

Frequently Asked Questions Concerning the 2021 Property Reassessment and Impact on Property Taxes

1. My assessment DOES reflect the fair market value, but my taxes are too high. Why?

Please be mindful that the assessment function is focused on the **uniformity and accuracy of the assessments** NOT the resulting tax responsibility. When the assessments are set to the same standard (market value) in a uniform way, the tax levy will be distributed fairly municipal and countywide in accordance with the NJ Constitution.

The Tax Assessor does not have control of the tax levy. County, municipal and school budget costs determine the amount of property tax to be collected. A municipality's general tax rate is calculated by dividing the total dollar amount it needs to meet local budget expenses by the net valuation of all its taxable property. An individual's property taxes are directly correlated to that property's proportionate share ownership of the municipality. To put it simply, if a property was worth 5% of the municipality, it would be assigned to pay 5% of the tax levy.

Below is the breakdown of the Borough of Deal's Tax Levy for 2017, 2018, 2019 & 2020:

Tax Levy Component	2017 Tax Levy	2018 Tax Levy	2019 Tax Levy	2020 Tax Levy	Percent of Bill	Contact
County Budget	\$ 5,634,724	\$ 5,406,229	\$ 6,303,153	\$ 6,679,379	38%	732-431-7000
County Library	\$ 394,824	\$ 383,173	\$ 450,903	\$ 486,150	3%	732-431-7220
School District	\$ 1,967,702	\$ 2,007,056	\$ 2,007,056	\$ 2,047,197	12%	732-531-0480
Local Municipal Purposes	\$ 6,455,237	\$ 6,549,388	\$ 7,012,076	\$ 7,627,213	43%	732-531-1454
County Open Space Fund	\$ 331,014	\$ 599,652	\$ 727,610	\$ 780,236	4%	732-431-7000
Excess for Rate Rounding	\$ 9,318	\$ 693	\$ 7,622	\$ 13,404		
Total Tax Levy	\$ 14,792,819	\$ 14,946,191	\$ 16,508,419	\$ 17,633,580		

2. How is the Tax Rate Calculated?

The tax rate is calculated by dividing the total tax levy by the net valuation of the Borough (total of all assessments). Each property then pays taxes based off that rate times their assessment so that the tax levy is distributed fairly.

How is the Tax Rate Calculated?			
Year	Total Tax Levy	Net Value of Borough	Tax Rate
2017	\$ 14,792,819	\$ 2,122,355,600	0.697%
2018	\$ 14,946,191	\$ 2,153,629,815	0.694%
2019	\$ 16,508,419	\$ 2,328,408,887	0.709%
2020	\$ 17,633,580	\$ 2,469,689,062	0.714%

3. What will the Tax Rate be in 2021?

The 2021 Tax Rate will not be certified till the summer of 2021 because annual budgets are not set until after the year begins. Since the value of the Borough has increased by roughly 10.5% this year, property owners should expect the tax rate lower next year. Below is an **estimation*** of what the 2021 tax rate would be using the anticipated final ratable base and adding 2% to the prior year tax levy. Please note that this is only an estimation using reasonable assumptions.

Year*	Estimated Total Tax Levy 2021*	Estimated Final Net Value of Borough 2021*	Estimated 2021 Tax Rate*
2021*	\$ 17,986,251*	\$ 2,728,033,723*	0.659%*

*The above estimation assumes a 2% increase to the total tax levy. This does not mean that the tax levy will be 2% higher as this is only an estimation. Further, the estimated net value for 2021 being used above is based off preliminary values minus 3% to account for reductions that will happen as a result of County Tax Board appeals. Again, this is only an estimation. The actual tax rate for 2021 will be certified in the summer of 2021.

4. Why are my 3rd and 4th quarter bills different from my 1st and 2nd?

DO NOT MULTIPLY YOUR 3rd QUARTER BILL BY FOUR TO DETERMINE YOUR ANNUAL TAXES!

Since the annual tax rate is not certified by the state and the county until the middle of the tax year, the first and second quarter bills are always just estimations. Once the tax rate is certified, the tax collector multiplies your assessment by the certified rate. The collector then reduces the total amount due by any payments that were made in the first and second quarters. The balance is then split between the third and fourth quarters. Basically, any annual tax change is back loaded to the final two quarters of the year.

As an example, if your property taxes changed from \$20,000 to \$21,000. The quarterly breakdown would be:

1st quarter: \$5,000 2nd quarter: \$5,000 3rd quarter: \$5,500 4th quarter: \$5,500

5. I understand that the Assessment Office has done a complete reassessment for 2021, does that mean my assessment will change for next year?

