NOTICE TO RESIDENTS WHO ARE IMPROVING THEIR PROPERTY WHICH WILL RESULT IN AN INCREASE IN YOUR PROPERTY TAX ASSESSMENT

It is only logical that most improvements to your home will result in an increased selling price of your home and therefore, your property tax assessment will increase also. This will take the form of an Added Assessment Tax bill which you will received in the mail at the end of October after the improvement is substantially completed for its intended use.

The added assessment is the amount of the difference between the property assessment before the improvement and the value of the entire property after the improvement. It does not reflect the cost of the amenity itself or the cost of the project.

This bill shall be payable on November 1, February 1, May 1 and then the added assessment amount will be included in your annual tax bill received in June for the new tax year. **Therefore, just as you planned ahead for this improvement, you should also plan ahead and set aside funds for the Added Assessment Tax bill.**

Added Assessment bills may take as much as one entire year to process. Therefore, if you do not receive an Added Assessment Tax bill in October of this year for work completed, you will receive an "Omitted Added" Assessment bill next October for the prior year's increase, in addition to an "Added Assessment" bill the year following the improvement.

Please note, failure to receive a final inspection or a Certificate of Occupancy for your building permit **WILL NOT DELAY** the Added Assessment Tax bill. **THEREFORE, PLEASE SCHEDULE YOUR FINALS AS SOON AS THE WORK IS COMPLETED.**

addtaxbill.ta

ADDED ASSESSMENTS

When renovations and/or additions are made to your property, you *may* receive a tax bill for an additional amount of assessed value to reflect the change in ***value*** that was realized with respect to the improvements made. The "Added Assessment" is levied pursuant to **N.J.S.A. 54:4-63.2.** The Added Assessment figure is ***not*** determined by the "cost to construct" such improvements. The value is determined using comparable market data of "like" properties that have recently sold. Assessments of comparable properties are ***not*** a basis for determining the Added Assessment, just as they are not considered in the analysis of your initial assessment.

The Tax Assessor first determines the Fair Market Value for the *entire property* after completion of the project in question. The mandatory valuation date is October 1. No estimates can, or will, be provided prior to that date. The date of the final completion for assessment purposes is not necessarily the same date as reflected upon the "Certificate of Occupancy" issued by the Building Department or the date of completion as perceived by the owner. For assessment purposes, the final completion date is that date on which the subject property is **"substantially complete and ready for its intended use" (N.J.S.A 54:4-63.1).** The corresponding tax bill is prorated as of the first of the month following the date of completion as determined by the Tax Assessor.

The amount of the Added Assessment reflected upon the tax bill is the ***difference*** between the Market Value of the property (times the current ratio where applicable) and the assessment reflected on the official Tax List published in January of the current year. The assessment does ***not*** reflect the value attributable to the amenity *only*, but the difference between the "before" and "after" ***total*** values.

The law mandates this method of calculating the Added Assessments so that no person can "escape taxation" (**N.J.S.A. 54:4-63.2**) and (***Snyder v Borough of South Plainfield, 1 N.J. Tax 3 (1980)***). (That law also provides that no owner can benefit from the same mistake twice. For example, in a case where a property had been under assessed prior to the Added Assessment, the amount added would result in a greater difference than in a case where the property was adequately assessed prior to the additional assessment.)

For your review, we have provided the following examples of how an Added Assessment may be applied to your property:

> A taxpayer may be assessed at $95,000 prior to the improvement that is the subject of the Added Assessment. The property's true value is $175,000, but it is currently under assessed. A contractor is hired to construct a wooden deck. When the job is complete, the Tax Assessor determines that the Market Value of that property is $215,000. The Added Assessment would be calculated as follows;
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> $215,000 (value after) - $95,000 (assessment before) = $120,000
> Therefore, the Added Assessment would be $120,000.

In the same scenario assuming that the property is assessed at $120,000 and has a Market Value of the same amount and after reviewing market data the assessor has determined that the deck has a contributory value of $5,000, the calculation would be as follows;

$125,000 (assessment + value added by deck) - $120,000 (asst.) = $5,000
Therefore, the Added Assessment would be $5,000.

