



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. Box 240
TRENTON, N. J., 08695-0240

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

FORD M. SCUDDER
Acting State Treasurer

JOHN J. FICARA
Acting Director

Telephone (609) 292-8823 / Facsimile (609) 984-5491

September 13, 2016

Patricia O'Connor, Clerk
48 Washington Street
South River, NJ 08882

Dear Clerk O'Connor,

Enclosed is an Order To Implement a Municipal-Wide Revaluation ("Order") in the Borough of South River, Middlesex County, to be completed on or before November 1, 2018, for the 2019 tax year. I have affixed my signature on the enclosed Order.

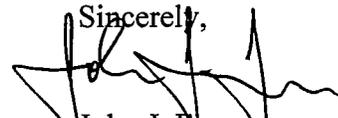
Please, provide a copy of the Order and this cover letter to the Municipal Assessor. I am sending additional information to the Middlesex County Board of Taxation so the Municipal Assessor and the appropriate municipal officials understand the necessity to report the measures and actions that are being taken to comply with the terms of the enclosed Order.

Should you choose to challenge the Order, you must file a complaint with the Tax Court of New Jersey. The Tax Court must receive the complaint, along with the required fee, within 90 days from the date of this notice in accordance with the provisions of 54:51A-13 et seq. Send your complaint to:

Tax Court of New Jersey
Tax Court Management Office
P O Box 972
Trenton, NJ 08625-0972

Should you require assistance, the phone number of the Tax Court Clerk's Office is (609) 292-5082.

Sincerely,



John J. Ficara
Acting Director
Division of Taxation

C: John Krenzel, Mayor, Borough of South River
Irving Verosloff, Middlesex County Tax Administrator
Richard Lorentzen, President, Middlesex County Board of Taxation
Michael Frangella, Tax Assessor Borough of South River



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ORDER TO IMPLEMENT A MUNICIPAL-WIDE REVALUATION

TO: The Middlesex County Tax Administrator, Middlesex County Board of Taxation Commissioners, Tax Assessor of the Borough of South River, Mayor of the Borough of South River, and Members of the governing body and all other responsible officials of the Borough of South River, Middlesex County, New Jersey.

WHEREAS, the Middlesex County Board of Taxation ("Board"), pursuant to N.J.S.A. 54:4-2.27 adopted the percentage level of taxable value of real property for Middlesex County at 100% of true value;

WHEREAS, pursuant to N.J.S.A. 54:3-13, the Board has the responsibility to secure the taxation of all property within Middlesex County and within each taxing district at its taxable value so that all property, except as exempted by law, shall bear its full and just share of taxes, and this has not occurred in the Borough of South River ("South River");

WHEREAS, it should be the policy of the Board to review the measurements of uniformity and accuracy of assessments of each taxing district within the County in accordance with performance standards to assure the proper distribution of the local property tax burden inter- and intra-taxing district;

WHEREAS, pursuant to its statutory duty to revise, correct and equalize the assessed value of all property in the respective taxing districts (N.J.S.A. 54:4-47), the Board has not performed this duty for South River in compliance with governing law, the Division of Taxation has determined that the assessments for South River result in an unequal distribution of the tax burden for and within said taxing district;

