

LUARCC members present: John H. Fisher, III, Chair; BettyLou DeCroce; Marvin Reed; Robert F. Casey; Gary Passanante; Steven M. Cozza; & Steve Petrecca, Treasury.

Minutes of the June 24, 2010, meeting were approved; with 1 correction

Executive Director's Report

Mr. Smeltzer presented a draft letter to the Governor and legislative leadership regarding the lifting of a restriction to within legislative districts for consolidations to be considered by LUARCC. Comments were made for changes. The Commission asked that the letter be redrafted to include an expanded explanation of how the current structure is problematic. Also, requested was a language change in the 1st paragraph to "...sharing *and/or consolidating of independent* shared services."

Commission members would like to revisit Joe Roberts' legislation to build on old legislation after letter is completed.

The Commission has to review municipalities on a case-by-case basis and understand the problems that may occur with the new boundaries and the redrawing of boundary lines. But this shouldn't preclude the Commission from continuing the study.

In favor of moving ahead w/ study (letter) if no real problems (political or otherwise) or reasons are presented to avoid crossing the new district lines. There was a motion to continue the letter to supplement; motion passed.

Property Assessment: Scott Holzhauer (Assessor) & Matt Clark (Monmouth County Board of Taxation) which included handouts and visual examples of reference materials (see attached).

A Commissioner asked what is the average % of tax appeals Mr. Holzhauer has received? Mr. Holzhauer said the rate was minimal and sited several towns including Hardyston, which received 96 appeals and Franklin Twp with less than 10.

A Commissioner asked for the rate of foreclosures. Mr. Holzer cited Newton at 25% of sales volume, Franklin about the same and Hardyston at 10-15%

Mr. Holzhauer said Sussex County has two primary issues: question of equalization of property and wide deviation in each municipality. He also mentioned that Sussex County took a proactive approach and forced a revaluation so all of Sussex is being treated equally.

Mr. Holzhauer thinks that a county structure is not a good idea in that county assessors are not as knowledgeable as a local area assessor and their assessment. He believes that first-hand knowledge of the community along with proper training elevates the position of Tax Assessor. Without a proper study, revamping an entire system should not be considered. Further analysis of the assessment function should be obtained before any decisions or legislative changes are made. At this point no one can say what the real cost of a centralized assessing agency will be in terms of real dollars.

A Commission member asked if individual assessors were now part of a county-wide team, why would the knowledge not be carried over? Why would the knowledge be lost if a team is created?

The response given was that some of the team members may not have the same level of knowledge as other individuals.

Mr. Holzhauser said that assessors need to have a wide knowledge base to do their job properly. He said that, in some municipalities, a clerk who failed the assessors test repeatedly but finally passed it often became the assessor.

A Commission member asked if assessors became regionalized with the same powers they currently have, what would be different.

Another Commission member agreed that internal revaluations are successful for towns, but there is too much of a time lapse between the revaluations and the municipalities cannot afford them, so they are only conducted when forced. By conducting annual assessments, it keeps it up to current market value, which can be accomplished through centralization. It is a necessary function and it ensures that taxation is equitably distributed.

Some people are making improvements to their homes creating an increase in taxes for everyone, even those not improving their home. And this will continue to happen unless revaluations are rolled out annually. Why should assessments be a municipal function when they have no control over the market?

Mr. Holzhauser suggested that having the county control assessments does not automatically mean more control. In relation to businesses, if the assessment is set and not constantly changing, it could be viewed as more predictable and therefore more favorable for business resulting in more businesses coming to the community.

If you are keeping assessments at market value, you need to keep reminding people what that value is, which means assessments should be done more frequently.

Matt Clark represented the County Board of Taxation (Monmouth)

Mr. Clark indicated that in a consolidated structure you would not get a "Scott" level of assessor because you would not be able to afford him in a distribution model, unless they were placed in the priority command position. There are 2 issues to address: 1) uniformity in equalization, & 2) tax appeals. Quality drives the cost and the system has been developed over decades. Mr. Clark is worried about mass appraisals w/out specific (individual) data to support the assessment. He mentioned that the idea of consolidation is scary because all the laws might not be followed in such a system.