If the market indicated that the deck had no contributory value, the assessment would remain unchanged. If the deck in the previous example ***cost*** $10,000 to construct but the assessor found that it had a contributory value of only $5,000, the Added Assessment would be only $5,000.

In a case where the assessment is excessive prior to the project, the end result would be less dramatic. The excess is not compounded during the Added Assessment process.

In a case where the assessment is too low, the end result would be more dramatic. This is because the law provides that no taxpayer benefits from the same mistake twice as it would be unfair to the balance of the taxpayers.

REMEMBER – COST DOES NOT EQUAL VALUE for assessment purposes. Because your personal cost was "X" does not mean the "X" will be the amount of the Added Assessment. The assessor must consider what a typical buyer would pay for a property with all of the amenities and improvements that are provided by your property. Market data related to "like" properties are analyzed in order to determine value.

Your tax bill will arrive during the last week of October directly from the Tax Collector. All bills are payable by November 1 of the current year. The State of New Jersey mandates the procedures by which taxes are calculated and issued.

Please note the following information:

1. If it is your intent to file an appeal it must be submitted before December 1 to the Union County Board of Taxation.
2. Taxes and all other municipal charges must be paid in order for a tax appeal to be heard.
3. Filing fees must be paid prior to the date of the hearing or the appeal will be dismissed.

All inquiries regarding the assessment and/or the valuation procedure should be addressed by the Tax Assessor's office ***only.***

All billing inquiries should be directed to the Tax Collector's office.

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54 : 4-63.2 . Valuation of real property on which structures erected , etc.. after October 1st and completed before January 1st: assessment

When any parcel of real property has been sold by any municipality as not needed for public use, and the deed has been delivered after October 1 in any year and before January 1 following, or when any parcel of real property contains any building or other structure which has been erected, added to or improved after October 1 in any year and completed before January 1 following, the assessor shall, after examination and inquiry, determine the taxable value of such parcel of real property as of the first day of the month following completion or sale of said property and if such parcel of real estate was not assessed as of October 1 preceding or if such value so determined exceeds the assessment made as of October 1 preceding, the assessor, shall enter the amount of such assessment or such excess, as an assessment or an added assessment against such parcel of real property, for the subsequent tax year in a list to be known as the "Added Assessment List, 19 . . . " (inserting the name of the year in which the assessment is made); such entry to be made opposite the name of the owner and the description and area of the parcel of real property. In addition, the assessor shall enter in such added assessment list an assessment for that portion of the pretax year between the first day of the month following completion or sale of said property and December 31 to be determined by multiplying the amount of such assessment or such excess by the number of whole months remaining in the pretax year after the completion or sale of said property, and by dividing the result by 12.

L.1941, c. 397, p. 1017, s. 2. Amended by L.1945, c. 137, p. 502, s. 1; L.1960, c. 51, s. 34; L.1974, c. 103. s. 1, eff. Oct. 1, 1974.

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54:4-63.3. Structure erected, etc., after October 1st and completed after January 1st: valuation and assessment

When any parcel of real property has been sold by any municipality as not needed for public use, and the deed has been delivered between January 1 and October 1 in any year, or when any parcel of real property contains any building or other structure which has been erected, added to or improved after October 1 and completed between January 1 and October 1 following, the assessor shall, after examination and inquiry, determine the taxable value of such parcel of real property as of the first of the month following the date of delivery of such deed, or of such completion, and if such property was not assessed as of October 1 preceding or, if such value so determined exceeds the assessment made as of October 1 preceding, the assessor shall enter an assessment, as an added assessment against such parcel of real property, in the "Added Assessment List, 19," which assessment shall be determined as follows: by multiplying the amount of such assessment or such excess by the number of whole months remaining in the calendar year after the date of delivery of such deed, or of such completion, and dividing the result by 12.

L.1941, c. 397, p. 1018, s. 3. Amended by L.1945, c. 137, p. 502, s. 2; L.1960, c. 51, s. 35.