

SENATE, No. 3968

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED JUNE 15, 2023

Sponsored by:

Senator SAMUEL D. THOMPSON

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Concerns certain real property assessment appeals.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain real property assessment appeals and
2 amending R.S.54:3-26 and R.S.54:51A-8.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. R.S.54:3-26 is amended to read as follows:

8 54:3-26. a. The county board of taxation shall hear and
9 determine all such appeals within three months after the last day
10 for filing such appeals, and shall keep a record of its judgments
11 thereon in permanent form, and shall transmit a written
12 memorandum of its judgments to the assessor of the taxing district
13 and to the taxpayer, setting forth the reasons on which such
14 judgment was based, and in all cases where the amount of tax to be
15 paid shall be changed as the result of an appeal, to the collector of
16 the taxing district. The Director of the Division of Taxation shall
17 prescribe such procedures and forms for the setting forth of such
18 written memorandums of judgments as may be necessary.

19 Whenever any review is sought of the determination of the
20 county board of taxation, the complaint shall contain a copy of the
21 memorandum of judgment of the county board.

22 Where no request for review is taken to the Tax Court to review
23 the action or determination of the county board involving real
24 property the judgment of the county board shall be conclusive and
25 binding upon the municipal assessor and the taxing district for the
26 assessment year, and for the two assessment years succeeding the
27 assessment year, covered by the judgment, except as to changes in
28 value of the property occurring after the assessment date. The
29 conclusive and binding effect of such judgment shall terminate with
30 the tax year immediately preceding the year in which a program for
31 a complete revaluation or complete reassessment of all real property
32 within the district has been put into effect or the tax year
33 immediately preceding the tax year in which the assessor
34 implements either an annual reassessment, or other form of district-
35 wide assessment review, which requires the revision of 100 percent
36 of property assessments in the taxing district to current market
37 value, that is approved by the county board of taxation. If as of
38 October 1 of the pretax year, the property in question has been the
39 subject of an addition qualifying as an added assessment, a
40 condominium or cooperative conversion, a subdivision or a zoning
41 change, the conclusive and binding effect of such judgment shall
42 terminate with said pretax year.

43 **[If]** b. If the conclusive and binding effect of the judgment does
44 not terminate pursuant to subsection a. of this section, and if the
45 assessor increases the assessment or fails to reflect on the tax

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 duplicate a county board of taxation or Tax Court judgment issued
2 prior to the final preparation of the tax duplicate in either of the two
3 years following the year for which the judgment of the county board
4 was rendered, and if said judgment is a final judgment not further
5 appealed, then the burden of proof shall be on the taxing district to
6 establish that the assessor acted reasonably in increasing the
7 assessment. If the county board finds that the assessor did not act
8 reasonably in increasing the assessment or failed to reflect said
9 judgment on the tax duplicate, the county board shall award to the
10 taxpayer reasonable counsel fees, appraisal costs and other costs
11 which shall be paid by the taxing district.

12 (cf: P.L.1999, c.208, s.3)

13

14 2. R.S.54:51A-8 is amended to read as follows:

15 54:51A-8. a. Conclusiveness of judgment; changes in value;
16 effect of revaluation program. Where a judgment not subject to
17 further appeal has been rendered by the Tax Court involving real
18 property, the judgment shall be conclusive and binding upon the
19 municipal assessor and the taxing district, parties to the proceeding,
20 for the assessment year and for the two assessment years succeeding
21 the assessment year covered by the final judgment, except as to
22 changes in the value of the property occurring after the assessment
23 date. The conclusive and binding effect of the judgment shall
24 terminate with the tax year immediately preceding the year in which
25 a program for a complete revaluation or complete reassessment of
26 all real property within the district has been put into effect or the
27 tax year immediately preceding the tax year in which the assessor
28 implements either an annual reassessment, or other form of district-
29 wide assessment review, which requires the revision of 100 percent
30 of property assessments in the taxing district to current market
31 value, that is approved by the county board of taxation. If as of
32 October 1 of the pretax year, the property in question has been the
33 subject of an addition qualifying as an added assessment, a
34 condominium or cooperative conversion, a subdivision or a zoning
35 change, the conclusive and binding effect of such judgment shall
36 terminate with said pretax year.

