

**i. A flashing amber light may be used by a farm vehicle while traveling on a public road.**

(b)-(f) (No change.)

13:24-4.2 Permit application procedure

(a) (No change.)

(b) Except as otherwise provided in (c), (d) [and], (e), and (f) below, the application, after completion, is to be signed by the chief law enforcement official in the municipality in which the service is being provided. Thereafter, the application should be submitted to the Commission together with the fee specified in N.J.S.A. 39:3-50(d).

(c)-(e) (No change.)

**(f) The application, after completion, is to be signed by the chief law enforcement official in the municipality in which the farm is located. Thereafter, the application should be submitted to the Commission together with the fee specified in N.J.S.A. 39:3-50(d).**

[(f)] (g) (No change in text.)

## TREASURY—TAXATION

### (a)

#### DIVISION OF TAXATION

#### Local Property Tax: General

#### Proposed Readoption with Amendments: N.J.A.C. 18:12

#### Proposed Repeal: N.J.A.C. 18:12-4.3

Authorized By: John J. Ficara, Acting Director, Division of Taxation.

Authority: N.J.S.A. 54:1-35.1, 54:1-35.35, 54:3-14, 54:4-1, 54:4-8.66d, 54:4-23.21, 54:4-26, and 54:50-1.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2017-127.

Submit written comments by October 6, 2017, to:

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The agency proposal follows:

#### Summary

Pursuant to Executive Order No. 66 (1978) and N.J.S.A. 52:14B-5.1, N.J.A.C. 18:12 was scheduled to expire on January 27, 2018. As the Division of Taxation (Division) has filed this notice of readoption with the Office of Administrative Law prior to that date, the expiration date of the chapter is extended 180 days to July 26, 2018, pursuant to N.J.S.A. 52:14B-5.1.c(2). The rules proposed for readoption with amendments fulfill the statutory mandates of N.J.S.A. 54:1-35.1, 54:1-35.35, 54:3-14, 54:4-1, 54:4-8.66d, 54:4-23.21, 54:4-26, and 54:50-1. These statutes govern the administration of local property taxation in general. The Division has reviewed these rules and has determined them to be necessary, reasonable, and proper for the purposes for which they were originally promulgated.

The rules proposed for readoption with amendments make grammatical, consistency, and plain language changes in order to make the rules easier to understand. The following technical changes are proposed: gender-specific pronouns have been amended to eliminate gender designations or to provide gender-neutral phrasing; incorrect punctuation has been corrected; the names of forms have been capitalized for consistency; extraneous words and punctuation have been eliminated; peculiar words or phrases have been replaced with plain language; the term “municipal tax assessor” was replaced with “assessor” because of the creation of the position of county tax assessor

by the Property Tax Assessment Reform Act, N.J.S.A. 54:1-86 et seq.; the phrase “pretax year” has been replaced with “pre-tax year”; and “Director, Division of Taxation” has been replaced with “Director of the Division of Taxation” for consistency.

The rules proposed for readoption are summarized as follows:

N.J.A.C. 18:12-1.1 sets forth categories of real estate transactions that are not to be used in determining assessment-sales ratios used in the Director’s Table of Equalized Assessed Valuation, subject to exceptions listed under N.J.A.C. 18:12-1.1(b).

N.J.A.C. 18:12-2.1 requires the assessor to classify each line item in the tax list according to categories designated by the applicable property classification code symbol set forth in the rule.

N.J.A.C. 18:12-2.2 sets forth property classifications with definitions.

N.J.A.C. 18:12-2.3(a) requires the assessor to prepare a summary of property valuations appearing on the tax list with an alphabetical list of taxpayers by name.

N.J.A.C. 18:12-2.3(b) requires the assessor to prepare a summary of deduction amounts for senior citizens, disabled citizens, and their surviving spouses, and for veterans and their surviving spouses and the surviving spouses of servicepersons, along with the number of parcels and exemption amounts for specified property exemption categories. N.J.A.C. 18:12-2.3(c) requires the assessor to prepare a summary of special tax districts.

N.J.A.C. 18:12-2.4 requires the assessor to include in the tax list the applicable building description code designations set forth in the rule for each line item.

N.J.A.C. 18:12-2.5 requires the tax list to show parcels of assessed farmland that are classified partly “Class 3B” and partly “Class 3A,” as separate line items with real property improvements included as Class 3A.

N.J.A.C. 18:12-2.6 requires designations on the tax list for approved tax deductions for senior citizens, disabled citizens, and their surviving spouses, and for veterans and their surviving spouses, and the surviving spouses of servicepersons.

N.J.A.C. 18:12-2.7 requires the assessor for certain taxing districts to prepare an annual tax list indicating whether each parcel of property, in part or in whole, is located within the boundaries of the Hackensack Meadowlands District. Any parcel so located is to be designated as such.

N.J.A.C. 18:12-2.8 sets forth the real property tax list and accompanying instructions describing the format and content, including page and column headings, specific property exemptions, special tax codes, property classification summary, and assessor’s affidavit.

N.J.A.C. 18:12-3.1(a) requires assessors to enter the name of the owners, value, and a description of all churches, cemeteries, public buildings, and other real properties exempt from taxation, in the exempt property list.

N.J.A.C. 18:12-3.1(b) provides for the format of the information contained in the exempt property list.

N.J.A.C. 18:12-4.1 provides definitions for the terms “contract,” “Director,” and “firm” as they relate to revaluation of real property by appraisal firms.

N.J.A.C. 18:12-4.2 requires the Director of the Division of Taxation to establish assessment standards to be used in the valuation and revaluation of real property and to prescribe minimum qualifications for firms providing such services. This subsection also requires any municipality contracting for such services to submit the contract, prior to execution, to the Director for a 30-day review period. Assignments or transfers of the contract may not occur without the written consent of all contractual parties, including the surety company, county board of taxation, and the Director. Finally, this section prohibits any other changes in the contract without the mutual consent of the contracting parties and the written permission of the surety company and the Director.

N.J.A.C. 18:12-4.3 is reserved.

N.J.A.C. 18:12-4.4 requires an appraisal firm seeking approval from the Director to become a revaluation firm to provide annually certain financial, personnel, and other information about the firm.

N.J.A.C. 18:12-4.5 requires that revaluation contracts submitted to the Director for review must include a provision that no county board of taxation commissioner or employee have any interest as an officer,

stockholder, or employee of the appraisal firm, nor shall any such company represent any property owner or taxpayer filing a tax appeal with respect to a revaluation by the firm.

N.J.A.C. 18:12-4.6 sets forth the minimum requirements that principals and employees of an appraisal firm must meet in order to be able to engage in municipal revaluation programs. Such requirements include number of years of appraisal experience and in-office training pursuant to the Division's oversight obligations under N.J.S.A. 54:1-35.35.

N.J.A.C. 18:12-4.7 requires a municipality using an appraisal firm to do a revaluation to provide certain information to the firm, including an up-to-date tax map that is also to be submitted to the Property Administration Section of the Division of Taxation for suitability determination, along with a surveyor's certification that the map is up-to-date and a revision block showing approval of the map by the municipal engineer. Additionally, the municipality is to provide any other official records, letters of introduction, and mailing addresses of all property owners, all of which will assist the firm in carrying out its revaluation responsibilities. Finally, this subsection requires an assessor to sign informational letters to property owners sent by the firm as may be necessary.

N.J.A.C. 18:12-4.8 requires any firm engaged in a revaluation to comply with the standards and conditions set forth in Subchapter 4. Subsection 4.8 further provides that determinations made by an appraisal firm be submitted to and approved by the assessor so as to help implement N.J.S.A. 54:1-35.35. The rule sets forth methodologies for revaluing different property classifications, how real property identification material is to be entered on property record cards, and how property inspections are to be performed. The rule also requires every revaluation contract to include certain items regarding progress and control of operations, and that the revaluation firm also conduct a program of taxpayer orientation and education regarding the revaluation. The rule requires the appraisal firm to create a neighborhood map prepared for the assessor indicating all neighborhoods in the municipality. This requirement will make it easier for assessors to compare property values of changing neighborhoods and provides for transparency. The rule also recommends that a municipality obtain a Computer-Assisted Mass Appraisal package for revaluation maintenance. Obtaining this software program will assist a large scale appraisal by facilitating statistical analysis. Finally, the appraisal firm must assist the municipality in the defense of all valuations by providing expert witnesses in an initial appeal to the county tax board.

