



## BOROUGH OF CARTERET

DANIEL J. REIMAN, MAYOR

## Borough Council

*Council President* Vinnie Bellino  
Skippy Sitarz  
Randy Krum  
Susan Naples  
Jorge Diaz  
Dennis DiMascio

Dear Property Owner;

Recently, a letter was sent to all property owners by Tax Assessor Charles Heck advising that the Borough would be conducting a town-wide revaluation.

The revaluation will be similar to the one conducted in 2011-2012. That revaluation resulted in many residential property owners realizing a reduction in their property taxes. The reason for this was that commercial properties in the Borough were significantly under assessed in relation to fair market value. By adjusting the assessments of all properties to fair market value, we were able to restore the balance of local property taxes, and to relieve the pressure on the whole of our residential taxpayers.

Recent increases in the sale price of industrial and commercial properties in the Borough have led finance officials to determine that these properties are once again under-assessed. We have seen the industrial valuations increase significantly while the assessment ratio has decreased. Right now we are seeing new industrial properties sell for \$200 - \$300 a square foot for warehouse and distribution manufacturing space. To compound the issue, many commercial property owners have filed appeals seeking to lower their assessments based upon the Borough's current ratio of assessment to fair market value. The ratio is driven by the number and value of residential property sales.

Revaluations are generally done every 10-15 years though some towns and counties do them every year. The idea is to make sure every property is at today's fair market value. As we saw a few years ago with the industrial growth, over 70% of the residential properties saw a decrease in their taxes and others remained the same. The Borough anticipates a similar scenario where most residential properties will either see their taxes stay the same or decrease.

The antiquated tax assessment laws in New Jersey make it easy for industrial and commercial big business to win appeals because of the number of lawyers, appraisers and financial experts they have. Unfortunately, the same is not true for you, me or the thousands of other residential taxpayers. That is why the Borough has chosen to perform this revaluation at this time, to insure that commercial property owners pay their fair share of taxes and that residential property owners are not overpaying.

A town-wide revaluation will set the balance right again - to current fair market value.

As always, my office is available to answer any questions you might have regarding this or any other issue. Please call 732-541-3801 should you be in need of assistance.

Sincerely,

**Daniel J. Reiman**  
Mayor, Borough of Carteret



# Questions & Answers from the Tax Assessor

***Q: Why is the assessment for tax purposes on a home different than the fair market value?***

**A:** The assessment reflected the property's fair market value at the time that the assessment was made during the last revaluation, in 2011-2012. Once that assessment is determined, it remains fixed in time and cannot be altered except via a tax appeal or technical correction by the tax assessor. So, over time, a property's actual market value rises above, or drops below, the assessment depending upon current market conditions. Ideally speaking, the assessment to fair market value (FMV) should be around 95%.

***Q: How can the average home in Carteret sell for over \$250,000 when the assessor says the average home is worth \$206,569?***

**A:** That is just the average assessment. To find the "average" home assessment locally, the tax collector takes the total of all assessments for all such properties and divides that total amount by the total number of homes in the Borough, thus calculating the "average home assessment" for the Borough. Because assessments vary as widely as the types and sizes of homes in town, this is the best number that can be derived for purposes of comparison.

Because all property owners pay property taxes to the County, as well as the school board and municipality, the County needs to insure that residents in all of the County's 25 municipalities pay County taxes on an equalized basis. In short, to accomplish this, the County selects and reviews the actual sales price of random properties in a given town when the new deeds are recorded with the County Clerk's Office following the property's sale. It then compares this sales price to the local property tax assessment for that individual property. Then, using a mathematical formula, the County annually establishes a ratio of a town's real property assessments to its Fair Market Value (its actual sales price).

For 2016, that ratio has been established at 86.76% for Carteret. This simply means that, when statistically comparing the sales price of various properties sold in Carteret to the property's tax assessment, the County Board of Taxation has mathematically determined that local property assessments equate to 86.76% of the property's Fair Market Value (again its sales price). To stay ahead of industrial and commercial tax appeals generally, you want the ratio to be as close to 100% of fair market value as possible.

***Q: How does this ratio affect me?***

**A:** The ratio affects the local homeowner in two ways. First, it is used to set the total amount the Borough must pay to the County for County property taxes. This is based upon a town's "equalized" assessed value. The County uses the ratio to make this calculation. Thus, where the County has determined that local assessments reflect only 86.76% of local properties' Fair Market Value, it adds an additional 13.249% to the towns assessed valuation and issues the County tax bill based upon that "equalized" value. Every property owner contributes this additional amount in County taxes. Consequently, because individual property assessments may not be exactly 86.76% of its market value, this ratio results in some property owners paying more than their fair share of this additional tax amount, while others are paying below their fair share. A reassessment will correct this overpayment.

Additionally, and more importantly, this ratio has allowed industrial and commercial property owners to take advantage of the archaic state tax appeal process to shift more of the local property tax burden onto residential property owners.

***Q: What is the County Board of Taxation?***

**A:** Boards of Taxation were established to oversee municipal tax assessors, equalize assessments of municipalities for the fair apportionment of county taxes, provide for revision and review of assessments, and provide for enforcement of the laws and guidelines for property tax assessment. County Boards of Taxation are creations of the legislature, and are appointed by the Governor.