A Commission member asked if there is a "paradigm shift" if improvements are made to the outside of an individual's property, is there an increase cost of service delivery to the municipality resulting from the change? The relative tax rate changes, but they are not getting more services.

Commission members asked how people can afford any changes when you want to assess everything? Homeowners do not want to improve their homes because it will cost them more money in taxes because the assessment will go up. We are talking about a system that people cannot afford and may need to change.

Currently, there is a wide variation of County Tax Board equitable coefficients and ratios. But if we go to a county centralization, could that help with the equalization, if the County Board has more responsibility and control? The county would only do what they currently do.

What does the State have to do to create a better equalization between Counties and Municipalities? Create legislation to go from a “may” system to a “must/shall” system. The Commission asked if the assessor’s organization ever asked for this legislation and was told that they did. Mr. Clark said they have and are meeting with legislators to discuss the issue.

Another question asked was; to what extent the Division of Taxation has regulatory authority over the Tax Boards? Mr. Clark indicated that they do have authority. However, he suggested that they were difficult to enforce. Another member asked what there is to address and enforce? Mr. Clark said there currently there are a few vehicles, but not enforced. He referred to PL 2001 C. 101 – compliance (N.J.S.A. 54:4-23.) and PL 1973 C. 123 – threshold (N.J.S.A. 54:1-35.1 et seq.) **Note:** PL 1973 C. 123 was amended by PL 2009 C. 251.

One of the Commission members asked if there was any research done on other states i.e. Florida. Mr. Clark indicated that he would be happy to do research on Florida and report back to the Commission.

LUARRC is tasked with following what is going on in Gloucester – observe and document on the new approach but do not change it at this time. The Commission asked Mr. Clark, who had given comments on this pilot to document his comments and thoughts and send to the Commission. He will also write-up something on losses to current system, if consolidation occurs.

Shared Services Themes. The Commission discussed the draft Shared Services Themes document and agreed that it should be put up on commission website with format changes.

Minimum Force Size for Police Services. The Commission discussed the draft Minimum Force Size for Police Services – Amendments were made and should include three alternative: 1) one officer on; 2) One officer on and possibly a Class II officer with that officer and 3) one officer on and a hard fast shared service agreement with back-up. Minimum force is two but with certain requirements.

Operational Tax Index. The Commission discussed the draft the Operational Tax Index: which had gone out to the municipal officials and received some feedback. Mr. Casey said he will be making revisions and sending out to members. Once approved, it is to be placed on the web site.

The Commission discussed the Walter Rand Institute proposal: The proposal is to be referred back to process committee for to develop a final agreement for adoption at the next Commission meeting.

General Discussion:

Regarding County Tax Board/Assessor Centralization: the Commission should have this discussion with the Legislature through the Governor's and the Commissioner's offices
For the next meeting invite Gloucester County, and include a representative from Morris County familiar with the regional assessment approach being considered there.

The Chester Consolidation Study Report was discussed. It was suggested that the DCA report killed the agreement. While the law states these reports must be written and go out, it would be good to find a solution to this reporting issue...

League Conference:

There was concern that the article was not drafted yet. Commission members thought that George Dreden and Dennis Smeltzer could work on it together. The article should be a one pager that should be drafted as an ad. This must be received by the League of Municipalities by the first week in August.

County Meetings:

Acting Executive Director should attend the Shared Services County Coordinators Meetings along with any Commission member that is available. There is a need for the Commission's presence and a lot of information that is being worked on by others that the Commission should be aware of so there is no duplication of efforts. This groups next scheduled meetings are September 8 and November 10

Website: it was suggested that more information and links to other sources; such as GovStars & League be added to the site.

Legislation it was suggested that the Commission discuss the Governor's "Tool Kit" and the related legislation. Also the "Legislative To Do List" for the Commission should be updated and discussed at each Commission meeting.

The meeting was adjourned at 12:15 pm.