N.J.A.C. 18:12-4.9 sets forth procedures to be utilized by appraisal firms to provide taxpayers who wish to review their proposed real property assessments.

N.J.A.C. 18:12-4.10 requires an appraisal firm to provide surety and insurance protection, including workers' compensation, liability, and a performance surety bond to a municipality in the event of a lawsuit, litigation, demand, or claim arising out of the revaluation contract.

N.J.A.C. 18:12-4.11 requires an appraisal firm to provide an assessor with completed property cards filed by block and lot numbers, along with all supporting data, documentation, and special procedures used in deriving values. This section also requires the firm to make qualified personnel available to the assessor to explain and provide instruction on materials submitted regarding the revaluation.

N.J.A.C. 18:12-5 through 9 are reserved.

N.J.A.C. 18:12-10.1 defines terms that pertain to the taxability of property used primarily for business.

N.J.A.C. 18:12-10.2 provides definitions for the terms "real property" and "personal property" for determining when such property is subject to local property tax pursuant to the provisions of N.J.S.A. 54:4-1.

Specifically, the following amendments are proposed:

N.J.A.C. 18:12-1.1(a)5 is proposed for amendment to clarify that the sampling period is before the promulgation of the Director's Table of Equalized Valuation. This clarifies the standard practice.

N.J.A.C. 18:12-1.1(a)13 is proposed for amendment to include short sales because short sales are for the benefit of both the borrower and the creditor and have been occurring more frequently.

N.J.A.C. 18:12-1.1(a)23 is proposed for amendment to clarify that sales of commercial or industrial real property include licenses of the business.

N.J.A.C. 18:12-1.1(a)26 is proposed for amendment to add the word "knowledgeable" to highlight the presumption that the buyer and seller are knowledgeable.

N.J.A.C. 18:12-1.1(a)33 is proposed for amendment to include abated property, as this type of property is similar to qualified farmland and exempt properties in that the assessed value is less.

N.J.A.C. 18:12-2.1 is proposed for amendment to delete the Property Classification Code chart and add a reference to N.J.A.C. 18:12-2.2, which contains the same information as the chart.

N.J.A.C. 18:12-2.2(c) is proposed for amendment to clarify the definition of Class 3A Farm Property (Regular) to make it clear that single-use agricultural or horticultural facilities are personal property, not real property. Additionally, the definition of Class 3A is amended to include the statutory citations for references to different types of property improvements associated with farms in conjunction with the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1 et seq.

N.J.A.C. 18:12-2.2(g) is proposed for amendment to clarify that Class 4C does not include medical residential facilities, such as assisted living facilities, comprehensive personal care homes, long term care facilities, acute care facilities, nursing homes, drug abuse treatment centers, hospice facilities, behavioral health programs, or residential care facilities pursuant to *SHP IV Woodbury Lake, LLC v. Director Division of Taxation, N.J. Tax*, Docket No. 008360-2015 (N.J. Tax May 27, 2016) in which the Tax Court granted summary judgment in favor of the Division of Taxation that assisted living facilities should be Class 4A Commercial Property.

N.J.A.C. 18:12-2.2(j) is proposed for amendment to reflect the Division of Taxation's interpretation of N.J.S.A. 54:4-1, pursuant to the decision in *Verizon N.J. Inc. v. Hopewell Borough*, 26 N.J. Tax 400 (Tax 2012).

N.J.A.C. 18:12-2.2(o) is proposed for amendment to delete the exclusive criteria pursuant to statutory changes to N.J.S.A. 54:4-3.6, which removed the exclusive use requirement for property owned by churches and charities.

N.J.A.C. 18:12-2.3(b) is proposed for amendment to include surviving civil union partners and surviving domestic partners.

N.J.A.C. 18:12-2.3(b)13 is proposed to be added to include renewable energy systems as part of the items included in the exemption summary.

N.J.A.C. 18:12-2.4 is proposed for amendment to delete the Building Description Code Format chart, and reference the MOD IV User Manual as the chart was redundant and unnecessary. The chart codes are the codes found in MOD IV User Manual.

N.J.A.C. 18:12-2.6 is proposed for amendment to include references to surviving spouses, surviving civil union partners, and surviving domestic partners.

N.J.A.C. 18:12-2.7(b) is proposed for amendment to update the name of the appropriate agency by deleting the Hackensack Meadowlands Development Commission and replacing it with the New Jersey Sports and Exposition Authority. Pursuant to P.L. 2015, c. 19, the New Jersey Sports and Exposition Authority is the successor to the Commission.

N.J.A.C. 18:12-2.8(a)1 is proposed for amendment to include 8 ½ by 11 inch tax list and duplicates as a money saving measure for municipalities and county boards of taxation.

N.J.A.C. 18:12-2.8(a)1ii(9) is proposed for amendment to include references to surviving spouse, surviving civil union partners, and surviving domestic partners.

N.J.A.C. 18:12-2.8(a)1ii(7) and (10) are proposed for amendment to delete the charts and reference the MOD IV User Manual to streamline the subsection and remove redundancies. In practice assessors read the user manual to research the proper codes for the computer program.

N.J.A.C. 18:12-3.1(a) is proposed for amendment to clarify that the exempt property list and duplicate must be in the form and content in a manner prescribed by the Director of the Division of Taxation. This requirement had previously been in N.J.A.C. 18:12-3.1(b) and is now new.

N.J.A.C. 18:12-3.1(b) is proposed for amendment to delete the requirement that was moved to N.J.A.C. 18:12-3.1(a). Additionally, the

option to have the exempt property list on 8 ½ by 11 inch paper has been added as a cost reduction measure. The name of a form in N.J.A.C. 18:12-3.1(b)2vi has also been corrected to properly state that the Initial Statement Form is Form I.S., not Form 1.S.

N.J.A.C. 18:12-3.1(b)2viii is proposed for amendment to delete the sentence stating the information will be used to conduct statistical studies as the sentence has nothing to do with the formatting of the sheet. This subparagraph is also proposed for amendment to clarify that the true value should be consistent with full values of other real property in the event a property tax exemption is lost and the property is returned to taxable status.

N.J.A.C. 18:12-4.2(b) is proposed for amendment to clarify the submission timelines for revaluation contracts and reassessment contracts.

N.J.A.C. 18:12-4.3 is proposed for repeal. The Division of Taxation provides baseline provisions for contract language for revaluations to ensure uniform revaluations are conducted. Provided the contracts meet the minimum standards, the Division does not disapprove of the contract. In rare instances where the contract does not meet the minimum standards, Division representatives will meet with the municipality or the contracting firm to resolve the issue.

N.J.A.C. 18:12-4.4(a)8 through 11 are proposed to be added to ensure that the principals and the supervisors of the appraisal firms are licensed or certified, the nature of the work the firm has performed, the staff resources, and the ability for the firm to secure a security bond. This is to ensure that revaluations conducted by the appraisal firm are conducted properly, timely, and accurately in order to reduce costs for municipalities' pre- and post- appraisal, including litigation costs that may occur.

N.J.A.C. 18:12-4.8(a)6 is proposed for amendment to delete a sentence that was redundant and to clarify that the Real Property Appraisal Manual should be used for residential properties. N.J.A.C. 18:12-4.11(c) is proposed for amendment to add the word "system" in order to correct a typographical error.

A duplicative definition of "material injury" is proposed for deletion at N.J.A.C. 18:12-10.1.

N.J.A.C. 18:12-10.2(d)2 is proposed for amendment to reflect the Division of Taxation's interpretation of N.J.S.A. 54:4-1, pursuant to the decision in *Verizon N.J. Inc. v. Hopewell Borough*, 26 N.J. Tax 400 (Tax 2012).

N.J.A.C. 18:12-10.2(e) is proposed to codify the changes in statutory law pursuant to P.L. 2004, c. 42 section 14 (N.J.S.A. 54:4-1.20), which made outdoor advertising signs real property subject to local property taxation.

Because the Division has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement, pursuant to N.J.A.C. 1:30-3.3(a)5.

#### **Social Impact**

The intended effect of the rules proposed for readoption with amendments are to increase real property tax assessment fairness. The rules proposed for readoption with amendments implement statutory provisions by establishing standards for classifications of property to be followed by appraisal firms and assessors, preparation of tax lists by assessors, requirements for the approval of appraisal firms, and standards for revaluation. The public policy of seeking uniformity in the way revaluations and reassessments of real property are done will continue. This will minimize the effect of artificial factors on real property valuations and contribute to relative tax fairness, both in substance as well as perception. Codifying and updating what have been largely traditional practices by appraisal firms and assessors will also increase the goal of having most value determinations done in an equitable manner. In addition, requiring appraisal firms seeking certification as revaluation firms to obtain background checks on all field personnel will increase security for homeowners.

#### **Economic Impact**

The retaining, revising, and adding of sales of real properties that may not be used in determining assessment-sales ratios is retained from the existing rules. The rules proposed for readoption with amendments also seek to minimize the impact of artificial and/or subjective factors that

would tend to skew sales that are not arm's length transactions between willing buyers and sellers but which are used in State or county equalization. The rules proposed for readoption with amendments may also result in lower real property taxes for some real property owners and higher taxes for others, but are overall revenue neutral.

Additionally, the rules proposed for readoption with amendments relate to the standards and conditions that must be met by appraisal firms before they can be approved to do revaluations. The requirement that the firms create neighborhood maps for assessors may increase the cost of contracts between municipalities and firms.

The rules proposed for readoption with amendments may also promote uniformity of the revaluation process by providing additional information on the municipal tax map; requiring the municipality to accelerate the process by specific date submission of a tax map; and to make inspections of real property before existing property record cards may be relied on.

#### **Federal Standards Statement**

The rules proposed for readoption with amendments do not contain requirements that exceed those imposed by Federal law. The rules proposed for readoption with amendments represent policies of the State of New Jersey regarding implementation of N.J.S.A. 54:1-35.35 et seq. and 54:4-1 that are independent of Federal requirements or standards. Accordingly, no Federal standards analysis is required.

#### **Jobs Impact**

It is anticipated that the rules proposed for readoption with amendments may have an impact on the job market for persons applying for positions with firms doing revaluation work since the rules will require background checks of such persons. On the other hand, employment opportunities may increase with such firms due to the new requirement that they create neighborhood maps for assessors.

#### **Agriculture Industry Impact**

The rules proposed for readoption with amendments will have no adverse impact on the agriculture industry.

#### **Regulatory Flexibility Analysis**

The Division of Taxation, consistent with its mission, reviews its rules proposed for readoption with amendments with a view to minimizing the impact of the rules on small businesses to the extent permissible by law. The Division is required to administer the State's tax laws uniformly, equitably, and efficiently to maximize State revenues to support public services, and to ensure voluntary compliance with tax statutes without creating an impediment to economic growth.

The rules proposed for readoption with amendments apply to all real property revaluation firms approved by the Division and retained by the municipal tax assessors to carry out municipal tax revaluations, without regard to whether the taxpayer is a small business as the term is defined in the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The rules proposed for readoption with amendments set forth standards for valuation and revaluation of real property and qualifications for firms and individuals under contract with municipalities as assessors. The reporting, recordkeeping, and compliance requirements are as discussed in the Summary above.

The Division has reviewed the application of the Regulatory Flexibility Act to the rules proposed for readoption with amendments and because the tax rules must be applied uniformly and equitably, the Division cannot develop and apply special rules for small businesses that would be different from the rules applied to other parties.

#### **Housing Affordability Impact Analysis**

The rules proposed for readoption with amendments could result in a change in the average costs associated with housing. Property tax assessments may increase or decrease as the result of a local assessment, revaluation, or county tax board determination. However, the rules proposed for readoption with amendments would have no greater impact on any aspect of the affordability of housing than previously because the rules are not new and only continue or slightly modify rules that have been in place for many years.

**Smart Growth Development Impact Analysis**

The rules proposed for reoption with amendments have no impact on housing production, either within Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The rules proposed for reoption with amendments only involve the law pertaining to county boards of taxation and assessments and revaluations.

**Full text** of the rules proposed for reoption may be found in the New Jersey Administrative Code at N.J.A.C. 18:12.

**Full text** of the proposed amendments and repeal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 1. CATEGORIES OF NONUSABLE DEED TRANSACTIONS

18:12-1.1 Categories enumerated

(a) The **following** deed transactions [of the following categories] are not usable in determining assessment-sales ratios pursuant to N.J.S.A. 54:1-35.1 et seq.:

1. Sales between **immediate family** members [of the immediate family];

2. Sales in which “love and affection” are stated [to be] **as** part of the consideration;

3. Sales between a corporation and its stockholder, its subsidiary, its affiliate, or another corporation whose stock is in the same ownership;

4. Transfers of convenience; for example, [for the sole purpose of] **transfers** correcting defects in title, a transfer by a husband either through a third party or directly to himself and his wife for the purpose of creating a tenancy by the entirety, etc.;

5. Transfers [deemed not to have taken place] **that did not occur** within the sampling period. Sampling period is defined as the period from July 1 to June 30, inclusive, preceding the date of promulgation of the **Director’s Table of Equalized Valuation**, except as [hereinafter] **otherwise** stated. The recording date of the deed within this period is the determining date since it is the date of official record. Where the date of deed or date of formal sales agreement occurred prior to January 1, next preceding the commencement date of the sampling period, the sale shall be nonusable;

6. Sales of property conveying only a portion of the assessed unit, **for example, a parcel sold out of a larger tract where the assessment is for the larger tract**, usually referred to as [apportionments] **subdivisions**, split-offs, or cut-offs; [for example, a parcel sold out of a larger tract where the assessment is for the larger tract;]

7. Sales of property substantially improved subsequent to assessment and prior to the [sale thereof] **date of sale**;

8. (No change.)

9. Sales of [properties] **property** that are subject to an outstanding Municipal Tax Sales Certificate, a lien for more than one year in unpaid taxes on real property pursuant to N.J.S.A. 54:5-6, or other governmental lien;

10. Sales by guardians, **testamentary** trustees, executors, and administrators;

11.-12. (No change.)

13. Sales in proceedings in bankruptcy, receivership, or assignment for the benefit of creditors, [and] dissolution or liquidation sales, **and short sales**;

14.-16. (No change.)

17. Sales to or from any charitable, religious, or benevolent organization;

18. Transfers to banks, insurance companies, savings and loan associations, [or] mortgage companies, **or other financial institutions** when the transfer is made in lieu of foreclosure; [where the foreclosing entity is a bank or other financial institution;]

19. Sales of [properties whose] **property for which** assessed value has been **or is** substantially affected by demolition, fire, documented environmental contamination, or other physical damage [to the property] subsequent to assessment and prior to the [sale thereof] **date of sale**;

20. Acquisitions, resale, or transfer by railroads, pipeline companies, or other public utility corporations for **easements or** right-of-way purposes;

21.-22. (No change.)

23. Sales of commercial or industrial real property, which include machinery, fixtures, equipment, inventories, **licenses**, or goodwill when the values of such items are indeterminable;

24. Sales of property, the value of which has been **or is** substantially influenced by zoning changes, planning board approvals, variances, or rent control **provisions** subsequent to assessment and prior to the sale;

25. [Transactions] **Transfers** in which the full consideration as defined in the “Realty Transfer Fee Act” is less than \$100.00;

26. Sales [which] **that** for [some] reasons other than specified in the enumerated categories are not [deemed] **considered** to be [a transaction] between a willing, **knowledgeable** buyer, not compelled to buy, and a willing, **knowledgeable** seller, not compelled to sell;

27. Sales occurring within the sampling period but prior to a change in assessment [practice] resulting from [the completion of] a recognized revaluation or reassessment [program], that is, sales recorded during the period July 1 to December 31 next preceding the tax year in which the [result of such] revaluation or reassessment [program] **value** is placed on the tax roll[.];

28. Sales of [properties which are] **property** subject to [a] leaseback [arrangement] **arrangements**;

29. Sales of [properties] **property** subsequent to the year of appeal, where the assessed [value is] **values are** set by court order, consent judgment, or [application of] the “Freeze Act”;

30. Sales in which [several] **multiple** parcels are conveyed **collectively** as [a package deal] **one transaction** with an arbitrary allocation of the sale price of each parcel;

31. (No change.)

32. Sales of a property in which an entire building or taxable structure is omitted from the assessment; and

33. Sales of qualified farmland or currently exempt **or abated** property.

(b) Transfers [falling] within the foregoing category numbers 1, 3, 9, 10, 15, 17, 26, and 28 (under (a) above), should generally be excluded but may be used if after full investigation it clearly appears that the transaction was a sale between a willing buyer, not compelled to buy, and a willing seller, not compelled to sell, with all conditions requisite to a fair sale with the buyer and seller acting knowledgeably and for their own self-interests, and that the transaction meets all other requisites of a usable sale.

SUBCHAPTER 2. PREPARATION AND FILING OF LOCAL PROPERTY TAX LIST AND DUPLICATE

18:12-2.1 Insertion of property classification code on line items

The [municipal tax] assessor of each taxing district shall classify each line item [appearing in] **on** the tax list according to the several categories [shown below, and shall designate the same] **enumerated in N.J.A.C. 18:12-2.2** by the applicable property classification code symbol.

[PROPERTY CLASSIFICATION CODE

<u>Symbol</u>	<u>Category</u>
1	Vacant Land
2	Residential (4 Families or less)
3A	Farm (Regular)
3B	Farm (Qualified)
4A	Commercial
4B	Industrial
4C	Apartment/cooperative
5A	Class I Railroad
5B	Class II Railroad
6A	Personal Property Telephone
6B	Machinery, Apparatus or Equipment of Petroleum Refineries
15A	Exempt Public School
15B	Exempt Other School
15C	Exempt Public
15D	Exempt Charitable

Symbol	Category
15E	Exempt Cemetery
15F	Exempt Miscellaneous]

## 18:12-2.2 Property classifications with definitions

(a) (No change.)

(b) Class 2: “Residential **Property**” means property described generally as a dwelling house [including] **and** the lot or parcel of land on which the dwelling house is situated. The dwelling is functionally designed for use and enjoyment by not more than four families [This class] **and** includes residential condominiums. A dwelling functionally designed for use and enjoyment by more than four families should be designated Class 4C “**Apartments**.”

[(c) Class 3A: “Farm property (Regular)” means land being used for agricultural or horticultural purposes, including its use for the breeding, pasturing and production of livestock and animal products. Farm property also includes land, together with improvements, where the use of the land and function of the buildings thereon are for agricultural or horticultural purposes, as well as farm houses and the lots or parcels of land on which they are situated. For definitions of agricultural use and horticultural use, see N.J.A.C. 18:15-1.1, adopted under the “Farmland Assessment Act of 1964,” N.J.S.A. 54:4-23.1 et seq.]

(c) Class 3A: “Farm Property (Regular)” means:

1. Land, together with improvements, where the use of the land and function of the buildings on that land are for agricultural or horticultural purposes, but which is not qualified for nor assessed under the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1 et seq.;

2. Improvements of the types and like listed in N.J.S.A. 54:4-23.11, including barns, sheds, silos, etc., which are located on land classified as Class 3B “Farm Property (Qualified).” However, such improvements shall not include “single-use agricultural or horticultural facilities” as defined in N.J.S.A. 54:4-23.12, which are considered personal property; and

3. Farm houses and the lots or parcels of land on which they are situated. For definitions of agricultural use and horticultural use, see N.J.A.C. 18:15-1.1, adopted under the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1 et seq.

(d) Class 3B: “Farm [property] **Property (Qualified)**” means land [which] that has qualified and is assessed under the Farmland Assessment Act of 1964, [P.L. 1964, c. 48] N.J.S.A. 54:4-23.1 et seq.

(e) Class 4A: “Commercial [properties] **Property**” means any other type of income-producing property other than property in classes 1, 2, 3A, 3B, [and those properties included in classes 4B and 4C below] **4B, and 4C; for example, shopping centers, malls, office buildings, restaurants, theaters, etc.**

(f) Class 4B: “Industrial [properties] **Property**” means land or land and improvements adaptable for industrial use; ideally, a combination of land, improvements, and machinery, which [has been] is integrated into a functioning unit intended for the assembling, processing, and manufacturing of finished or partially finished products from raw materials or fabricated parts, such as factories; or a similar combination intended for rendering service, such as laundries, dry cleaners, or storage warehouses.

(g) Class 4C: “Apartments” designed for the use and enjoyment of five families or more [This class includes] **including** residential co-operatives and mutual housing corporations. **Medical residential facilities such as assisted living facilities, comprehensive personal care homes, long-term care facilities, acute care facilities, nursing homes, drug abuse treatment centers, hospice facilities, behavioral health programs, or residential health care facilities are Class 4A properties, not Class 4C properties.**

1. While [classes] **Classes 4A, 4B, and 4C** are required to be separately designated on the tax list, the aggregate of these classes will be indicated as [class] **Class 4 (“Other”)** for the purpose of the Table of Equalized Valuations (school aid table).

(h) Class 5A: “Railroad Class I” means real property consisting of the length of main stem of a railroad in each taxing district. **For the definition of main stem, see N.J.A.C. 18:23-1.2.**

(i) Class 5B: “Railroad Class II” means all real property used for railroad purposes [which] **that** is not [class] **Class I** or classified [(“Railroad Class III” [means] **meaning** passenger facilities)].

(j) Class 6A: “Personal Property Telephone” means tangible goods and chattels exclusive of inventories used in the business of **local exchange** telephone companies **that were subject to tax as of April 1, 1997, under P.L. 1940, c. 4 (N.J.S.A. 54:30A-16 et seq.), now repealed, and providing dial tone and access to 51 percent of a local telephone exchange as of January 1 of the pre-tax year.**

(k) Class 6B: “Machinery, Apparatus, or Equipment of Petroleum Refineries” means the machinery, apparatus, or equipment of a petroleum refinery [that is] directly used to manufacture petroleum products from crude oil in any [of the] series of petroleum refinery processes commencing with the introduction of crude oil and ending with refined petroleum products, but shall exclude items of machinery, apparatus, or equipment [which are] located on the grounds of a petroleum refinery but which are not directly used to refine crude oil into petroleum products.

(l) Class 15A: “Public School Property” means real property owned by Federal, State, county, or local governments, or their agencies used for public education.

(m) (No change.)

(n) Class 15C: “Public Property” means real property owned by Federal, State, county, or local governments, or their agencies and devoted to public uses.

(o) Class 15D: “Church and Charitable Property” means real property owned by religious and charitable organizations actually [and exclusively] used in the work of the organizations.

(p) Class 15E: “Cemeteries and Graveyards” means real property solely devoted to or held for use as a cemetery, graveyard, or burial ground.

(q) (No change.)

## 18:12-2.3 Tax list page summaries; recapitulation of property

(a) The [municipal tax] assessor shall prepare a summary containing the valuations as they appear in the tax list and duplicate for both taxable and exempt properties. In addition, the [municipal tax] assessor shall prepare an alphabetical index listing the taxpayer by name. The summaries will pertain to the property classification code as described in N.J.A.C. 18:12-2.1.

(b) The [municipal tax] assessor shall [make provisions] **provide** for a summary of deduction amounts for senior citizens, disabled citizens, and their surviving spouses, **surviving civil union partners, and surviving domestic partners**, and for veterans and their surviving spouses, **surviving civil union partners, and surviving domestic partners**, and the surviving spouses, **surviving civil union partners, and surviving domestic partners** of servicepersons. There shall also be a summary [setting forth] of the number of parcels and the exemption amounts for the following:

1.-3. (No change.)

4. Water Supply Control or [sewerage disposal system] **Sewerage Disposal System** (N.J.S.A. 54:4-3.56);

5.-10. (No change.)

11. Multiple Dwelling Abatement (N.J.S.A. 40A:21-6); [and]

12. Urban Enterprise Zone Abatement (N.J.S.A. 54:4-3.139)[.]; **and**13. **Renewable Energy Systems** (N.J.S.A. 54:4-3.113a).

(c) The [municipal tax] assessor shall prepare a summary of special tax districts such as fire, garbage, water, and special improvement district, and eligibility for the Regional Efficiency Aid Program, as established by the Regional Efficiency Aid Program Act pursuant to N.J.S.A. 54:4-8.76.

## 18:12-2.4 Insertion of building description code on line items

The [municipal tax] assessor [of each taxing district] shall include in the tax list the applicable building description code designation for each line item, and such inclusion shall be in accordance with the building description code appearing [below].

BUILDING DESCRIPTION CODE

FORMAT

Stories:

S Prefix S with number of stories

Structure:

Al Aluminum siding  
 B Brick  
 CL Clapboard  
 CB Concrete block  
 F Frame  
 M Metal  
 RC Reinforced concrete  
 S Stucco  
 SS Structural steel  
 St Stone  
 V Vinyl Siding  
 W Wooden  
 WS Wood Shingles

Style:

A Commercial  
 B Industrial  
 BN Bungalow  
 C Apartments  
 CD Contemporary  
 CN Condominium  
 CP Residential co-op  
 D Dutch Colonial  
 E English Tudor  
 F Cape Cod  
 L Colonial  
 M Mobile home  
 OS Old Style  
 R Rancher  
 S Split level  
 T Twin  
 TW Townhouse  
 VC Victorian  
 W Row home  
 X Duplex  
 Z Raised rancher  
 O Other  
 2 Bilevel  
 3 Trilevel

Garage:

AG Attached garage  
 BG Basement garage  
 BiG Built-in garage  
 UG Unattached garage

Note: Number of cars is prefixed to Code.

Example: 1.5SSt L 2AG means 1½ stories, stone, colonial, two car attached garage] in the MOD IV User Manual.

18:12-2.5 Separate line item for farm property assessment

Where a portion of a **farmland** parcel [of farmland] is assessed under the [provision of the] Farmland Assessment Act of 1964 as “Farm (Qualified),” Class 3B, and another portion of the parcel is assessed as “Farm (Regular),” Class 3A, each [said] portion must be shown on the tax list as a separate line item. All farm real property improvements should be included under classification 3A **“Farm (Regular).”**

18:12-2.6 Veteran, senior citizen, disabled citizen, and surviving spouse deductions

(a) Approval of a tax deduction should be indicated by designating the claimant as “V” in the case of veteran, by “W” in the case of a widow or widower, **surviving spouse, surviving civil union partner,**

**or surviving domestic partner** of a veteran or serviceperson, by “S” in the case of a senior citizen, by “D” in the case of a disabled citizen, and by “R” in the case of a surviving spouse, **surviving civil union partner, or surviving domestic partner.**

(b) In the case of multiple ownership of a property for which tax deduction is claimed, each line item of the tax list and duplicate must reflect the total number of owners and the number of veterans, veterans’ and servicepersons’ surviving spouses, **surviving civil union partners, or surviving domestic partners,** senior citizens, disabled citizens, and their surviving spouses, **surviving civil union partners, or surviving domestic partners.**

18:12-2.7 Hackensack Meadowlands District designations

(a) [Municipal tax assessors] **Assessors** shall be guided by [Section 61 of the Hackensack Meadowlands Reclamation and Department Act (N.J.S.A. 13:17-63.)] which provides that “(a) In preparing the list of owners of taxable property pursuant to Revised Statutes 54:4-24, the assessor of each constituent municipality shall indicate in the list for each parcel of property whether or not it is located within the district boundaries, in accordance with regulations prescribed by the Director of the Division of Taxation . . . When the boundary of the district divides a lot of land, the entire lot shall be included with the district.”]

(b) The [municipal tax] assessor for the taxing districts of Carlstadt, East Rutherford, Little Ferry, Lyndhurst, Moonachie, North Arlington, Ridgefield, Rutherford, South Hackensack, and Teterboro, all in Bergen County; and Jersey City, Kearny, North Bergen, and Secaucus, all in Hudson County, in preparing the annual tax list for the aforementioned taxing districts shall, in addition to furnishing all other information required on the tax list, indicate for each parcel of property whether or not such parcel is located within the boundaries of the Hackensack Meadowlands District, that is, the area within the jurisdiction of the [Hackensack Meadowlands Development Commission] **New Jersey Sports and Exposition Authority** in such area as mandated by N.J.S.A. 13:17-63.

(c) [In the case of a parcel of] **The assessor shall indicate** property located within the boundaries of the Hackensack Meadowlands District, [the municipal tax assessor shall indicate such fact] by adding the letter “HM” to the lot number or to the lot number suffix in the column of the tax list captioned “Block No. Lot No.”

(d) When the boundary of the Hackensack Meadowlands District divides a lot [of land], the entire lot shall be included within the district.

18:12-2.8 Tax list and instructions

(a) [The instructions in this] **This** section [describe] **describes** the form and content of the real property tax list and duplicate for each tax year as prescribed by the Director of the Division of Taxation.

1. The size of the tax list and duplicate should be 14 inches by 17 inches **or 8 ½ inches by 11 inches.** Each page of a tax list should provide for 14 line items.

i. Page headings:

(1) Title: “REAL PROPERTY TAX LIST”; An identical list shall also be prepared [which shall serve] as the [municipal tax] assessor’s duplicate;

(2)-(5) (No change.)

ii. Column headings: The following headings shall appear on the real property tax list and duplicate.

(1) (No change.)

(2) Column 2—Block number, lot number, qualification code, and account number: Insert the **parcel** block and lot number [of the parcel] and the qualification code if any. Qualification codes are shown on the real property tax list under the legend. [The] **Enter the** account number, if used,[shall be entered] in this column.

(3) Column 3—Land dimensions, acreage, property classification, building description code and additional lots: Insert land dimensions of **the** lot or lots or [the] acreage [where applicable], [appropriate] building description code and [the appropriate] property classification.

(4)-(6) (No change.)

(7) Column 7—Exemptions: [The] **Insert the** exemption code and [the] exemption amount [should be inserted] in this column. The specific exemptions are as [follows]:

Code

E—Fire Suppression System	(N.J.S.A. 54:4-3.130)
P—Pollution Control	(N.J.S.A. 54:4-3.56)
F—Fallout Shelter	(N.J.S.A. 54:4-3.48)
W—Water Supply Control	(N.J.S.A. 54:4-3.56)
G—Commercial Industrial	(N.J.S.A. 40A:21-8)
I—Dwelling Exemption	(N.J.S.A. 40A:21-1)
J—Dwelling Abatement	(N.J.S.A. 40A:21-1)
K—New Dwelling/Conversion Exemption	(N.J.S.A. 40A:21-5)
L—New Dwelling/Conversion Abatement	(N.J.S.A. 40A:21-5)
N—Multi Dwelling Exemption	(N.J.S.A. 40A:21-6)
O—Multi Dwelling Abatement	(N.J.S.A. 40A:21-6)
U—Urban Enterprise Zone	(N.J.S.A. 54:4-3.139)

found in the MOD IV User Manual.

(8) (No change.)

(9) Column 9—Deductions: Approval of a tax deduction should be indicated by designating “V” in the case of a veteran, “W” in the case of a widow or widower, **surviving spouse, surviving civil union partner, or surviving domestic partner** of a veteran or serviceperson, “S” in the case of a senior citizen, “D” in the case of a disabled citizen, and “R” in the case of a surviving spouse, **surviving civil union partner, or surviving domestic partner**. [If] **Indicate if** there are several owners or deductions[, indicate this information] in this column **to determine the proportionate share of the eligible applicant’s interest in the property**.

[(A) The above information is necessary to determine the proportionate share of the eligible applicant’s interest in the property.]

(10) Special tax codes: Insert the special tax code as [follows:

F—Fire

G—Garbage

S—Special Improvement District

W—Water

R—R.E.A.P. Eligible] **found in the MOD IV User Manual**.

iii. Property classification summary:

(1) The summary of the several real property classes will be prepared on a separate listing [. The summary] **and** will facilitate the preparation of an accurate sales ratio card (Form SR-3A) for each taxing district [in the State].

(2) Note that classification 3 (Farm) [has been] **is** divided into two sub-classes. [Classification] **Class 3A** (Regular) includes all farmland and farm improvements not [subject to] **assessed under** the [“]Farmland Assessment Act of 1964[”] (P.L. 1964, c. 48). [Classification] **Class 3B** (Qualified) includes those lands [which] **that** are assessed under the Farmland Assessment Act of 1964. Farms [listed under classification] **classified as 3B** are subject to roll-back taxes in the event of a change in use.

iv. [Municipal tax assessor’s] **Assessor’s** affidavit—form and content:

(1) See N.J.S.A. 54:4-36 for the form of affidavit to be annexed to the tax list and duplicate.

(2) When a district-wide revaluation or reassessment [has been completed and put into operation] **is implemented**, and [such] **the** taxable valuations conform to the **county** percentage level established for such year [for expressing the taxable value of real property in the county], the [municipal tax] assessor should [be sure to] affix to his **or her** assessment list and duplicate, the affidavit and additional statement required under N.J.S.A. 54:4-36(a) and (b), in order that the percentage level established for the taxable value of real property in the county [may] be accepted as the common level for such year. (See N.J.S.A. 54:4-2.47).[.]

SUBCHAPTER 3. PREPARATION AND FILING OF EXEMPT PROPERTY TAX LIST AND DUPLICATE

18:12-3.1 Tax exempt list; format and contents

(a) [Municipal tax assessors] **Assessors** are required to enter [in] **on** the exempt property list and duplicate, **in the form and content prescribed by the Director of the Division of Taxation**, a description

of all churches, cemeteries, public buildings, and other real property exempt from taxation with the **owner’s** name [of the owner] and the value of such land and buildings.

(b) [The information required under (a) above is to be contained in the form and content of the exempt property list and duplicate as prescribed by the Director of the Division of Taxation.] The size of the exempt property list and duplicate should be 14 inches x 17 inches **or 8 ½ inches by 11 inches and consist of 14 line items per page**. [Each page of the list should provide for 14 line items.]

1. Page headings:

i. Title: “EXEMPT PROPERTY LIST”: An identical list shall also be prepared [which shall serve] as the [municipal tax] assessor’s duplicate;

ii.-v. (No change.)

2. Column headings: The following headings shall appear on the exempt property list.

i. (No change.)

ii. Column 2—Block number, lot number, qualification code, and account number: Insert the block and lot number of the parcel and the qualification code if any. Qualification codes are shown on the exempt property tax list under the legend. [The] **Enter the** account number, if used, [shall be entered] in this column.

iii. Column 3—Name of facility: Insert building description code, property classification, land dimensions, acreage, and additional lots.

iv. Column 4—Owner’s name: Insert the **owner’s** full name [of the owner, the owner’s] **and** mailing address, the property location [which identifies the location] by street name and number, billing code, zoning, and the tax map page.

v. Column 5—Identification code: Use the code as shown in the New Jersey Property Tax System Legend by the Division of Taxation. Insert the two [appropriate] digits [which] **that** denote ownership. Insert the two [appropriate] digits [which] **that** denote the property purpose or use. Also, insert the three [appropriate] digits [which] **that** denote specific description.

vi. Column 6—Statute under which exemption claimed: [In accordance with the provisions of N.J.S.A. 54:4-27, municipal tax assessors] **Assessors** are required **by N.J.S.A. 54:4-27** to state the [grounds] **reasons** for exemption for each [parcel of] property to which **a tax** exemption [from taxation] is allowed. The [citation of the] statute under which an exemption is allowed can be found on Line 13 of a properly executed Initial Statement Form, Form [1.S] **I.S.**

vii. Column 7—Filing date of statement: Insert the date on which the initial statement and/or further statement was filed with the [municipal tax] assessor’s office [as required by law]. A further statement, Form F.S., is required to be filed every third year following the filing of an initial statement [which was the basis for granting] **to continue receiving** the exemption. (See N.J.S.A. 54:4-4.4.)

viii. Column 8—Land value: Insert the true value of the land to which an exemption [has been] **is** granted. [This will facilitate the conduct of the ongoing Statewide statistical study.] This value should be consistent with full values of other real property in the taxing district **in the event the exemption is lost and the property is returned to taxable status**.

ix. Column 9—Insert the true value of all buildings or improvements to which an exemption [has been] **is** granted.

x. Column 10—Total exempt value: Insert in this column the sum of column 5 and column 9. The total of all exempt property should agree with the total exempt property as shown in the table of aggregates that is filed with the county board of taxation. The exempt property list should be produced in block and lot sequence together with an alphabetical list showing the owner of the exempt property. These lists should be inserted [in] **at the back** [portion] of the tax list and duplicate.

SUBCHAPTER 4. REVALUATION OF REAL PROPERTY BY APPRAISAL FIRMS

18:12-4.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

...

“Firm” means any individual, partnership, corporation, or other association contracting to perform a revaluation or [assistance] to assist with a reassessment.

18:12-4.2 Authority of the Director; approval of contracts

(a) The Director shall establish standards [to be used] for use in the valuation and revaluation of real property for assessment purposes, and shall prescribe minimum qualifications for engaging in the business of providing such services to municipalities in this State.

(b) Prior to the execution of any contract, a municipality shall submit the contract to the Director for [his or her] review. The Director shall make a determination [regarding the revaluation contract] within 30 days of submission for revaluation contracts and [for reassessment contracts] within 45 days of submission for reassessment contracts.

(c) No firm shall assign or transfer a contract or any interest therein without written permission from the municipality, surety company, county board of taxation, and the Director.

(d) (No change.)

18:12-4.3 Appeals from Director’s disapproval of contract

(a) Any municipality, firm or individual aggrieved by any determination of the Director respecting a revaluation contract may request a formal hearing before the Director who shall render a decision within 30 days of the completion of the said hearing.

(b) Such hearing shall be conducted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

(c) An appeal of the Director’s decision may be taken within 45 days of the date of final decision to the Appellate Division pursuant to the Rules of Court.]

**18:12-4.3 (Reserved)**

18:12-4.4 Appraisal firm: required information to be submitted

(a) An appraisal firm seeking approval from the Director to become [an approved] a New Jersey revaluation firm shall [initially provide] submit the following information [which shall be submitted] annually [thereafter]:

1. (No change.)

2. A list of municipalities both in and outside New Jersey [and outside the State] where the revaluations [have been] were performed during the past five years;

3. (No change.)

4. A statement of whether any litigation involving the firm’s performance or revaluation contract [has] occurred during the past five years [and, if so, explain in detail], and a detailed explanation of the nature of such litigation and the results [thereof];

5. Any additional information the Director [deems] considers pertinent to determine whether the firm has adequate staff and resources to undertake a municipal valuation project;

6. A written statement asserting that the firm shall meet State and Federal requirements with respect to Equal Employment Opportunity laws and minimum wage rates; [and]

7. The names and addresses of the firm’s parent corporation and subsidiaries, if any[, shall be submitted.];

8. A copy of the appraisal license or certification for all principals of the firm and/or supervisors employed by the firm and who will be responsible for performing appraisals;

9. The nature and extent of professional appraisal work the firm has performed and the total number of staff currently employed and their titles;

10. A breakdown of general staff resources of the firm with regard to field/building enumerators and clerical office personnel; and

11. An indication that the firm is able to secure a surety bond for the completion of revaluation work performed under contract.

18:12-4.5 Conflict of interest

(a) A contract submitted to the Director shall include the following provisions with respect to officers, stockholders, and employees of the firm:

1. No commissioner or employee of a county board of taxation within the county shall have any interest whatsoever, directly or indirectly, as an officer, stockholder, or employee, or in any other capacity of the firm.

2. (No change.)

18:12-4.6 Appraisal firm[:]; qualifications of principals and employees

(a) The principals of the firm and the employees of the firm directly engaged in municipal revaluation programs in this State shall meet the following minimum requirements:

1. (No change.)

2. Supervisors shall have four years of practical and extensive appraisal experience in the [appraisal] valuation of the particular type of properties for which they are responsible. Two years of this experience must [have been] be in [the] mass appraisal [field] and have occurred within the past five years;

3. Field personnel[, building enumerators and lists] and/or data collectors shall have received 150 hours of in-service training pertaining to their particular phase of work and shall be generally aware of all other phases of the revaluation project before starting actual field work;

4. (No change.)

5. [A resume] Resumes shall be submitted on behalf of principals and supervisors.

18:12-4.7 Municipality; conditions to be met

(a) A municipality shall facilitate a firm’s performance of the revaluation by providing [the following]:

1. (No change.)

2. Official records and such other assistance required as an aid to the firm’s performance. However, this does not relieve the firm’s responsibility to field inspect all properties[.];

3. (No change.)

4. The mailing addresses of all property owners in the municipality to enable the revaluation firm to maintain a current mailing list. Informational letters mailed by the revaluation firm to property owners may require the signature of the [municipal tax] assessor.

18:12-4.8 Standards for revaluation

(a) Any firm engaged in the revaluation of all of the real property in a municipality shall comply with the standards and conditions set forth in this subchapter. The revaluation firm acts as the agent of the [municipal tax] assessor and all determinations made by the firm shall be submitted to, and approved by, the [municipal tax] assessor.

1. (No change.)

2. With regard to real property being constructed or altered, the firm shall determine the percentage of completion and the appraised value of said property as of October 1 of the [pretax] pre-tax year.

3.-5. (No change.)

6. To facilitate the use of the approaches to value, the most recent edition of the Real Property Appraisal Manual for New Jersey Assessors shall be used for residential properties. [The use of any other appraisal manual as a basis for valuing real property shall require approval by the Director.]

7. (No change.)

8. The real property identification material to be entered on property record cards shall include, but not necessarily be limited to, the following:

i.-ii. (No change.)

iii. Entries on the property record cards respecting the values of each lot and building including such items as age, construction, condition, depreciation, obsolescence, additions and deductions, appraised value, recent sales prices, rental data, and other pertinent information pertaining to the valuation of the property;

iv. Where more than one property card is required in the description of a property, all cards shall be assembled in a standard file folder and [property] properly labeled;

v.-vi. (No change.)

9. The inspection of each property shall be performed in the following manner:

i.-v. (No change.)

vi. The [municipal tax] assessor shall be notified in writing of each failure to gain entry to a property and a list of all non-entries and reasons

for same shall be provided to the [municipal tax] assessor prior to the mailing of values.

10. Every contract shall include the following items representing progress and control of operations:

- i. (No change.)
- ii. A requirement providing for the submission to the [municipal tax] assessor of a work schedule or plan of operations;
- iii. The firm shall provide written monthly progress reports to the [municipal tax] assessor for [his] review. The [municipal tax] assessor shall forward the reports to the county board of taxation. If the county board of taxation does not receive the required monthly progress report, it must notify in writing the Director of the Division of Taxation immediately;
- iv. (No change.)
- v. Any change in personnel shall be submitted in writing to the [municipal tax] assessor and county board of taxation.

11. A provision committing the firm to conduct and/or assist the municipality in a program of taxpayer orientation and education regarding the revaluation program including, but not necessarily limited to, the following:

- i.-ii. (No change.)
- iii. Mailings approved by the [municipal tax] assessor, at the firm’s expense to all property owners explaining the nature and purpose of the revaluation and setting forth a proposed date for the commencement of inspections in the municipality.

12. (No change.)

13. Following the formulation of land valuations, a land value map shall be prepared for the [municipal tax assessor for his or her] assessor’s review [which] that will indicate all unit values and underlying data used to derive unit values.

14. The firm shall create a neighborhood map [prepared] for the [municipal tax] assessor that will indicate all neighborhoods and/or value control sectors in the municipality;

15.-16. (No change.)

17. The firm shall assist by providing expert witnesses in the defense of all valuations rendered to the municipality [which] that are appealed to the county tax board. The firm’s obligation with respect to this requirement is limited to the initial appeal of an assessment filed during the year in which the revaluation is implemented or the following tax year. Such assistance shall include a qualified expert from the firm who is knowledgeable with regard to challenged assessments. In the event the municipality elects to utilize the defense services of the firm for appeals beyond the county board of taxation level and which are filed during the year in which the revaluation is implemented or the following tax year, an hourly rate for such services shall be set forth by the firm. Said hourly rate shall apply to services rendered by the firm in connection with preparation, reinspections, consultations, and actual appearances at appeal proceedings.

18:12-4.9 Taxpayer review procedure

- (a) (No change.)
- (b) The firm, at its expense, shall mail a written notice, approved by the [municipal tax] assessor, indicating the appraised value of the property and advising the taxpayers of their right to attend an individual informal review.

(c) Informal reviews shall be held at a designated location within the municipality and shall be scheduled so as to allow the firm sufficient time to fully review and discuss the proposed assessment with the taxpayer as follows:

- 1.-2. (No change.)
- 3. A written record of each review shall be provided to the [municipal tax] assessor in a format approved by the [municipal tax] assessor;
- 4. Suggested revisions by the firm resulting from the taxpayers’ reviews shall be made with the consent of the [municipal tax] assessor; and
- 5. (No change.)

18:12-4.10 Surety and insurance

(a) Prior to the commencement of a contract, the firm shall provide assurance that the municipality will be adequately protected and [saved] held harmless from any lawsuit, litigation, demand, or claim arising out

of the revaluation contract. In support of the foregoing, and in addition to all indemnification and other coverages required by law, the firm shall provide the following:

- 1.-2. (No change.)
- 3. A performance surety bond in the amount of the contract, executed by a reputable bonding company authorized to do business in this State, subject to reduction to 10 percent of the contract amount upon acceptance of the completed revaluation by the [municipal tax] assessor. Said reduced amount shall remain in effect until the firm has discharged all obligations respecting the defense of the contract; and
- 4. (No change.)

18:12-4.11 Delivery and summary

(a) A firm shall provide the [municipal tax] assessor with completed property record cards filed in sequence by block and lot numbers for all taxable and exempt properties or in a digital format as determined by the municipality. All supporting data, documentation, and special procedures used in deriving values shall also be provided to the [municipal tax] assessor.

(b) A firm shall make available qualified personnel for the purpose of giving full explanation and instructions to the [municipal tax] assessor and his or her staff with regard to all materials submitted in all phases of the final revaluation.

(c) A file containing the new values must be provided by the revaluation firm to the [municipal tax] assessor in a format and medium consistent with the current New Jersey Property Tax System.

SUBCHAPTER 10. REAL PROPERTY DEFINED

18:12-10.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context indicates otherwise:

...

“Machinery, apparatus, or equipment” means any machine, device, mechanism, instrument, tool, tank, or item of tangible personal property used or held for use in business. The term includes, but is not limited to, that machinery, apparatus, or equipment described in N.J.A.C. 18:24-4.2. The term also includes machinery, apparatus, or equipment directly used in the production or sale of gas, water, steam, electricity, or telecommunications services and such items directly used in the production of property on farms as defined in N.J.S.A. 54:32B-8.16.

...

“Material injury” in the case of property severed or removed from the real property means physical damage to the personal property sufficient to destroy its utility.]

...

“Production process” means the process of commencing with the introduction of raw materials or components into a systematic series of manufacturing, assembling, refining, or processing operations and ceasing when the product is in the form in which it will be sold to the ultimate consumer.

“Structure” means any assemblage of building or construction materials fixed in place for the primary purpose of supporting, sheltering, containing, or enclosing persons or property. The term “structure” does not include machinery, apparatus, or equipment [which] that the structure is designed to hold in place, shelter, contain, or enclose.

“Used or held for use in business” means any item of machinery, apparatus, or equipment used or held for use in business transaction, activity, or occupation conducted for profit in New Jersey.

18:12-10.2 Real and personal property subject to the local property tax

- (a)-(b) (No change.)
- (c) Based on the criteria set forth in (b) above:
  - 1. Machinery, apparatus, or equipment used or held for use in business constitutes real property subject to local property taxation only if either the machinery, apparatus, or equipment is a structure, or the machinery, apparatus, or equipment’s primary purpose is to enable a structure to support, shelter, contain, enclose, or house persons or property. However, pipe racks, piping, and electrical wiring up to the

point of connections with the machinery, apparatus, or equipment of a production process meet the requirements of (b) above, and are subject to local property taxation as real property; and

2. (No change.)

(d) Personal property subject to local property taxation includes only:

1. (No change.)

2. Tangible goods and chattels, exclusive of inventories, used in the business of local exchange telephone, telegraph, and messenger systems, companies, corporations, or associations that were subject to tax as of April 1, 1997, under P.L. 1940, c.4 (N.J.S.A. 54:30A-16 et seq.), as amended, now repealed. A local exchange telephone company means a telecommunications carrier providing dial tone and access to 51 percent of a local telephone exchange as of January 1 of the pre-tax year.

(e) Notwithstanding the provisions of N.J.S.A. 54:4-1, an outdoor advertising sign required to be permitted pursuant to the Road Sign Control and Outdoor Advertising Act (N.J.S.A. 27:5-5 et seq.), the sign's supporting structure having the primary purpose of supporting the outdoor sign, its other constituent parts, and the foundation if any to which the supporting structure is attached, are considered real property subject to local property taxation.

## OTHER AGENCIES

### (a)

#### NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

#### District Zoning Regulations Official Zoning Map Block 4014, Lot 14.01, in the Borough of Ridgefield Proposed Amendment: N.J.A.C. 19:4-3.3

Authorized By: New Jersey Sports and Exposition Authority, Wayne Hasenbalg, President and CEO.

Authority: N.J.S.A. 5:10A-1 et seq., specifically 5:10A-7(b) and N.J.A.C. 19:3-1.3 and 1.5.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2017-178.

A public hearing on this matter will be held on Tuesday, August 29, 2017, at 10:00 A.M. at the following location:

New Jersey Sports and Exposition Authority  
One DeKorte Park Plaza  
Lyndhurst, New Jersey 07071

Submit written comments by October 6, 2017, to:

Sara J. Sundell, P.E., P.P.  
Director of Land Use Management  
New Jersey Sports and Exposition Authority  
One DeKorte Park Plaza  
Lyndhurst, New Jersey 07071  
[sara.sundell@njmeadowlands.gov](mailto:sara.sundell@njmeadowlands.gov)

It is requested (but not required) that anyone submitting written comments also include a disc or USB flash drive containing a digital version, preferably in Microsoft Word. Interested persons may obtain a copy of this notice of proposal from the NJSEA website, [www.njmeadowlands.gov](http://www.njmeadowlands.gov). The notice of proposal may also be inspected during normal office hours at the NJSEA, One DeKorte Park Plaza, Lyndhurst, New Jersey 07071.

The agency proposal follows:

#### Summary

On March 20, 2017, a petition for rezoning was received by the New Jersey Sports and Exposition Authority (NJSEA) from the property owner, 175 Railroad Avenue Realty Associates, LLC, regarding the property identified as Block 4014, Lot 14.01 (subject property), located within the Hackensack Meadowlands District (HMD), in the Borough of Ridgefield. The subject property is currently located in both the Light

Industrial B (LIB) and Environmental Conservation (EC) zones on the Hackensack Meadowlands District Official Zoning Map. The petitioner requested that the NJSEA rezone a 2.02 acre portion of the subject property from LIB to EC and a 0.98 acre portion of the subject property from EC to LIB.

The subject property totals approximately 11.11 acres fronting on Railroad Avenue, which provides the only access to the site. An existing industrial building, with an approximate footprint of 101,590 square feet, is situated on the eastern two-thirds of the uplands portion of the property, along with a parking area located between the structure and the Railroad Avenue right-of-way. Existing truck parking and loading areas are located to the rear of the building, also within the uplands portion of the property.

A Jurisdictional Determination (No. NAN-2013-00212) issued by the U.S. Army Corps of Engineers (USACE) on April 12, 2013, states that the subject property includes one principal area of waters of the United States that occupies approximately 4.07 acres within the subject site. This jurisdictional area consists of a 3.65 acre portion of Bellman's Creek and 0.42 acres of tidal emergent wetlands. Bellman's Creek is a tidal tributary of the Hackensack River. Wetlands and wetlands permitting in the HMD are under the jurisdiction of the USACE.

In a subdivision filed with the Bergen County Clerk's Office as filed map 9626 on July 21, 2016, approximately 0.98 acres of the adjacent lot to the north (Block 4014, Lot 15) were merged into the subject property. This 0.98 acre area is currently located in the EC zone and is the subject of this request to rezone a portion of Block 4014, Lot 14.01, from EC to LIB. Wetlands comprise approximately 0.16 acres, or 16 percent, of the 0.98-acre EC-zoned portion of the property, as depicted on the "Enlarged Site & Dimensional Layout Plan," Sheet 2 of 2, prepared by Mianeci Consulting Engineers and dated 3/8/17, and verified by the USACE's Jurisdictional Determination (No. NAN-2013-00212). The remaining 84 percent of the 0.98 acres is comprised of uplands.

The petitioner has expressed interest in constructing a 31,465 square foot light industrial/warehousing addition on the subject property, in accordance with the LIB zone regulations. A portion of the proposed structure, parking, and loading area would extend into the uplands portion of the 0.98 acres proposed to be rezoned from EC to LIB. Light industry and warehousing are permitted uses in the LIB zone (per N.J.A.C. 19:4-5.80), but not in the EC zone. Rezoning the 0.98 acres to LIB would result in the potential ability of the applicant to develop the uplands, which will contribute to job creation and the economic vitality of the area, while still protecting adjacent wetlands. Any proposed development in the rezoned area would be subject to the affordable housing requirements set forth by law or court order at the time of zoning certificate application, including the payment of fees associated with the Statewide Non-Residential Development Fee Act (P.L. 2008, c. 46, §§ 32-38), signed into law on July 17, 2008.

The 2.02 acre area of the LIB zoned portion of the property that is proposed to be rezoned to EC is situated along the eastern-most portion of the subject site. While currently zoned LIB, the entirety of the 2.02 acres is located within the area designated as waters of the United States and wetlands in the USACE's Jurisdictional Determination. Further to the east of the subject property is a large swath of wetlands in the EC zone, which extends along Bellman's Creek to the Hackensack River.

The EC zone is intended to provide for the preservation and enhancement of the ecological values of wetlands, open water, and adjacent uplands within the District. The petitioner's request states that in order to offset the loss of the EC zoned portion of Block 4014, Lot 14.01, the petitioner is proposing to rezone from LIB to EC a portion of the property that is double the size of the former EC area on the same property. The proposed rezoning of this portion of the subject property is intended to provide for the continued protection of existing, on-site wetlands and open waters.

At its regularly scheduled meeting of May 18, 2017, the NJSEA Board of Commissioners authorized staff to prepare and submit a notice of proposal to the Office of Administrative Law for publication in the New Jersey Register and conduct a public hearing to obtain public input regarding this matter.

An advance notice of rules was provided to stakeholders (in accordance with Executive Order No. 2 (2010)) prior to the filing of the