

your appeal at the time of filing. Your assessor must receive copies of your comparables at least 7 days in advance of your hearing in order for them to be discussed. All sales of all properties are available for your review at the County Tax Board.

Comparable means that most of the characteristics of your property and the neighboring sale are similar. You should be knowledgeable of the conditions of the sales you cite including financing, and be able to give a full description of the properties. Some of the characteristics that would make a property comparable are: recent sales price (preceding October 1 pretax year), similar square footage of living area measured from the exterior, similar lot size or acreage, proximity to your property, the same zoning use (e.g. duplex in a duplex zone), and similar age and style of structure.

If I recently bought my property, how is this purchase considered?

An assessment is an opinion of value. Uniformity of treatment dictates that minor adjustments not be made simply due to a recent sales price. For various other reasons the subject's sales price may not necessarily be either conclusive evidence of the property's true market value, or binding upon the Tax Board. An examination of the circumstances surrounding a sale is always important.

Will the appeal be private?

No. All meetings of the Board of Taxation are public meetings.

Are there special rules for commercial properties?

Yes. Owners of rental income properties must supply an income statement at the time of filing on

special forms provided by the Tax Board. Since the income generated by a property has a direct bearing on the owner's ability to market the property, and therefore its value, this evidence may be useful in arguing both sides of an appeal.

Who is an expert witness?

Your municipal assessor and any New Jersey licensed or certified appraiser is considered an expert as to valuation of real estate, to the limits of the licensing or certification status from the State of New Jersey. Other appraisers may qualify as experts before the Board of Taxation, subject to the Board's discretion as to the appraiser's education, experience, professional association affiliation and other factors.

If you intend to rely on expert testimony at your hearing, you must supply one copy of an appraisal report to the assessor, and three copies of the appraisal report to the Somerset County Board of Taxation, at least 7 days in advance of the scheduled hearing. The appraiser who completes the report must be available at the hearing to give testimony and to afford the municipality an opportunity to cross-examine the appraiser.

When will I be notified of the Tax Board's judgement?

The Somerset County Board of Taxation will usually render a decision 4 to 6 weeks after a hearing. Once judgement is rendered, the Tax Board loses its jurisdiction in these matters.

May I further appeal the Judgement of the Tax Board if I am still dissatisfied?

Yes. If you are dissatisfied with the judgement rendered by the Somerset County Board of Taxation, you will have 45 days from the date your judgement was mailed to file a further appeal with

the Tax Court of New Jersey, CN 972, Trenton, New Jersey 08625 (609-292-5082).

Note: If your property is assessed for more than \$750,000 you may file an appeal directly with the Tax Court by April 1.

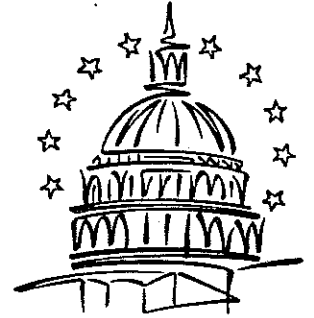
Before filing an appeal, it is strongly recommended the taxpayer check facts and discuss the assessment with the local municipal assessor.

Taxpayer filing an appeal should consider the following question:

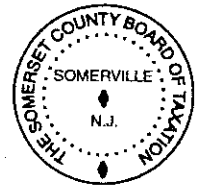
1. What was the true market value of my property on the preceding assessment date of October 1.
2. Can I support my conclusion of true market value with credible evidence?
3. Is my property assessed in excess of its true market value, if a reassessment or revaluation was implemented in the current tax year?
4. In a non revaluation or non reassessment year, does the ratio of my property assessment to its true market value exceed the upper limit of the common level range?

Important Facts:

- A. Tax appeals are on assessments only, **not taxes.**
- B. Tax appeals must be timely filed on/or before April 1 (December 1 for Added or Omitted Assessments) of the tax year.
- C. You must know and prove the true market value of the appealed property as of October 1, pre tax year.
- D. True Market Value is determined by:
 1. Sales Comparison
 2. Capitalization of Income
 3. Replacement cost



Understanding TAX APPEAL HEARINGS



**SOMERSET COUNTY
BOARD OF TAXATION**

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Introduction

This brochure was developed by the County Board of Taxation to assist taxpayers in properly preparing for tax appeal hearings. The brochure includes general information derived from New Jersey laws which govern tax appeals: Administrative Code Title 18:12 and New Jersey Statutes Titles 54:3 et seq and 54:4 et seq.