# Q&A (con't.)

***Q: Why am I paying higher or lower taxes than my neighbor when we have similar style and size homes?***

**A:** In a perfect world, people with the same style, size, and age home, as well as land size and location, should be paying taxes based upon similar property assessments. However, as homes may be changed, added to, or otherwise updated at different times, the County ratio again may come into play, resulting in similar assessments from the last revaluation becoming dissimilar over time. Again, this is what a revaluation is intended to correct.

***Q: How will the revaluation impact me?***

**A:** In many instances, a revaluation will not effect you at all, or it may even reduce your taxes. A revaluation setting all property values at their Fair Market Value (100% ratio) eliminates the inequities resulting from the use of an artificially calculated ratio. It helps to insure that similar properties are assessed similarly. Most importantly, it will insure that all classes of properties in town are paying their fair share of taxes and prevent the shifting of the tax burden from the larger commercial and industrial property owners onto local homeowners.

***Q: I have read in the papers that commercial and industrial property owners are suing towns around the state, why do commercial and industrial property owners get an unfair advantage with regard to taxes?***

**A:** See the ratio information on the previous page, and note that, because the values on the larger commercial and industrial properties are so large, the resulting differences in taxes are equally higher. Because tax appeal refunds to such property owners can be in the hundreds of thousands of dollars, they can afford to retain specialized legal and appraisal services to best take advantage of the tax appeal process. Many commercial and industrial property owners file tax appeals each and every year, based solely upon the ratio of assessed value to fair market value.

***Q: Will I have an opportunity to discuss my evaluation with Realty Appraisal Company?***

**A:** Yes, the Borough has required that the appraisal company provide an opportunity for residents to meet with them and discuss their valuation with a company representative. Should you decide to meet with the appraisal company, you should bring with you any items or information that you feel is relevant to determining the proper valuation of your property. Under the reassessment process set by law, the values for all properties must be established as of October 1, 2016 for use beginning in 2017. Consequently, you will be receiving information on how to arrange a meeting at the time the appraisal company provides you with your new assessment later this year. These meetings will be by appointment and will take place at the Thomas J. Deverin Community Center. All individuals wishing to meet with the appraisal company will have the opportunity to do so.

***Q: If I choose to meet with the assessor, and/or the appraisal company, what should I bring to the meeting?***

**A:** You should bring any documents or items which you believe are relevant to establishing an accurate valuation for your property. These may include, but are not limited to:

- Comparable real estate sales from your neighborhood
- Evidence of any easements, right-of-ways, or encumbrances to your property
- Pictures of your property and/or surrounding properties
- A copy of your survey
- Information regarding traffic patterns in front of your property
- Copies of recent independent appraisals

# Q&A (con't.)

**Q: Why are we conducting another revaluation now when we just had one done in 2011-2012?**

**A:** In an ideal setting all properties would be set at fair market value (FMV) annually - but the financial costs to do an annual assessment prohibits that from occurring. Towns that are generally only residential need not worry about tax appeals and the ratio, but because we have such a strong commercial and industrial tax base, any shift in the ratio allows industry to lower their assessment and overall taxes, pushing the burden onto the residents. A revaluation will correct those inequities and insure that commercial and industrial big businesses contribute their fair share.

## Commercial Tax Appeals

Over the past several years, and even after the revaluation in 2011-2012, industrial and commercial property owners and their tenants have been able to take advantage of the state's archaic tax appeal process to reduce their property assessments by over \$99,335,930.00. This has allowed them to reduce the taxes they pay annually. A revaluation will help to correct this inequitable shifting of the property tax burden onto our residential homeowners by creating a fair and level playing field for all classes of property owners.

**Reduction in total valuation  
due to commercial appeals:  
\$99,335,930.00**

**Actual dollars paid back to  
commercial property owners:  
\$3,100,274.40**

The average municipal portion for 2015 was \$2,524.27, or 39% of the overall tax bill. The remaining 61%, or vast majority, is taxed by the Board of Education, Library, Middlesex County, and County open space preservation fund.

## Carteret Tax Share Distribution as of 2015

**Average  
taxes for 2015**

**\$6,447.02**

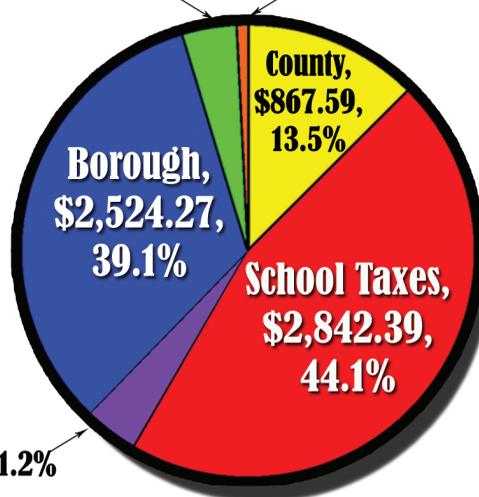


**Average  
assessed value**

**\$206,569.00**

**County Open Space, \$72.30, 1.1%**

**Local Open Space, \$61.97, 1%**



**Note:** values can change contingent upon various taxing entities which include the county, municipal budget, county open space, local open space, school budget, and library.