

# DON'T LET PROPERTY TAXES SQUEEZE YOUR MONTHLY BUDGET



## Act now to cut your tax bill!



As property taxes climb, most people think there is nothing they can do about it. Well there is! Most Hudson County communities haven't done a full reassessment of their ratables in decades. That means your home could be overvalued in the tax assessor's eyes. And, unless you say something, they will continue to tax you at this high valuation.

**Take the time now, before the April 1st deadline, to see if you are paying more than your fair share.**

### What is the basis for my assessment?

In order for an assessment to be deemed excessive or discriminatory, a taxpayer must prove that an assessment does not fairly represent one of the two standards:

1. Following a revaluation, all assessments must represent 100% of true market value as of the previous October 1st.
2. The second, more complicated standard, is the "common level range" established in your municipality. Since assessments are not adjusted annually, a change of true market value can happen because of physical deterioration, inflation, appreciation and depreciation.

The State Division of Taxation annually conducts a sales survey, investigating most property transfers that occur in your community with the help of your local assessor. Every sale is compared to its current assessed value to determine a ratio. An average ratio is then developed from all property sales to represent the assessment level in your community. In any year, except the year a revaluation is implemented, the common level of assessment is the average ratio of the district in which your property is situated, and is used by the Tax Board to determine the fairness of your assessment. In other words, the ratio is the percentage at which the average home in your municipality is assessed, compared to the actual market value, or Implied True Value (I.T.V.)

### How do I know if my assessment is fair?

The New Jersey Legislature adopted a formula to test the fairness of an assessment. Once the Tax Board has determined the true market value of a property during an appeal, they are required to automatically compare the true market value to the assessment. If the ratio of the assessment to the true value exceeds the average ratio by 15%, then the assessment is automatically reduced to the common level. This test assumes that the taxpayer will supply sufficient evidence to the Tax Board so that they may determine the true market value of the property subject to the appeal. You should inquire into your district's average ratio before filing a tax appeal. This ratio changes annually on October 1, for use in the subsequent tax year. The 2009 tax ratios, for use in 2010, are listed in the chart to the left along with the 15% deviations permitted under law.

City	Average Ratio	Lower Limit	Upper Limit
Bayonne	37.84	32.16	43.52
East Newark	24.24	20.60	27.88
Guttenberg	35.82	30.45	41.19
Harrison	38.41	32.65	44.17
Hoboken	27.16	23.09	31.23
Jersey City	26.75	22.74	30.76
Kearny	27.58	23.44	31.72
North Bergen	43.52	36.99	50.05
Secaucus	49.72	42.26	57.18
Union City	39.76	33.80	45.72
Weehawken	52.08	44.27	59.89
West New York	34.40	29.24	39.56

### What is the bottom line?

Almost all NJ municipalities use the common level range for determining your assessed value.

Take for example a home in Hoboken. To find a home's Implied True Value (I.T.V.), take your assessed value of that home and divide that number by the ratio of 27.16%. Let's say you own a one-bedroom home that is assessed at \$165,000.

$$\$165,000 / 27.16\% = \$607,511. \text{ I.T.V.}$$

While your taxes are based on the \$165,000 figure, when you take into account the ratio, your municipality is implying that the value of your home is \$607,511.05. However, based on comparable sales last year, you know your home is actually worth only \$369,000. Since the difference between the I.T.V and the actual market value of the home is more than 15% you are eligible to have your assessment reduced. With a true value of \$369,000, your home should be assessed at \$100,220.40, a difference of:

$$\$165,000.00 - \$100,220.40 = \$64,779.60.$$

Based on Hoboken tax rate of 4.489 this equates to an annual tax saving of:

$$\$64,779.60 \times 4.489\% = \$2,907.96.$$

On top of reducing your monthly housing costs, you also increase the marketability of your home. Not a bad proposition.

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