

To: New Jersey Law Revision Commission
Fr: Laura C. Tharney, Executive Director
Re: Update Recommending Conclusion of NJLRC Work in the Area of Property Taxation
Date: March 07, 2022

MEMORANDUM

Project Summary

In March of 2016, the Commission authorized the re-establishment of a project to revise statutory provisions pertaining to property taxation in New Jersey. Preliminary work was done in the area, but the project has not been under active Commission consideration since January of 2017.

Background

The Commission originally began this project in 1997 at the suggestion of Lawrence Lasser, who was then the recently-retired Chief Judge of the Tax Court. Judge Lasser indicated at the time that the current law was not well organized or expressed. In addition, he advised that some of the statutes contain language not in accord with court decisions or settled practice.

Judge Lasser's role was critical and, with his untimely death in 1998, the project was suspended.

When Staff presented to the Commission a request for authorization to re-establish the project, Staff explained that it anticipated that the project would be based on the drafts of eight chapters comprising the first two articles of the law that were produced in 1998.

That material deals with what property is taxable, and how it is to be assessed. Staff acknowledged at the time that even with the old draft as a starting point, this would not be a small project. The 1998 draft would have to be brought up to date to reflect the statutory changes and the numerous judicial decisions since that time.

In response to questions from the Commission, Staff explained that the focus of the project was to establish a clear assessment process. It was not clear at the time whether the Legislature would be interested in considering Commission work in this area, and Staff was directed to reach out to potentially interested parties to assess the viability of the project.

Commission Staff began work to update the older Commission work, and engaged in efforts to identify experts to review drafts. The Taxation Committee of the New Jersey State Bar Association expressed preliminary interest in the project and brief early discussions were held with the New Jersey League of Municipalities.

Despite its best efforts at the time, Staff was unable to identify individuals with expertise in this area who were available and willing to assist with, and comment on, Commission work in this area.

The last active work by the Commission in this area was in January 2017.

Since that time, the Commission has worked on other projects concerning taxation, including the Final Report released in 2020 concerning the Mandatory Refund of Property Taxes Paid in Error, which was introduced in bill form in the former and current Legislative sessions.

Given the challenges associated with finding knowledgeable individuals willing to participate in the Commission's work in this area, and the resources required to successfully bring a project in this area to conclusion, it does not realistically appear that Commission Staff will be able to focus on this project in the near term.

Bills Introduced

At the time of the preparation of this Memorandum, approximately 100 bills and nearly 20 resolutions concerning taxation issues had been introduced in the current legislative session. Not all of those bills and resolutions pertain to the issues under consideration by the Commission. A491, to establish a "Property Tax Study Commission," A1286, to authorize a State constitutional convention to reform New Jersey's system of property taxation, ACR14 concerning a special session of the Legislature to consider property tax relief and reform, and the wide variety of other bills and resolutions introduced in this area do, however, suggest legislative attention to issues related to property taxes.

Conclusion

In light of the foregoing, Staff recommends the conclusion of the Commission's work in this area at this time.