WHEREAS, the Acting Director, Division of Taxation, has duly investigated and determined that a municipal-wide revaluation must be ordered for South River pursuant to N.J.S.A. 54:1-26 because South River has been assessed at a rate substantially lower than is consistent with the purposes of securing uniform taxable valuation of property in accordance with the mandates of the New Jersey Constitution and applicable law and whereas the current assessment in South River is not in substantial compliance with the law, the interests of the public may be promoted by a revaluation of such property;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a Director's Ratio of 85% or lower generally denotes noncompliance where, normally, the adopted percentage level of assessment established by the Board is 100%, and the Director's Ratio, which is the average ratio of assessed-to-true value, is 30.82% for South River, thus indicating a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a general coefficient of deviation greater than 15% generally indicates a lack of uniformity in assessments; the general coefficient of deviation measures the average deviation from the average assessment sales ratio expressed as a percentage of average assessment ratio for each taxing district for all properties included in “usable sales” and measures the variation in assessment-sales ratio of all properties sampled without regard to property class, property size, or any other property characteristics; and whereas the general coefficient of deviation for South River is 15.87%, thus indicating a lack of uniformity and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a stratified coefficient of deviation greater than 15% is an indication of a need for revaluation; a stratified coefficient of deviation is an average deviation of assessment sales ratios for all usable sales of each property class from the average assessment ratio for the class and provides a measure of assessment uniformity for properties within each class; and whereas the stratified coefficient of deviation for South River is 35.84% for Class 4 properties (commercial, industrial and apartments), thus indicating a lack of uniformity and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a segmented coefficient of deviation greater than 15% is an indication of a need for a revaluation; a segmented coefficient of deviation measures the average deviation of assessment sales ratios for all “usable sales” of each property class from the average assessment ratio for all properties of all classes and measures the uniformity, or lack thereof, of one property class compared to other property classes; and whereas the segmented coefficient of deviation for South River is 42.84% for Class 4 properties (commercial, industrial and apartments), thus indicating a lack of uniformity and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a wide divergence of individual assessment-sales ratios as opposed to a clustering of ratios at a common level is indicative of a lack of uniformity in assessments and individual assessment sales ratios in South River for Class 2 properties in the 2015 sampling period ranged from a low of 22.08% to a high of 46.91% and Class 4 sales ranged from a low of 14.34% to 66.96%, where 64% of individual assessment sales ratios of usable Class 2 sales fall within the Chapter 123 common level range and 36% fall outside the range and, where 100% of individual assessment sales ratios of usable Class 4 sales fall outside the 123 common level range, thus indicating a lack of uniformity in assessments and need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, the class-weighted ratio is determined by dividing the total ratables of a property class by the total true value of that property class; conformity in the class-weighted ratios is an indication of uniformity between property classes; and the class-weighted ratio for Class 2 property is 30.96% and for Class 4 property is 25.33%; and South River has a wide variance between Class 2 and Class 4 properties, thus indicating a lack of uniformity in assessments between property classes and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, the district-weighted ratio is determined by adding the total ratables for each of the four property classes and dividing the sum by the true value of all classes of real property and the one-year, district-weighted ratio in South River is 29.86%, thus showing non-compliance with the level of assessment established by the Board of 100% and indicating a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, the need for a revaluation may be indicated by neighborhood and zoning changes, which affect value in all or part of the taxing district; and changes in zoning may substantially increase or decrease the value of property; and neighborhood and zoning changes may have occurred in South River since its last revaluation in 1986, thus indicating a possible need for revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a lack of adequate records, such as property record cards, is indicative of the need for a revaluation; and when properties are improved without property owners securing building permits or when the Tax Assessor has not received copies of such permits, the improvements are not reflected on the property records cards; and the absence of essential information, such as improvements, on property record cards may affect assessments, is detrimental to the valuation process, may impede the sound maintenance of an assessment list, and is a contributing factor to the lack of uniformity; and because it has been 30 years since the last district-wide revaluation in South River, the assessment list must be reviewed and revised where appropriate in accordance with recent inspection data;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, whether a revaluation or reassessment has not taken place in a municipality in 10 years or more is a factor in ordering a revaluation; and the last revaluation of South River was in 1986 and the last reassessment of South River was in 1973; and it has been more than 30 years since South River had any district-wide revaluation performed;

WHEREAS, in accordance with N.J.S.A. 54:1-26 and -28, following proper public notice, the Division of Taxation convened a public hearing on Wednesday, August 17, 2016, at South River Veterans of Foreign War Building, 31 Reid Street, South River, N.J., 08882;

WHEREAS, at the public hearing in South River, 20 people expressed their opinions by way of speaking at the public hearing, and written correspondence received by the Division has expressed views that were both in favor of and opposed to a revaluation, but, no residents offered any substantive evidence to preclude the Acting Division Director from issuing a revaluation order to South River; and

WHEREAS, South River Borough residents expressed concerns at the public hearing that a revaluation should not be ordered until after the second round of Blue Acre buyouts occurs ending in approximately 2020, but an analysis revealed that the average annual loss in the ratable base that resulted from Blue Acre buyouts from 2014 through 2016 (first round) was less than one-half of one percent, or .0040, and recognizing the above-cited facts, including that properties located in what are now classified as flood-prone areas, have land values established 30 years ago, prior to events such as Superstorm Sandy, and are entitled to assessments reflecting their true market value for fairness.

