

April 19, 2021

SENATE BILL NO.2725
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2725 (First Reprint) with my recommendations for reconsideration.

This bill would make various changes to the assessment and appeals process in 1) counties operating under the Real Property Assessment Demonstration Program ("Demonstration Program"), currently, only Monmouth County; 2) counties operating under the Property Tax Assessment Reform Act ("Reform Act"), limited in statute to Gloucester County; and 3) counties that have adopted the alternative real property assessment calendar establishment pursuant to the Demonstration Program, currently, only Burlington County.

Among other changes, the bill would amend P.L.2017, c.306 to add a definition of what constitutes a "good-faith attempt to physically inspect" the interior of properties located in counties participating in the Demonstration Program and the Reform Act and add any county who has adopted the alternative assessment calendar to the list of counties subject to the requirements of the law. Under the bill, a county participating in a Demonstration Program would be permitted to conduct an interior inspection virtually, using smartphone technology and protocols adopted by the county board of taxation, at the discretion of the taxpayer. This virtual inspection option would be available for all assessment-related functions conducted in a Demonstration Program county.

With respect to appeals of property tax assessments, the bill provides that taxpayers in a Demonstration Program county are not entitled to appeal an assessment if the taxpayer has refused an assessor's request to internally inspect the property. In addition, the bill specifies that the so-called "Chapter 123 ratio"

shall not apply to taxpayer appeals in a Demonstration Program county in any tax year in which a municipal-wide reassessment or other form of district-wide assessment review occurs. The Chapter 123 ratio eliminates the burden of demonstrating that property was assessed at greater than true value and of proving the common level of assessment for all properties in the municipality.

I applaud the bill's sponsors for attempting to further clarify and streamline the tax assessment functions in those counties that have chosen to participate in the Demonstration Program or the Reform Act. These laws were enacted with the intent of modeling more cost-effective and accurate real property assessment administration. As participating counties' experiences reveal additional opportunities for streamlining and standardizing the assessment function, it is important that statutes keep pace.

While I support the reform measures contemplated in this bill, I am concerned that the bill may inappropriately single out participating counties in a manner that could create unconstitutional disparities among taxpayers based on where they live. The uniformity clause of the New Jersey Constitution requires all property to be assessed for taxation under "general laws," by "uniform rules" and "according to the same standard of value." N.J. Const. Art. 8, Sec. 1, par. 1. By mandating the automatic dismissal of an appeal whenever a taxpayer refuses a virtual inspection only in the case of those taxpayers located in a Demonstration Program county, the bill denies these taxpayers a right to relief that is available to other taxpayers. The same is true for the bill's provision narrowing applicability of the Chapter 123 ratio to exclude certain appeals in a Demonstration Program county, while leaving it in place for appeals taking place in other counties under identical circumstances.

To avoid this outcome, I am recommending revisions to apply the important reform measures proposed in the bill to all counties, or, where appropriate, to all municipalities implementing annual reassessments or compliance plans. This will ensure that the rules are uniform throughout the State while also enabling all counties and taxpayers to benefit from the bill's efficiencies.

Accordingly, I herewith return Senate Bill No. 2725 (First Reprint) and recommend that it be amended as follows:

<u>Page 2, Title, Lines 1-2:</u>	Delete "in certain counties"
<u>Page 2, Section 1, Line 20:</u>	Delete "eighth"
<u>Page 2, Section 1, Line 22:</u>	Delete "eight-year"
<u>Page 2, Section 1, Line 38:</u>	Delete "However,"
<u>Page 2, Section 1, Lines 39-43:</u>	Delete in their entirety
<u>Page 3, Section 1, Lines 1-9:</u>	Delete in their entirety
<u>Page 3, Section 1, Line 10:</u>	Delete "In the case of a municipality located in a county wherein the" and insert "Notwithstanding the provisions of this section, in any municipality implementing a revaluation program approved by the Director of the Division of Taxation pursuant to P.L.1971, c.424 (C. 54:1-35.35 et seq.), district-wide reassessment program, compliance plan, or other form of municipal-wide assessment review that requires the revision of all property assessments to current market value, that is approved by the county board of taxation"
<u>Page 3, Section 1, Lines 11-12:</u>	Delete in their entirety
<u>Page 3, Section 1, Line 13:</u>	Delete "Demonstration Program," P.L.2013, c.15 (C.54:1-104),"
<u>Page 6, Section 3, Line 26:</u>	After "seq.)" insert ", district-wide reassessment program, compliance plan, or other form of municipal-wide assessment review that requires the revision of all

property assessments to current market value, that is approved by the county board of taxation pursuant to R.S.54:4-23"

- Page 6, Section 3, Lines 27-39: Delete in their entirety
- Page 6, Section 3, Line 40: Delete "Demonstration Program," P.L.2013, c.15 (C.54:1-104), at" and insert "g. At"
- Page 7, Section 3, Lines 3-5: Delete in their entirety
- Page 7, Section 3, Line 6: Delete "Demonstration Program," P.L.2013, c.15 (C.54:1-104), at" and insert "h. At"
- Page 7, Section 3, Lines 9-10: Delete "the county's online appeal system, and"
- Page 7, Section 3, Line 11: After "taxation." insert "The county board of taxation may relax the requirement of the time of the taxpayer's appeal as the needs of justice allow."
- Page 7, Section 4, Line 36: Delete "or a" and insert "district-wide reassessment program, compliance plan, or other form of municipal-wide assessment review that requires the revision of all property assessments to current market value, that is approved by the county board of taxation pursuant to R.S.54:4-23."
- Page 7, Section 4, Lines 37-47: Delete in their entirety

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor