

MUNICIPAL ASSESSMENTS AND PROPERTY TAX IMPLICATIONS



1

ASSESSMENT PROCESS

- By State Statute
- Title 54

All real property within the jurisdiction of this State is subject to taxation .

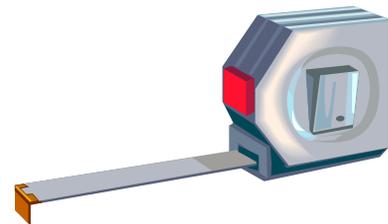
*“Fair and Equitable”
distribution of tax burden*



ASSESSMENT PROCESS

Assessor responsibilities

- Neighborhood or Development Influences
- Property Inspection
- Land and Building
- Influences to particular property site



ASSESSMENT PROCESS

Market Conditions

- Municipal
- Specific to development

Informational Sources

- Multiple Listings (MLS)
- Newspapers, Media
- Municipal Zoning Changes
- External Factors (positive and negative)
- Property owners

ASSESSMENT PROCESS

Assessments based on “Market Value”

Assessing Date

- October 1, (pre-tax year)*

** Example assessment date for 2010 will reflect a market value established as of October 1, 2009*

ASSESSMENT PROCESS

Equalization - What is it?

Purpose

- State Aid
- School Aid
- County Government
- Municipal Services

ASSESSMENT PROCESS

Equalization Ratio = % to true value

Sales Ratio program (SR1A)

Conducted on a 1 year sampling period beginning

July 1, (pre-tax year) through

June 30,(post tax year)

- Market Value x Ratio = Assessment

ASSESSMENT PROCESS

Example #1



Sales data available:

	Assessment	Sale Price	Ratio
House A	215,000	450,900	47.68%
House B	245,000	435,000	56.32%
House C	226,500	485,000	46.70%
House D	232,000	395,700	58.63%
House E	244,800	405,000	60.44%

ASSESSMENT PROCESS

Chapter 123 (Discrimination)

Appeal reasoning

- Discriminates against homeowner because subject property assessment, based on market and equalization ratio is not within acceptable range.
- Assessment deemed acceptable within 15% of that years ratio. (both below and above)

ASSESSMENT PROCESS

Example #2

Subject

$$\begin{array}{l} \text{Assessment} \\ \text{Ratio} \end{array} \quad \frac{210,000}{50.00\%} = \begin{array}{l} \text{Market Value} \\ 420,000 \end{array}$$

Market Sales Range 395,700 - 485,000

Market value of Subject (based on sales) 403,000

15% Corridor is calculated as follow:

$$50\% \times 1.15\% = 57.50\% \times 403,000 = 231,700$$

$$50\% \times 85\% = 42.50\% \times 403,000 = 172,100$$

CURRENT ASSESSMENT WITHIN RANGE

ASSESSMENT PROCESS

Assessments are determined within the confines of a neighborhood, subdivision, zoning or location similarities

- The Example given shows that the current assessment was “fair and equitable”.
- Mass appraisal techniques are what the assessment process is based on
- Individual appraisals for purposes other than *ad valorem taxation* rely on defining a more specific value for a specific property and the valuation date can be determined at any time.

