



Property Taxation

What, Why and How

N.J.S.A 54 - Taxation

- N.J.S.A. 54:4-2.25 provides, “All real property subject to assessment and taxation for local use shall be assessed according to the same standard of value, which shall be the true value of such real property and the assessment shall be expressed in terms of the taxable value of such property, which taxable value shall be that percentage of true value as shall be established by each County Board of Taxation as the level of taxable value to be applied uniformly throughout the county.”

Market Value

- **True Value i.e. Market Value.**
- ***“True Value”*** is defined in N.J.S.A. 54:4-23 as the “...full and fair value of each parcel of real property situate in the taxing district at such price as, in his [the assessor’s] judgment, it would sell for at a fair and bona fide sale by private contract on October 1 next preceding the date on which the assessor shall complete his assessments...”

Why Reassess?

- Ratio- The Cape May County Board of Taxation has established the percentage (ratio) of true value to be 100% (assessment / sales price)
example: \$900,000 assessment / \$1,000,000 sales price = 90% ratio
- The Board has established a minimum ratio of 85% and a maximum of 115%

Why Reassess?

- Coefficient of Dispersion (COD)- The Board has established a maximum COD of 15%
- Example of a good COD – Two sales, 92% & 98% = 95% average (mean) COD =3.15
- Example of a bad COD- Two sales, 80% & 120% = 100% average (mean) COD =20.0

Avalon's Ratio

- Director's Ratio: The average of all sales ratios for the 2 year period ending June 30 of the pre-tax year.
- 2014 Ratio - 95.14% (7/1/11-6/30/13)
- 2015 Ratio - 94.57% (7/1/12-6/30/14)
- 2016 Ratio - 93.48% (7/1/13-6/30/15)
- 2017 Ratio - 91.35% (7/1/14-6/30/16)
- 2018 Actual- 88.60% (7/1/16-10/1/17)

Avalon's COD

- COD: The measure of centrally tendency within a sample group (how far off from the middle)
- 2014 COD- 12.56
- 2015 COD- 13.79
- 2016 COD- 15.20
- 2017 COD- 13.84
- 2018 Actual- 15.69

Reassess vs. Revaluation

- Reassessment- Inspect and value all properties using the assessor's staff with existing property records
- Revaluation- Inspect and value all properties by hiring a certified revaluation firm. The firm re-inspects and re-measures all properties "from scratch"

Reassessment Costs

- Total budget for the 2018 reassessment: \$122,027.25 or \$21.16 per property
- Staff: Avalon Assessor, Asst. Assessor, Taxing Clerk (3) Field Representatives (All CTA's, all sitting tax assessors)
- Started November 2016. Completed January 2018. On-time, On-budget.

Revaluation Costs

- Projected total cost \$50-\$70* per property
- 5,659 properties X \$50-\$70 =
\$282,950-\$396,130
- Staff: Unknown
- Stone Harbor Revaluation: 3,154 properties at
\$176,000 = \$55.80 per property

*Estimate per the New Jersey Division of Taxation

Reassessment Results

- 100% of properties were field checked (including exempt properties)
- 362 out of 5,659 (6.39%) of property owners asked for an informal review
- Avalon rateable base rose from \$7,499,656,900 to \$8,933,539,000
- Actual ratio / COD on the new assessments- 98.41% / 6.42 COD on 271 sales
- The Borough saved over \$200,000 doing a reassessment vs. revaluation