

(Q) What is revaluation

(A) A revaluation is a program undertaken by a municipality to appraise all real estate according to its' fair market value. Revaluation brings all properties to 100%, thus insuring all property owners pay their fair share of taxes based on the fair market value of the property that they own. Fair market value is the price at which a property would sell for between a willing buyer and a willing seller.

(Q) What is the difference between reassessment and revaluation?

(A) A revaluation and a reassessment are synonymous, a licensed revaluation company performs a revaluation and the municipal tax assessor performs a reassessment. The municipality may also elect to perform a hybrid reassessment in which a municipality would hire a licensed revaluation company to assist the tax assessor with certain aspects of the reassessment. The outcome of any of these programs is the same; all properties are assessed at 100% of market value.

(Q) Why does my Municipality need a revaluation?

(A) Revaluations are required by New Jersey State Law and are generally ordered by The County Tax Board. Usually, once a Municipality's ratio falls below an accepted percentage (or ratio) than the need for a revaluation arises.

(Q) What is a ratio?

(A) A ratio is the relationship between an assessment and sale price. Example: a property on one side of town is currently assessed for \$60,000 and that same property sells for \$100,000, the ratio would be 60%. A property on the other side of town is currently assessed for \$50,000 and it sells for \$100,000, the ratio would be 50%. After a revaluation, both properties should be assessed for \$100,000 (100% of market value) and essentially paying the same amount in real estate taxes.

(Q) Is a revaluation done to raise taxes?

(A) NO. A revaluation will result in an increase in the assessed value, but it does not mean that all property taxes will increase. Assessments (or ratables) are a base utilized to apportion the budget (or tax burden). The budget is the amount your Municipality must raise for the operation of County, Local Government and support of the school system. The ratable base is multiplied by a tax rate to equal the budget.

EXAMPLE:

Prior to Revaluation: Total of all assessments (ratable base): \$3 Billion
Amount to be raised by Taxation (budget): \$150 mil.
Tax rate (per \$100 of assessed value): \$5.00

After Revaluation:

Total of all assessments (ratable base): \$6 Billion
Amount to be raised by Taxation (budget): \$150 mil.
Tax rate (per \$100 of assessed value): \$2.50

**When the assessments go up, in contrast the tax rate will drop. If budgets increase than taxes increase.

(Q) How is a revaluation accomplished?

(A) There are several steps in the revaluation process:

Property Owner Notification- PPA will mail each property owner a letter approved by the governing body and municipal tax assessor to notify of the revaluation.

Data Collection- a field representative from PPA will visit your property to collect the data necessary to eventually determine the assessment of your property. The representative will have a photo I.D. visible, which is on file with the Police Department along with his vehicle. An interior and exterior inspection are necessary to accurately assess the property. If a property owner is not home at the time of inspection, the field representative will leave a card on the front door and then measure the exterior to determine the square footage of living space, decks, pools, outbuildings, etc. The field representative estimates the interior data until an interior inspection is performed. The property owner will have the opportunity to call PPA (instructions and phone number on the card) and set up an appointment for an interior inspection at a convenient time for the property owner. Again, to accurately assess the property, an interior inspection should be performed to ensure that all data is correct. Once we complete a section of town, we visit the homes we haven't inspected once more and leave another card. If a property owner refuses entry to one of the appraisers, which is their right, the property can be assessed at the highest possible value. If appealed to the County, The County Tax Board will require full inspection before hearing the Case. The interior inspection generally takes about five minutes and the exterior inspection takes about ten minutes. After the interior inspection is performed, the field representative will ask the property owner to sign the property record card to verify that we did inspect the property.

Analysis- while data collection is in progress, other staff appraisers are setting up the Municipality into sections based on local zoning and neighborhood characteristics. All properties' lot sizes are obtained from studying the Tax Map. Sales that have occurred over the prior two years are analyzed to determine both residential and commercial values. The representatives in the field will ask questions about the sales to help determine if a sale would be applicable in later analysis. Commercial property owners will receive an Income and Expense statement to be completed and returned to help determine an Income Approach to value. This approach only applies to commercial property. All data collected, sales information, and market trends are utilized in determining the individual property values.

Value Notification- prior to the assessments becoming the actual ratable base and public records for the Municipality, PPA will mail the proposed values to individual property owners. This notification is for the assessed value to go on the books for the upcoming tax year. This letter will not and cannot determine what your taxes will be for the upcoming year. The new tax rate will not be determined until approximately June of the tax year, which will be based on the new ratables and the new budget.

Informal Hearing- In the Value Notification letter, PPA will instruct property owners on how to set up an informal hearing with one of our appraisers. If a property owner is planning to attend an informal hearing, they should be prepared to bring in any documentation to support their disagreement regarding the appraised value of his or her property. For example, recent sales of similar or comparable properties could be an indication of value, and could be discussed. Recent appraisals for lending purposes would not be useful in an informal review due to the fact that they were completed for a different purpose. If any adjustment is necessary after an informal hearing, then a revised value will be sent to

the property owner.

The revaluation figures are adopted for the tax year after all processes are completed and the new tax bills will be mailed in Spring or early Summer and are retroactive to January 1st. The appeal date is the same as any other year, April 1st.