37 b. **【If】** If the conclusive and binding effect of the judgment
38 does not terminate pursuant to subsection a. of this section, and if
39 the assessor increases the assessment or fails to reflect on the tax
40 duplicate a county board of taxation or Tax Court judgment issued
41 prior to the final preparation of the tax duplicate in either of the two
42 years following the year for which the judgment of the Tax Court
43 was rendered and if said judgment is a final judgment not subject to
44 further appeal, then the burden of proof is on the taxing district to
45 establish that the assessor acted reasonably in increasing the
46 assessment. If the Tax Court finds that the assessor did not act
47 reasonably in increasing the assessment or failed to reflect said
48 judgment on the tax duplicate, the Tax Court shall award to the

1 taxpayer reasonable counsel fees, appraisal costs and other costs
2 which shall be paid by the taxing district.

3 c. In the event that a taxpayer is successful in an appeal from
4 an assessment on nonresidential real property, the respective taxing
5 district shall refund any excess taxes paid, less any amount of taxes,
6 interest, and penalties, which may be applied against delinquencies
7 pursuant to section 2 of P.L.1983, c.137 (C.54:4-134), in
8 substantially equal payment periods and substantially equal
9 payment amounts within three years of the date of final judgment.

10 In the event that a taxpayer is successful in an appeal from an
11 assessment on residential real property, the respective taxing district
12 shall refund any excess taxes paid, less any amount of taxes,
13 interest, and penalties, which may be applied against delinquencies
14 pursuant to section 2 of P.L.1983, c.137 (C.54:4-134) within 60
15 days of the date of final judgment.

16 (cf: P.L.2019, c.230, s.2)

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18 3. This act shall take effect immediately.

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STATEMENT

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23 The purpose of this legislation is to amend current law regarding
24 tax appeal judgments within taxing districts (municipalities)
25 performing a review and revision of all property to current market
26 value that is approved by the County Board of Taxation. A tax
27 appeal is an appeal of the *assessment* of a parcel of real property,
28 *not of the property tax bill*.

29 Both R.S.54:3-26 (regarding tax appeal judgments rendered by a
30 county board of taxation and not appealed to the Tax Court) and
31 R.S.54:51A-8 (regarding tax appeal judgments rendered by the Tax
32 Court) currently require that a tax appeal judgment shall be
33 conclusive and binding upon the municipal assessor and the taxing
34 district for the assessment year and for the two assessment years
35 succeeding the assessment year covered by the final judgment,
36 except as to changes in the value of the property occurring after the
37 assessment date. The requirement that a tax appeal judgment is
38 binding upon the assessor and the taxing district for two
39 consecutive years in *addition* to the tax year that is the subject of
40 the appeal is colloquially referred to in the assessment community
41 as a “freeze.”

42 Current law require that the conclusive and binding effect of the
43 judgment terminates with the tax year immediately preceding the
44 year in which a program for a complete revaluation or complete
45 reassessment of all real property within the taxing district has been
46 put into effect. However, in recent Tax Court decisions, judges of
47 the Tax Court have ruled that the implementation of either an
48 annual reassessment, or other form of district-wide assessment

S3968 THOMPSON

1 review, which requires the revision of 100 percent of property
2 assessments in the taxing district to current market value, that is
3 approved by the county board of taxation, does not meet the
4 requirement that “a program for a complete revaluation or complete
5 reassessment of all real property within the taxing district has been
6 put into effect” under current law. These rulings have allowed
7 taxpayers who have received judgments “freezing” their
8 assessments to continue to pay property taxes based on real
9 property assessments that may be below, or above, current market
10 value, rather than at current market value.

11 For the purpose of providing the fairest distribution of the annual
12 property tax levy and ensuring that all similar properties are
13 allocated similar tax bills, this bill would revise current law to
14 clarify that the conclusive and binding effect of a county board of
15 taxation or the Tax Court judgment for two additional tax years
16 would not apply to any municipality wherein the assessor has
17 implemented either an annual reassessment, or other form of
18 district-wide assessment review, which requires the revision of 100
19 percent of property assessments in the taxing district to current
20 market value, that is approved by the county board of taxation.