

## Introduction

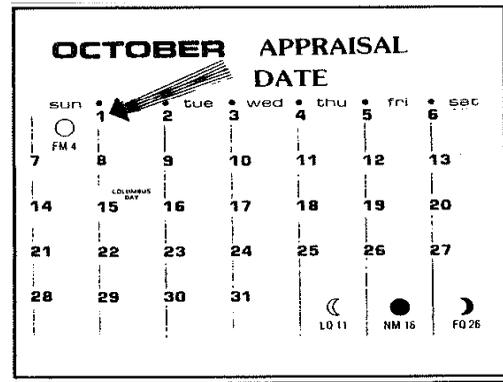
This brochure was developed by the Cape May County Board of Taxation to assist taxpayers in properly preparing for assessment hearings. The brochure includes general information derived from New Jersey laws which govern appeals: Administrative Code Title 18:12 and New Jersey Statutes Titles 54:3 et seq. 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 an all inclusive guide. **Most importantly, as an appellant you must prove that your assessment is unreasonable compared to a market value standard. 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, the taxpayer must prove that an assessment does not fairly represent one of two standards:

1. Following a revaluation or reassessment 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 by the State for your taxing district.



To explain the common level range, consider what happens following a revaluation. Once a revaluation is completed, external factors such as inflation, appreciation and depreciation, cause values to change 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 Division of Taxation annually conducts a fiscal year sales survey, investigating 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 in a revaluation year), the common level of assessment is the average ratio of the district in which your property is situated, and it 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 P.C.1973 to test the fairness of an assessment. Once the Tax Board has determined the true market value of your property, based on your evidence submitted during an appeal, they are required to automatically compare the true market value to your 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 supplies sufficient evidence to the tax board so they may determine the true market value of the property under the appeal.** You should determine your district's average ratio before filing a tax appeal. This ratio changes annually on October 1, for use in the subsequent tax year. Assessments may not exceed true value at any time.

### Example:

Director's Ratio = 85%

Common Level Range = 72.25% - 97.75%

True Value = 95000

Assessment = 90000

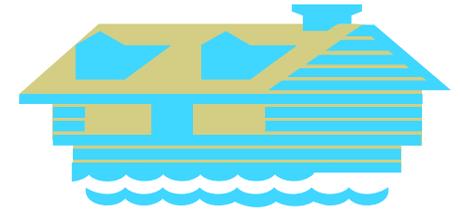
Ratio = 94.75 (90000/95000)

## Who may file?

Taxpayers and property owners may challenge property assessments. A taxpayer must be present at the hearing or be represented by an Attorney-At Law admitted to practice in the State of New Jersey. If a petitioner is a legal entity, such as a corporation, partnership, LLC, trust etc., the appeal must be prosecuted by an Attorney-At Law admitted to practice in the State of New Jersey, unless the subject property's prior year taxes were less than \$25,000, in which case the petitioner can appear in his, her, or it's own behalf.

## What is an assessment 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 5 to 7 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 though some boards schedule differently. The municipality is the opposing party, and will be represented by the municipal attorney. The assessor or an appraiser may appear at your hearing to defend your town's assessment 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 settlement stipulation form is submitted to the tax board in advance for their approval.

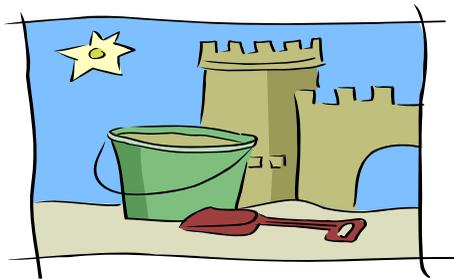
## When are tax appeal hearing held?

Tax appeal hearings are held after the **April 1** annual deadline, or in the case of a revalued/reassessed district hearings are held after the **May 1** deadline. Adjudgments 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 your 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 a result of the local budget process. You must pay the collector all taxes and municipal charges due 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 property 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 your appeal at the time of filing.** All evidence you intend to rely upon should be attached to your appeal petition at that time. You may supplement your evidence, but no evidence will be accepted within 7 days of your original hearing date. All sales of all properties are available for your review at the County Tax Board, and your local tax assessor's office. "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 pre-tax year), similar square footage of living area measured from the exterior, similar lot size or acreage, proximity to your property, the same zoning and 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 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 circumstances surrounding a sale is always important.

### **Will the appeal hearing 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. **The demand for an I & E does not supersede or replace an earlier demand by the tax assessor.**

### **Who is an expert witness?**

Besides your municipal assessor, anyone whose occupation is a real estate appraiser and anyone who is licensed by the state to appraise real estate and has adequate experience is considered an expert. An expert's qualifications may be challenged by the municipal attorney at the hearing.

In addition, if you intend to rely on expert testimony at your hearing, you must supply one copy of the appraisal report to the assessor, and one (1) copy to the County Tax Board at least 7 days in advance of the **original** hearing date. The appraiser who completed the report must be available at the hearing to give testimony and to afford the municipality an opportunity to cross-examine the witness. All appraisal reports must be for the purpose of contesting your assessment, and **must be valued with an effective date of October 1st of the pre-tax year.**



### **SPECIAL INSTRUCTIONS**

**SIX (6) COPIES OF YOUR EVIDENCE MUST BE SUBMITTED TO THE TAX BOARD SEVEN (7) DAYS PRIOR TO YOUR INITIAL SCHEDULED HEARING DATE. TWO (2) COPIES OF YOUR EVIDENCE MUST BE SUBMITTED TO YOUR MUNICIPAL ASSESSOR AND CLERK SEVEN (7) DAYS PRIOR TO YOUR INITIAL SCHEDULED HEARING.**

**ALL SETTLEMENT STIPULATIONS MUST BE SIGNED AND RETURNED TO THE ASSESSOR PRIOR TO THE HEARING DATE.**

**THE ABSENCE OF ANY EVIDENCE SUPPORTING AN ASSESSMENT REDUCTION WILL RESULT IN DISMISSAL OF YOUR APPEAL.**

### **May I further appeal the judgment of the Tax Board if I am still dissatisfied?**

If you are dissatisfied with the judgment rendered by the Tax Board, you will have 45 days from the date your judgment was mailed to file a further appeal with the Tax Court of New Jersey. ([P.O. Box 972, Trenton, NJ 08625-0972](mailto:P.O.Box.972@njcourts.gov), [Phone: 609-815-2922](tel:609-815-2922)). If your property is assessed for more than \$1,000,000 you may file directly with the Tax Court by April 1st annually, or by May 1st if a reassessment/revaluation was completed for the current year. In summary, a taxpayer filing an appeal should consider the following questions:

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

# **UNDERSTANDING ASSESSMENT APPEAL HEARINGS**



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