Division of Taxation’s property tax investigations force 10 delinquent towns to comply with the State Constitution

TRENTON – A successful initiative by the New Jersey Division of Taxation has so far forced 10 delinquent municipalities to conduct property tax revaluations in compliance with State law.

On December 20, the Middlesex County Board of Taxation ordered Old Bridge Township and Middlesex Borough to conduct revaluations. That action marks the first time the Middlesex Board has ordered an involuntary revaluation in more than 20 years. The Board took the action only after the Division previously ordered two other Middlesex County towns – South River and Dunellen – to conduct revaluations.

“We are pleased that the Middlesex County Board of Taxation has finally carried out its responsibilities and unanimously ordered Middlesex and Old Bridge to conduct long-overdue property tax revaluations,” said John J. Ficara, Acting Director of the Division of Taxation. “Now, property owners can be assured that they are being treated equally and are paying their fair share of the tax obligation. By complying with the State Constitution, these towns will be able to maintain uniformity between tax assessments and market values.”

Middlesex County’s tax board was the last in the State to comply with the State Constitution after the Division began its first property tax investigations in four decades. Union and Hudson also had failed to order involuntary revaluations until the Division began investigations in those counties a year ago. The Division ordered some towns to conduct revaluations while county tax boards ordered other municipalities.
“Now, all 21 county tax boards are meeting their constitutional obligation as a result of the hard work and perseverance by dedicated employees at the Division of Taxation,” Ficara said.

The purpose of a revaluation is to more equitably distribute the overall tax burden levied by a municipality – not to increase it. After a reval is completed, typically one third of the property owners in a town will pay more in taxes, one third will pay less and one third will pay about the same.

The 1947 State Constitution requires all property taxes to be assessed uniformly. Yet, certain municipalities in New Jersey have failed to update assessments for decades. As a result, assessed values for many properties were grossly out of line with market values, causing some residents to pay far more and others far less than their fair share of the tax obligation.

The State Division of Taxation has statutory authority to intervene, but has a policy of working with local governing bodies to carry out the law. However, certain players consistently refuse to meet the mandate. The issue received public attention in the summer of 2015, when new-home buyers in Weehawken won a lawsuit forcing their town officials to conduct a revaluation.

Redress through the courts was an expensive and lengthy process for taxpayers. After a review of the extent of noncompliance in other municipalities, the Division enacted plans to aggressively intervene on behalf of taxpayers.

Over the past year, the Division held well-publicized investigations of eight municipalities. The result was that the Division ordered four towns to begin revaluations, and county tax boards ordered four others to conduct them after the State announced investigations of those municipalities. Middlesex County added two more towns in December.

“The Division intervened in local affairs only after deference and will continue to do so until any bad actors have been forced to do what is right for their taxpayers,” Ficara said.

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