THEREFORE, it is Ordered on this 13th day of September 2016 that:

1. The Borough of South River and its Tax Assessor shall implement a municipal-wide revaluation to be completed by November 1, 2018, to be effective for the 2019 tax year;
2. The Tax Assessor for South River shall determine his taxable valuations of real property as of October 1 of the pre-tax year pursuant to N.J.S.A. 54:4-35;
3. South River shall submit an up-to-date tax map to the Acting Director, Division of Taxation, with an "as of date" within the current tax year, within 90 days of the Order for revaluation, for review in compliance with N.J.A.C. 18:12-4.7 and for approval in accordance with existing standards. To the extent that South River has failed to maintain up-to-date tax maps, South River shall take all steps necessary to update its tax maps for submission to the Division for review. All tax map revisions shall commence immediately. Progress reports shall include a discussion as to the status of the tax map revisions;
4. The Tax Assessor for South River shall, within 30 days from the date of this Order by the Acting Director of the Division of Taxation, submit a proposed plan of compliance for this revaluation Order. The plan shall indicate whether the municipality proposes to enter into a contract with a qualified revaluation firm for purposes of accomplishing a revaluation of all real property within the municipality pursuant to N.J.S.A. 54:1-35.36 and shall further indicate the

date upon which it proposes to begin implementation of the program and the time estimated to be needed for completion of the revaluation. Forms shall be provided by the Division of Taxation for this purpose and must be submitted to the Division for review and approval;

5. The governing body of South River shall take all necessary action to enter into a contract for a revaluation in accordance with the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq., and the Local Budget Law, N.J.S.A. 40A:4-1 et seq., including, but not limited to, the preparation of the revaluation contract and the appropriation of monies to fund said revaluation contract and tax map approval, if needed;

6. The procedure to be utilized by the municipality in awarding the revaluation contract to a revaluation firm shall be made pursuant to the provisions of the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq., and the Local Budget Law, N.J.S.A. 40A:4-1 et seq., and shall not be delayed as a result of the municipality's utilization of either the public bidding or other available procedures for purposes of securing a qualified revaluation firm;

7. The governing body of South River shall prepare the necessary specifications for the revaluation contract and submit a copy thereof to the Division of Taxation and the Board. Said contract shall be subject to the Division of Taxation's approval and Board's recommendation. The contract specifications shall conform to the applicable provisions of law and the standards adopted by the Acting Director, Division of Taxation, as reflected in N.J.A.C. 18:12-4.1 et seq., the Real Property Appraisal Manual for New Jersey Assessors, and those of the Board;

8. Following the award of the revaluation contract, South River shall submit the proposed revaluation contract to the Acting Director, Division of Taxation, for review and approval pursuant to the provisions of N.J.S.A. 54:1-35.36 and shall submit a copy of the revaluation contract to the Board for its review and recommendation. No work is to begin until said approvals are received;

9. The Tax Assessor of South River shall submit written reports on or before the end of each month during the implementation of the revaluation program to the County Tax Administrator of the Board and the Acting Director of the Division of Taxation on the forms provided. The reports shall specifically set forth the progress and status of the revaluation of all property in South River, including the precise nature of the program adopted to accomplish the revaluation, the amount of monies appropriated and expended therefore, the nature and status of any municipal ordinance or resolution introduced by the municipal governing body relating to the revaluation program and the funding therefore, the number of line items completed and left to be completed in connection with the revaluation, and the amount of time needed to complete each phase of the revaluation. Forms shall be provided by the Division of Taxation for this purpose; and

10. The revaluation firm shall perform the revaluation on behalf of and as an agent of the Tax Assessor of South River. The Tax Assessor shall be responsible for monitoring all phases of the revaluation work to ensure the proper implementation of the revaluation program. Both the revaluation company and the Assessor shall be responsible to the Board through the County Tax Administrator for said performance, as well as the Acting Director, Division of Taxation.

DIVISION OF TAXATION



John J. Ficara
Acting Director
Division of Taxation
Department of the Treasury
State of New Jersey

Date: September 13, 2016