ASSESSMENT PROCESS

Appeal Process

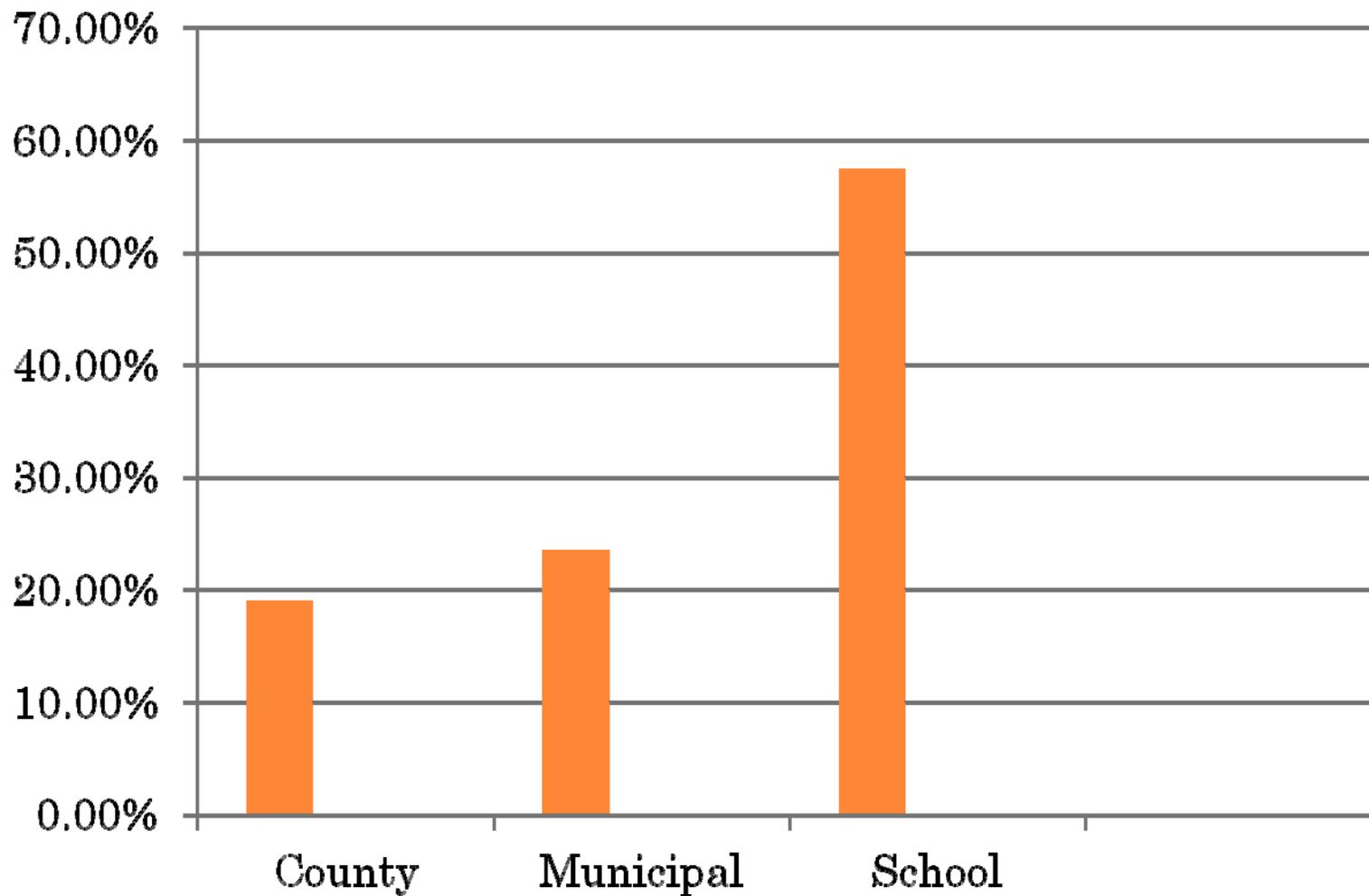
- If your assessment is truly non-reflective of the market conditions as described , you would be wise to appeal.
- *Beware that assessments have been increased as well as decreased under the appeal process.*
- *The assessor still has the obligation to be sure all taxpayers continue to be assessed “fair and equitable”*
- *Also a lower assessment does not guarantee lower taxes!*

TAX IMPLICATIONS

Budgetary

- *Taxes are based on the budgetary requirements of the following entities:*
- County
- Municipal
- School
- Special Districts (fire)

TAX IMPLICATIONS



TAX IMPLICATIONS

Example #3

- County Budget 5,000,000
- Municipal Budget 2,000,000
- School Budget 6,000,000

The County budget is spread across the 52 municipalities within its' jurisdiction and the equalization ratio for each town is utilized for apportionment.

The Municipal and School budgets are by individual town. (exception regional schools)*

TAX IMPLICATIONS - MUNICIPAL

Ratable Base

Value of All taxable properties within the municipality

January 10, 2009 Taxable Value of Wall
3,883,526,400

Estimated Budget Requirements for 2009
33,117,467.

$$\frac{33,117,467}{3,883,526,400} = \text{Municipal* Tax Rate } .0085$$

TAX IMPLICATIONS - SCHOOL

Estimated Tax Levy for Schools
55,547,337.

$$\frac{55,547,337}{3,883,526,400} = \text{School Levy Rate } .0143$$



TAX IMPLICATIONS

○ County Apportionment *	.53
○ Municipal Apportionment	.85
○ School Levy Apportionment	<u>1.43</u>
	2.81

*estimated for this example



TAX IMPLICATIONS

Taxes are allocated based on the tax rate against your assessment. It is applied at the rate of each \$100 of assessed value.

- Assessment 210,000
- Tax Rate x .0281 (2.81 divided by 100)
- Property Taxes \$5,901.00

TAX IMPLICATIONS

Tax Appeals

If you are successful:

- Tax savings will most likely only be a benefit
- For the year of the appeal.

Why?

Example #4

Ratable base (before appeals)	1,000,0000
Budget	500,000
Tax Rate	.5000
Ratable base (after appeals)	800,000
Budget (unchanged)	500,000
Tax Rate	.6250

TAX IMPLICATIONS

Assessments:

Example #5

- Before appeal 200,000
- After appeal 189,000

Tax savings for year of appeal:

$$200,000 \times .5000 = 1,000.00$$

$$189,000 \times .5000 = 945.00 \text{ (savings } \$55.00)$$

Following year:

$$189,000 \times .6250 = 1,812.50 \text{ (increase } \$867.50)$$



PUBLIC COMMENT

Questions???



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