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The Passing of the Holiday Season Signals That Property Tax Appeal Season is Upon Us

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The Commercial Real Estate Climate Continues to Falter and Warrants Review for the Viability of a Successful Real Property Tax Appeal

With measurable declines in the real estate market persisting, evidenced by the sluggish movement of vacancy and rental rates, a tax appeal is most likely justified in 2012.

Don't let the fact that you did not explore this option in the past dictate your actions this year. Just as in the case of refinancing your mortgage, it is never too late to take advantage of real savings opportunities.

Last year, the New Jersey Tax Court was busy docketing an unprecedented level of appeals and municipalities are again bracing for yet another consecutive record appeal season. Downward adjustments to assessment levels have been generally warranted over the course of the last several years in conjunction with most property classes. Due to the continued economic malaise and waning consumer confidence, further downward adjustments appear to be in order again in 2012.

Despite the fact that there may have been recent signs suggesting the bottoming out of the real estate market (such as slow and modest increases in demand for industrial space over the course of the last quarter of 2012), this phenomenon would not affect the relevant real estate value as of the applicable 2012 tax year valuation date (October 1, 2011). Towns will therefore continue to be forced to recognize that its assessments are subject to real and legitimate challenge and will need to be prepared to negotiate reasonable resolutions. The process of ensuring that you are only paying your fair share of taxes can, however, only be initiated with the filing of a timely tax appeal. **The 2012 tax appeal filing deadline is April 1, 2012.**

In the next several weeks, you will be receiving a Property Tax Assessment Notice (post card) from the municipal tax assessor, that will identify the property tax assessment imposed upon your property for 2012. The receipt of this notice should prompt you to seek assistance in determining whether a tax appeal is justified.

The assessment number included on this post card can be deceptive, as it does not reflect the true value assigned by the town to your property. Without applying the town specific ratio you could be falsely lulled into believing that your property is being properly assessed when nothing could be further from the truth. Such a miscalculation could lead to a very expensive mistake.

Towns employ what is called an average or "equalization" ratio in order to convert the property tax assessment to true value (the so-called "equalization value"). Comparing the equalization value to the actual value of your property will determine whether an appeal has merit. Reviewing your tax assessment card with your real property tax professional will ensure that you are not paying more than your fair share of the municipal tax burden and that the town is treating you fairly.

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