



## State of New Jersey

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### **OSC Recommends Increased Regulation and Enforcement to Prevent Unethical Practices by Municipal Tax Assessors in New Jersey**

TRENTON – In letters to both the New Jersey State Division of Taxation (Taxation) and Department of Community Affairs, Division of Local Government Services (DLGS), State Comptroller Philip James Degnan today recommended steps to prevent municipal tax assessors from holding concurrent employment at revaluation firms within the state. The Office of the State Comptroller's (OSC) underlying investigation found multiple instances where municipal tax assessors held this employment at or near the time the municipality's property tax revaluation took place, leaving ample opportunity for unethical self-dealing.

After examining a sample of 66 municipalities that performed a property tax revaluation between 2015 and 2017, OSC investigators identified at least five assessors who at some point worked for the revaluation firm hired to perform that municipality's property tax revaluation. In one instance, the assessor appeared to have simultaneously worked as both assessor and for the firm during the time of the town's revaluation.

During a revaluation, a municipal tax assessor acts as a project manager or supervisor of the revaluation, specifically overseeing the revaluation firm and enforcing benchmarks and contract terms with the firms. A municipal tax assessor holding concurrent or near-concurrent employment with the revaluation firm that the municipality employs undermines the objectivity and independence of the municipal assessor and creates an actual or the appearance of a conflict of interest.

In his letters to Taxation and DLGS, State Comptroller Degnan recommended the agencies take steps to enforce the law that is on the books, and to inform municipal tax assessors of the potential for conflict in such dual-employment. DLGS, for example, has jurisdiction to investigate and fine tax assessors who have a conflict of interest through its Local Finance Board (LFB). OSC has offered to work in concert with the LFB to identify potential conflicts of interest that would be subject to its enforcement. OSC further recommended to DLGS

that it work within its statutory and regulatory authority to put municipal assessors on notice to the conflicts presented by this type of employment. Finally, OSC recommended Taxation consider drafting and promulgating regulations pursuant to existing laws that would preclude an assessor from any employment with or financial interest in a revaluation firm performing work within the municipality's home county.

“Taxpayers rely on municipal tax assessors to conduct a fair and above-board assessment of their tax liabilities when a revaluation is conducted,” Comptroller Degnan said. “My office’s recommendations of increased enforcement and new regulations will help to ensure that these assessments are done fairly.”

OSC is an independent state agency that conducts audits and investigations of government agencies throughout New Jersey. The Office also reviews certain government contracts and works to detect and prevent Medicaid Fraud. The Office strives to enhance the efficiency and transparency of government and to ensure that public funds are spent effectively and efficiently.

Suspected government mismanagement or fraud can be reported to OSC by calling 1-855-OSC-TIPS (1-855-672-8477) or via email at [comptrollertips@osc.nj.gov](mailto:comptrollertips@osc.nj.gov).

To read the letters, visit the OSC website at <https://www.nj.gov/comptroller/>

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