



Township of Princeton

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REVALUATION - FREQUENTLY ASKED QUESTIONS

1. WHAT IS A REVALUATION?

Revaluation is a program undertaken by a municipality to appraise all real property within the taxing district according to its full and fair value. In general terms, real property refers to land, structures, and all permanent improvements. The purpose of revaluation is to ensure that all property is assessed uniformly. Revaluation allows the tax burden to be spread equitably among all property owners within Princeton Township and Princeton Boro.

2. WHY IS A REVALUATION NEEDED?

When the economy and the value of real estate change over time, the assessed value of property may no longer mirror true market value. Some assessed values may drift below the true market value and some may exceed it. The county boards of taxation track the differences between assessed and true value for each municipality. When the differences become very disproportionate, the Board of Taxation orders the municipality to conduct a revaluation to bring all the assessed values up to the true market value once again. This is how the county board of taxation makes certain that taxpayers are paying an equitable amount of property tax based on the true value of their property. In 2006, the Mercer County Board of Taxation determined that assessed values in Princeton Township, on average, had dropped to 53.42% below the true market value and our 2008 ratio is 47% in the Township and 40% in the Boro. The County Board of Taxation ordered the Township and Boro to undertake a revaluation. The last revaluation in both Princeton Township and Boro was in 1996.

3. WHAT IS MARKET VALUE AND WHO DETERMINES MY PROPERTY VALUE?

Market value is determined by activity in the real estate market and the general economy. The value of your property is based on an analysis of the entire market for the full two calendar years before the completion of the revaluation. A simple example of the "the market" would be someone selling their property and someone willing to buy it. The final price paid for the property would be the "the market value" of the property. It is a real estate or revaluation appraiser's job to research and analyze values among similar properties. In effect, appraisers do what you would do to determine the selling price when putting your property up for sale, though they have specific guidelines to follow. Location, size, quality of construction, age of improvements, topography, utilities, road access and zoning are some of the factors that are evaluated by appraisers.

4. WILL A REVALUATION INCREASE TAXES?

It's a common reaction to think that an increase in assessment increases taxes. However, assessments are merely a base used to apportion the tax burden. The tax burden is the amount that the municipality must raise for the operation of county and local government and support of the school system. To illustrate, assume that the amount a municipality must raise from property taxes is \$10 million. The

total of all assessments in that municipality is \$200 million. In this example, a municipality would have a tax rate of \$5 for each hundred dollars of assessed value.

Amount to be raised from property taxes	Divided by the total of all assessments	Equals the Tax Rate
\$10 Million	\$200 Million	.05 or \$5.00 per one hundred dollars of assessed value

If the \$200 million total of all assessments, as noted above, represents 50% of the true value of all real property in the municipality, property owners assessed above this level would be paying an unfair share of the tax burden. For example, a property with a true value of \$350,000 and an assessment of \$200,000 would have its taxes calculated as follows:

Assessed Value	Times Tax Rate	Equals Tax
\$200,000	0.05	\$10,000

The property in this example is over-assessed although the assessment is \$150,000 less than the property's true market value. The ratio of aggregate assessments to the aggregate true value of all real property in the municipality is 50%. The ratio of our individual property is 57% (\$200,000/\$350,000).

Let us assume that in this same tax year a revaluation was put into effect and the aggregate assessed value is now \$400 million. Although the ratable base (aggregate assessments) would have doubled, the revaluation would not have meant an increase in total taxes to be collected by the municipality since the tax rate would have declined proportionately, as illustrated by the calculation that follows.

Amount to be raised from property taxes	Divided by the total of all assessments	Equals the Tax Rate
\$10 Million	\$400 Million	.025 or \$2.50 per one hundred dollars of assessed value

Applying the \$2.50 tax rate to our property, which would now be assessed at its true value of \$350,000, would mean a decrease in taxes as a result of all assessments based on the true value standard.

Assessed Value	Times Tax Rate	Equals Tax
\$350,000	0.025	\$8,750

True value assessments, the goal of a revaluation program, would have decreased the taxes for the property owner in our example by \$1,250. This is based on assumptions within the same tax year.

5. HOW DOES THE REVALUATION PROCESS WORK?

The revaluation program will begin in January, 2009 and conclude by October, 2009. Individual property inspections will be undertaken during this period. As required by the New Jersey Assessor's State Regulations, the inspections will include exterior and interior inspections as well as a measurement of each property. These will be done to ensure an accurate description of each property. Photographs of the front and rear exterior of residential property will be taken. These will be attached to each property's physical description. It is possible that these photographs will not be done during the inspection. Typically, the following interior data will be noted for residential property:

- The general condition of the interior structures (walls, floors, and ceilings).

- Number and type of rooms; type and quality of plumbing; and electrical and climate control systems.
- Finished and unfinished attics and basements, porches, etc.

6. WHAT IS EXPECTED OF PROPERTY OWNERS?

Equitable revaluation depends on the cooperation of taxpayers. Property owners have a stake in the outcome of the revaluation program. Interior inspections especially, require that residents cooperate with the property evaluators. The validity of the market value estimate depends on the collection of accurate data. Any assistance a taxpayer can provide will aide greatly in the total data collection process. Appraisal Systems, Inc. will make every effort to minimize any inconvenience to taxpayers. Please realize that the people making the inspections are not necessarily responsible for developing the market value estimate. Their job at the time of an inspection is not to make an instant judgment as to valuation, but rather to collect pertinent information to be used in the valuation.

7. WHEN DOES THE ACTUAL INSPECTION OCCUR?

Appraisal Systems, Inc. will be notifying property owners prior to inspections. No advance appointment will be required. Inspections will take approximately twenty minutes. If the property owner is not present when the inspector visits the property, a card will be left designating a time for a second attempt at inspection. If the owner cannot be present for the second attempt, he or she will be asked to call Appraisal Systems, Inc. for a mutually convenient appointment time. All field inspectors will carry an identification badge with a photograph issued by the Princeton Township and Princeton Boro Police Departments.

8. WHAT IF A TAXPAYER IS DISSATISFIED WITH THE PROPOSED ASSESSMENT?

The notice sent by to the taxpayer from Appraisal Systems, Inc. will include the appraised value and will also explain how to arrange for a personal informal hearing to review the proposed assessment. A taxpayer planning to attend the review should be prepared to support any disagreement regarding the appraised value of the property. For example, recent sales of similar or comparable properties are an indication of value. A recent purchase price of the property may also help to support a view as to value. Also, the cost of recently constructed comparable buildings could lend support to the fair market value.

9. WHAT CAN A TAXPAYER DO IF UNSUCCESSFUL IN HAVING THE VALUATION OF THE PROPERTY REVISED AS A RESULT OF ATTENDING THE INFORMAL HEARING?

The Tax Assessor will file the new tax list with the County Board of Taxation on January 10, 2010 for the 2010 tax year. If the matter of valuation is not resolved prior to filing and certification of the tax list, an appeal may be filed with the County Board of Taxation on or before April of the tax year. If the taxpayer is not satisfied by the decision of the County Board of Taxation, an appeal may be filed within 45 days to the New Jersey State Court.

10. WHAT SHOULD I EXPECT FOR THE ESTIMATED TAX BILL FOR 2010?

Do not apply the 2009 tax rate to your new 2010 assessed value which will come to you in late 2009. The new tax rate for 2010 will be struck after the budget process is finalized, usually in the month of July, 2010. Any adjustments to the 2010 tax bill will be made in the 3rd and 4th quarters.