Yes. The market will be analyzed to ensure fair distribution of the tax levy, but this does not necessarily mean that your taxes will move in the same direction as your assessment. Any change in assessed value of your property simply provides the basis of the new Tax Levy allocation. Tax Levy amounts required by the County, Schools, Library, Local Municipality,

etc. are developed independently and then allocated across the properties according to their proportional value to all other properties. Monmouth County is engaged in the *Assessment Demonstration Program (ADP)*. The overarching intent of the *Assessment Demonstration Program (ADP)* is to institute a revised assessment function that provides systemic cost savings and enhanced public service. At the core of the program is the ability to establish and annually maintain individual property assessments at current market value. This is accomplished by the County and the towns working collaboratively to employ enhanced education, advanced appraisal techniques and modern technology. The fundamental goal of the ADP is to ensure that each taxpayer pays their fair share of the annual tax levy (no more and no less).

6. If my assessment goes up, does that mean I will pay even MORE taxes?

Not necessarily. The assessment function does not *create* revenue for the municipality. The Assessment function is only a distribution mechanism of the separately determined tax levy. In strict adherence with the NJ Constitution, this apportionment is to be based on the value of property.

7. My house was recently inspected. What was the purpose of that inspection?

The purpose of the inspection is to gather proper information on each property so that the appraisal process (and resulting tax distribution) is fair and uniform. Please note: the inspectors are not appraisers and are not appraising your home. The inspectors are simply data collectors and return the data to this office where the reassessment process is done. The Division of Taxation requires that an inspection is done every five to eight years on each property.

8. How is the appraisal process done?

The Assessor reviews all recent sales data and synchronizes the mass appraisal modeling in each market and submarket to target current market value. When the assessments are set to the same standard (market value) in a uniform way, the tax levy will be distributed fairly. Remember, the assessment function is focused on the uniformity and accuracy of the assessments NOT the resulting tax responsibility.

9. What do I do if I feel my 2021 assessment DOES NOT reflect the fair market value?

Please be on the lookout for the postcard with your 2021 assessment. This postcard is mailed in late November of 2020. If you believe the 2021 assessed value does not reflect the true market value of your property, you should contact the Assessor's office immediately to confirm that the physical characteristics on your Property Record Card (PRC) are accurate. After speaking to the assessor, if you still feel the assessment does not equal the fair market value of the property, you should file an appeal with the Monmouth County Tax Board before January 15th, 2021. Here is a link to the appeal site- <https://secure.njappealonline.com/prodappeals/login.aspx>

Please note that the site will not be open until the 2021 assessment postcards are sent out. If you miss the January 15th deadline, you will not be able to file an appeal at the County until the following year (2022).

If you choose to file an appeal on your 2021 assessment, you will be required to provide evidence to demonstrate your position. "Evidence" is typically recent sales of comparable properties. You can research sales data at the Monmouth County Open Public Records site- <http://oprs.co.monmouth.nj.us/Oprs/External.aspx?iId=12>

Select "Deed/Sr1a List" under step 1 then you can modify your search according to the other fields.

10. Why are we annually reassessing now and how was it done in the past?

In the past (and currently outside of Monmouth and Somerset Counties), the assessment function may not have been as uniform and accurate as what current technology allows for. Due to technological and administrative constraints, assessments were set during a revaluation year and remained stagnant despite obvious changes in the markets and sub markets. Annually, "assessment to sale price ratios" were studied to establish a "common level of assessment" ratio. One of the many problems with the antiquated traditional assessment system is that it was based off an assumption that every property within a municipal boundary appreciates / depreciates at the same rate. Obviously, this is not true. Every neighborhood and property class react differently to the market environment.

It is necessary to study each of the markets and submarkets individually (annually) to be sure the total tax levy is distributed in accordance with recent and reliable market data. The only appropriate fix for this is to conduct reassessments annually. The old assessment model enabled an environment where assessments were often significantly removed from the current market value of properties. That type environment is ripe for taxes to be inappropriately distributed. Monmouth County has reformed the distribution component of property taxation to address this obvious shortfall. The Assessment Demonstration Program (through annual reassessment) strives to use advancements in technology, education and mass appraisal techniques to provide this better service to the tax payers.

Created in Monmouth County, the *Assessment Demonstration Program (ADP)* is an international award winning program that has been recognized as a model assessment paradigm by Moody's Investor Service and Harvard Kennedy School. The ADP won the industry's top respected *Distinguished Assessment Jurisdiction Award* for 2019 from the *International Association of Assessing Officers (IAAO)*. The IAAO presents the *Distinguished Assessment Jurisdiction Award* to a national, state, regional or local agency that has instituted a technical, procedural or administrative program that improves on prior programs, and is recognized as a component of a model assessment system and a contributing factor to equity in property taxation. This prestigious award has been given to the most deserving district in the *world* annually since 1983.

If you have any questions, please do not hesitate to contact us.

Erick Aguiar, CTA
Assessor
Borough of Deal
eaguiar@dealborough.com