Tax Complaint Filings by Court Year	
	1c
Total Assessment Amounts of Local Property Tax Complaints Reviewed	
CY 2004	1d
CY 2005	1d

TAX COURT CASES PENDING, FILED AND DISPOSED FOR COURT YEAR 2003-2004*

	Local Property Tax	State Tax	Equalization & related Cases	Totals
Cases pending as of first day of period	8,518	750	0	9,268
New cases filed during period	7,264	838	3	8,105
Subtotal	15,782	1,588	3	17,373
Cases disposed	5,203	767	3	5,973
Pending as of last day of period	10,579	821	0	11,400

TAX COURT CASES PENDING, FILED AND DISPOSED FOR COURT YEAR 2004-2005*

	Local Property Tax	State Tax	Equalization & related Cases	Totals
Cases pending as of first day of period	10,579	821	0	11,400
New cases filed during period	6,852	476	4	7,332
Subtotal	17,431	1,297	4	18,732
Cases disposed	5,953	762	4	6,719
Subtotal	11,478	535	0	12,013
Year End Adjustment				269
Pending as of last day of period				12,282

* adjusted to reflect end of year physical inventory

CHARACTER OF COMPLAINTS FILED FOR THE 2003-2004 COURT YEAR:

1.	<u>Local Property Tax</u>	
	Regular	6,259
	Small Claims (one to four family houses)	1,005
	Total	7,264
2.	<u>Cases Other than Local Property Tax</u>	
	<u>State Tax</u>	
	Regular	148
	Small Claims (mostly homestead rebates & related cases)	693
	Total	841
	<u>Type of Tax</u>	
	10 day deficiencies	12
	Alcoholic Beverage	1
	Capital Gains	0
	Cigarette	3
	Corporation Business	35
	Corporation Income	2
	Estate Tax	2
	Gross Income	32
	Homestead Rebate	280
	Inheritance Tax	14
	International Fuel Tax	1
	Litter Control Tax	2
	Miscellaneous	3
	NJ Saver Rebate	317
	Nursing Home Quality/Care Improvement Fund	0
	Property Tax Reimbursement	78
	Railroad Franchise	2
	Railroad Property	1
	Sales and Use	52
	Transfer from Superior Court	1
	<u>Equalization and Related Cases</u>	
	Table of Equalized Valuation (School Aid)	3
	TOTAL	8,105

CHARACTER OF COMPLAINTS FILED FOR THE 2004-2005 COURT YEAR:

1.	<u>Local Property Tax</u>	
	Regular	6,004
	Small Claims (one to four family houses)	848
	Total	6,852

2.	<u>Cases Other than Local Property Tax</u>	
	<u>State Tax</u>	
	Regular	145
	Small Claims (mostly homestead rebates & related cases)	335
	Total	480

Type of Tax

10 day deficiencies	0
Alcoholic Beverage	1
Capital Gains	1
Cigarette	2
Corporation Business	45
Corporation Income	3
Estate Tax	3
Gross Income	45
Homestead Rebate	182
Inheritance Tax	10
International Fuel Tax	0
Litter Control Tax	1
Miscellaneous	2
NJ Saver Rebate	120
Nursing Home Quality/Care Improvement Fund	1
Property Tax Reimbursement	22
Railroad Franchise	0
Railroad Property	0
Realty Transfer	5
Sales and Use	32
Transfer from Superior Court	1

Equalization and Related Cases

Table of Equalized Valuation (School Aid)	4
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TOTAL	7,332
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BREAKDOWN BY COUNTY OF LOCAL PROPERTY TAX COMPLAINT FILINGS

	6/30/00	6/30/01	6/30/02	6/30/03	6/30/04	6/30/05
Atlantic	451	63	99	59	90	53
Bergen	867	871	986	946	1,222	1,475
Burlington	53	55	54	52	69	97
Camden	64	62	68	80	75	69
Cape May	23	33	12	30	32	48
Cumberland	14	18	12	13	6	16
Essex	809	927	1,059	**1,433	**2,357	1,471
Gloucester	49	37	48	52	53	57
Hudson	606	458	381	645	457	412
Hunterdon	36	43	48	76	53	34
Mercer	68	63	78	79	103	91
Middlesex	226	204	248	339	464	536
Monmouth	171	179	265	292	375	488
Morris	382	411	486	690	563	560
Ocean	91	98	391	97	131	180
Passaic	583	494	592	298	486	446
Salem	7	10	6	7	15	13
Somerset	111	147	296	269	164	212
Sussex	46	19	79	77	44	31
Union	428	296	346	338	456	519
Warren	59	58	43	48	49	44
TOTALS*	5,144	4,546	5,597	5,920	7,264	6,852

* This figure does not include added assessment, omitted assessment, farmland assessment or correction of error complaints which approximated 100 filings a year.

** Large increase due to Newark revaluation

TOTAL ASSESSMENT AMOUNTS OF LOCAL
PROPERTY TAX COMPLAINTS REVIEWED

July 1, 2003 - June 30, 2004

Type of Assessment	Amount
Total Assessments on Direct Appeal Complaints reviewed by Tax Court	\$ 34,921,797,051
Total Assessments as determined by County Tax Board Judgments reviewed by Tax Court	\$ 2,414,271,314
Total Assessments for Correction of Errors reviewed by Tax Court	<u>\$ 56,898,200</u>
Total Local Property Assessments Reviewed	<u>\$ 37,392,966,565</u>

July 1, 2004 - June 30, 2005

Total Assessments on Direct Appeal Complaints reviewed by Tax Court	\$ 38,928,393,350
Total Assessments as determined by County Tax Board Judgments reviewed by Tax Court	\$ 2,819,895,910
Total Assessments for Correction of Errors reviewed by Tax Court	<u>\$ 26,550,128</u>
Total Local Property Assessments Reviewed	<u>\$ 41,774,839,388</u>

This table was required by N.J.S.A. 2A:3A-24 which was replaced by N.J.S.A. 2B:13-11 and the new statute no longer requires this information. However, since 1993, although not required, the information has been provided. It is anticipated that starting with the next Annual Report it will be eliminated.