The Board of Taxation recognizes that recent changes in the appeal process have made procedures more complex. This brochure was developed as an aid to the property owner, but it should not be considered as an all-inclusive guide. **Most importantly, it is essential that a taxpayer understand that he must prove that his assessment is unreasonable compared to a market value standard. Your current assessment is by law assumed to be correct. You must overcome this presumption of correctness to result in an assessment change.**

What is the basis for my assessment?

In order for an assessment to be deemed excessive or discriminatory, a taxpayer must prove that an assessment does not fairly represent one of two standards:

1. Following a revaluation, all assessments must represent 100% of true market value as of the previous October 1. **The October 1 pre-tax date is called the annual "assessment date."** All evidence submitted in a tax appeal must precede the assessment date, especially property sales used as comparables.
2. The other standard is the "common level" or common level range established in your municipality. To explain the common level range you must consider what happens following a revaluation. Once a revaluation is completed,

external factors such as inflation, appreciation, and depreciation cause values to increase or decrease at varying rates. Other factors such as physical deterioration may contribute to changes in property values. Obviously, if assessments are not adjusted annually, a deviation from 100% of true market value will occur.

The State Division of Taxation annually conducts a fiscal year sales survey, investigating most property transfers that occur in your community with your local assessor assisting. Every sale is compared individually to every assessment to determine an average level of assessment in a municipality. **An average ratio is developed from all property sales to represent the assessment level in your community. In any year, except the year a revaluation is implemented then, the common level of assessment is average ratio of the district in which your property is situated, and is used by the Tax Board to determine the fairness of your assessment.**

How do I know if my assessment is fair?

The New Jersey legislature adopted a formula known as **Chapter 123** in 1973 to test the fairness of an assessment. Once the Tax Board has determined the true market value of a property during an appeal, they are required to automatically compare the true market value to the assessment. If the ratio of the assessment to the true value exceeds the average ratio by 15%, then the assessment is automatically reduced to the common level. However, if the assessment falls within this common level range, no adjustment will be made. If the assessment to true value ratio falls below the common level, the Tax Board is obligated to increase the assessment to the common level. This test assumes that the taxpayer will supply sufficient evidence to the Tax Board so

that they may determine the true market value of the property subject to the appeal. You should inquire into your district's average ratio before filing a tax appeal. This ratio changes annually on October 1, for use in the subsequent tax year.

EXAMPLE:

Director's Ratio = 85%
Common Level Range = 72.25% - 97.75%
True Value = 95000
Assessment = 90000
Ratio = 94.74% (90000/95000)
Judgement = No Change

What is a tax appeal hearing and who will hear my appeal?

Once you have filed your tax appeal, a hearing before the County Tax Board is scheduled. The County Tax Board consists of 3 members appointed by the governor. The Tax Board Commissioners are appointed primarily to hear disputes involving assessments. Your hearing will be scheduled during the day. The municipality is the opposing party and will be represented by the municipal attorney. The assessor or an appraiser may appear as an expert witness.

Is a hearing always necessary?

Yes, a hearing is always necessary.

If the assessor, municipal attorney, and taxpayer agree to a settlement or the issues are otherwise resolved, it may not be necessary for you to attend your hearing, particularly if a signed settlement stipulation is submitted to the Tax Board for their approval, prior to the hearing.

When are tax appeal hearings held?

Tax appeal hearings are generally held after the April 1 annual deadline. Adjournments are generally denied. It is suggested that you make every attempt to attend your hearing. If you miss your hearing and have not received a written notice postponing your case, then you may assume that the case has been dismissed. **If you do not attend your hearing the case will be dismissed, "for lack of prosecution."**

What is good evidence to convince the Tax Board to reconsider an assessment?

You cannot appeal the taxes on your property since the taxes are the result of the local budget process. You must pay the collector all taxes and municipal charges up to and including the first quarter of the tax year. Remember, the burden is on you, the appellant, to prove that your assessment is unreasonable, excessive, or discriminatory. It is necessary for you to prove at the onset that your assessment is in error. It is also necessary for you to suggest a more appropriate value.

The taxpayer must be persuasive and present credible evidence. Credible evidence is evidence supported by fact, not assumptions or beliefs. Photographs of both the subject property (the property subject to the appeal) and comparables are useful in illustrating your argument. Factual evidence concerning special circumstances is necessary. For example, if the property cannot be further developed for some reason, evidence to that effect must be provided.

The most credible evidence is recent comparable sales of other properties of a similar type in your neighborhood. **Remember, if you are going to discuss comparable sales a listing of 3 to 5 sales must be attached to**