

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

### **SENATE, No. 2356**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 22, 2009

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2356 (1R), with committee amendments.

Senate Bill No. 2356 (1R), with committee amendments, establishes a pilot program in Gloucester County for the transfer of the municipal property tax assessment function to a county assessor.

The pilot program would require the appointment of a county assessor and the transfer of the assessment function to the county assessor over a three-year period, in accordance with a schedule developed by the county assessor. The transfer of the assessment function would require the revaluation of all municipalities within the county to create uniformity of assessment throughout the county-wide assessment district.

As amended, the bill requires the pilot county to pay the costs associated with the municipal revaluations. The amendments also require the State to reimburse the pilot county for the costs associated with the revaluation from either the Sharing Available Resources Efficiently fund or the Consolidation Fund at the end of the three year period during which the revaluations occur. Monies paid by the pilot county to the municipality for the purpose of conducting the revaluations and the pilot county's administrative start-up costs would not be included or considered as part of the county tax levy or adjusted county tax levy.

As amended, the county assessor would have the authority to assist in the orderly revaluation of all of the municipalities within the pilot county, including the authority to grant a municipality a waiver from the revaluation requirement if the municipality has implemented a revaluation within the preceding 24 months. The county assessor would be aided by deputy county assessors, appointed by the county board of chosen freeholders. As amended, the bill provides that all payment in lieu of taxes and tax abatement programs shall be unaffected by the program. In the event a county assessor wishes to settle a property tax appeal, the assessor must inform the municipality in which the property is located of his intention to settle the appeal.

Finally, the bill would require the "Local Unit Alignment, Reorganization, and Consolidation Commission" to study this pilot program and, in consultation with the Director of the Division of Taxation in the Department of the Treasury, and issue a report no later than February 1 of the sixth year of the pilot program.

COMMITTEE AMENDMENTS:

The committee amendments require the pilot county to pay the costs associated with the municipal revaluations. The committee amendments require the State to reimburse the pilot county for the cost of the revaluations at the end of the three year period during which the municipalities must conduct the revaluations. Finally, the committee amended the bill to exempt monies paid for municipal revaluations and the pilot county's administrative start up costs from inclusion in the county tax levy or the county's adjusted tax levy.

FISCAL IMPACT:

As amended, the bill requires the pilot county (Gloucester County), to bear the cost of conducting a real property revaluation in any municipality that did not do so within 24 months prior to the effective date of the bill. The State would reimburse the county for these costs following the completion of the three-year real property revaluation period. The reimbursements will be paid in equal installments over another three-years. Thus, if this bill were to become law, the State would not incur those costs until FY 2013, FY 2014, and FY 2015. The Division of Taxation has estimated the average cost of a revaluation to be \$79.45 per line item and there are 110,694 line-items in the pilot county ( $\$79.45 \times 110,694 = \$8,794,638$ ).