

2018 Commercial Property Tax Appeals

Greenbaum, Rowe, Smith & Davis LLP Client Alert
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In July, 2017, the New Jersey Legislature enacted a law requiring the Director of the Division of Taxation to promulgate a "Property Taxpayer Bill of Rights" on the premise that every property taxpayer has the right to understand their real property assessment and to appeal an assessment that a taxpayer believes is too high. However, other than enumerating a property taxpayer's general rights, there was no relief in the law for the sometimes crushing tax burden carried by property owners.

The assessments on which real estate taxes are based, if inappropriate, can be challenged. However, property owners who wish to consider an appeal of their 2018 property tax assessment have a limited window of time to act.

FAQs and Important Dates

Notice of Assessment: Local assessors are required to notify each taxpayer by mail of their 2018 assessment on or before **February 1, 2018**.

How Assessments Are Calculated: If the municipality has conducted a municipal-wide revaluation or reassessment, the assessment will be in the amount of the assessor's estimate of the market value of the property (the so-called "true value") as of **October 1, 2017**. Otherwise, the assessment will be in the amount of the assessor's estimate of the market value of the property as of **October 1, 2017**, adjusted by the average ratio of the assessed value to the market value of other properties in the municipality. This average ratio is determined by the State Director of Taxation. In considering an appeal, property owners need to determine the true value of the property reflected in the assessment to ascertain whether there is a basis for a tax appeal.

Filing an Appeal: An appeal from the 2018 assessment must be filed on or before **April 1, 2018**; however, if the assessment is the result of a municipal-wide revaluation or reassessment, the appeal deadline is extended to **May 1, 2018**. Appeals are filed with the County Board of

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Taxation, except in instances where the assessment exceeds \$1,000,000, in which case an appeal can be filed directly with the New Jersey Tax Court.

Special rules apply to property in **Monmouth County** where County Tax Board appeals must be filed by **January 15, 2018** and Tax Court complaints must be filed by **April 1, 2018**.

The Appeals Process and Sample Outcomes

The Tax Court rules mandate that parties must participate in a settlement conference, and, in fact, most tax appeals do settle. Examples of past settlements in which the firm represented the owners of various types of properties include:

- The assessment of **contaminated vacant land** was reduced by 45% from \$550,000 to \$300,000.
- The assessment of a **vacant office building** was reduced by 53% from \$16,110,000 to \$7,519,200.
- The assessment of a 130,000 square foot **office building** was reduced by 47%, from \$5,900,000 to \$3,119,800.
- The assessment of 288 **condominium units** was reduced by 46% from \$121,395,500 to \$65,464,000.
- The assessment of a 197,000 square foot **industrial building** was reduced by 26% from \$4,400,000 to \$3,227,200.
- The assessment of a **hotel/office building** was reduced by 22%, from \$12,458,100 to \$9,672,000.
- The assessment of a multi-tenanted **warehouse/self storage facility** with 21,000 square feet was reduced by 18% from \$1,523,700 to \$1,250,000.
- The assessment of a **115-room hotel** was reduced by 16% from \$5,262,300 to \$4,400,000.
- The assessment of a **shopping center** with a total area of 57,500 square feet was reduced by 14% from \$6,513,400 to \$5,600,000.
- The assessment of a **93-unit cooperative** was reduced by 13% from \$10,320,000 to \$8,900,000.
- The assessment of a **240-unit garden apartment complex** was reduced by 12% from \$19,230,700 to \$16,800,000.

On occasion, the difference between the property owner's estimate of market value and that of the town cannot be reconciled. In those cases, formal appraisals are exchanged and the parties prepare for trial. Over the years, the firm has garnered substantial assessment reductions and tax refunds when representing property owners in trials before County Tax Boards and the Tax Court.

Next Steps

If you are interested in exploring your individual property tax appeal circumstances and pursuing a tax appeal, Greenbaum, Rowe, Smith & Davis LLP can assist. Drawing upon our extensive experience in all aspects of real property valuation, we can undertake the initial baseline analysis and evaluation to determine the viability of pursuing an appeal on your behalf. If you decide to appeal, we will prepare, file

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and prosecute the appeal, while constantly seeking to obtain a reduced assessment in a cost-effective manner.

For additional information concerning the property tax appeal process in New Jersey, or to schedule a consultation, please contact the authors of this Alert: **Thomas J. Denitzio, Jr.** and **John J. Reilly.**