



**TOWN OF CLINTON**  
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## **ANNUAL REASSESSMENTS AND THE IMPACT ON PROPERTY TAXES**

### **TOP TEN FREQUENTLY ASKED QUESTIONS**

The Town of Clinton is committed to providing clear and complete information regarding the reassessment process and its tax implications. The following will provide further clarification on the reassessment process and answer taxpayers frequently asked questions.

We believe by keeping you informed of the methods and procedures will result in greater confidence of the system through public awareness and understanding. Our number one goal is to establish an assessment function focused on uniformity and accuracy. When the assessments are set to the same standard of value (market value) the property tax burden is distributed fairly and equitably in accordance with the Constitution of the State of New Jersey.

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#### **1. WHY DID MY PROPERTY TAXES INCREASE?**

**Answer: The recent increase in your property tax bill may be the result of an increased property assessment.**

The Town of Clinton conducts an annual reassessment to assess all real property within the taxing district according to its full and fair value. The purpose of a reassessment is to fairly distribute the tax burden among all property owners within the Town. The validity of the market value estimate depends on the collection of accurate data; this reassessment program is supported by an annual interior/exterior inspections cycle. These inspections will be spread-out over a five-year cycle to ensure that all property record cards are accurate and up to date. All residents will receive advanced notification prior to the inspection. We ask all residents to cooperate with the inspection process and to be advised, the field inspectors who conduct the inspections do not determine the final assessment.

Please keep in mind that property taxes cannot be appealed, as they are a result of the budget process. The assessed value can be appealed yearly by May 1<sup>st</sup> of the current year. For more information on the appeal process, please see question #7 below.

#### **The Property Tax Procedure**

1. Value is determined as of October 1 of the pre-tax year for all real property within the Town of Clinton. The Final Tax List is certified on January 10<sup>th</sup> of the current year or shortly thereafter.
2. The Town along with the County governing bodies and the local/regional school board make their respective budgets and hold public hearings. Anticipated revenue from various sources is subtracted from the budget and

the amount remaining to be raised by a levy on real and personal property is reported to the County Board of Taxation.

3. The Hunterdon County Tax Board apportions the amount to be raised by property taxes to support the County government among the taxing districts in the County, then adds to the respective County portion the amount needed from property taxes to finance the municipal government and the school districts (Regional and Local), and divides the total levy by the assessed value of all taxable property to establish the general tax rate.
  4. The tax rates are reported to the municipality which collects the property tax for the County, the school district, and itself.
  5. The appropriate tax rate is multiplied by the assessment on each property to determine the taxes due for the current year.
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## **2. WHY DID MY NEIGHBOR'S PROPERTY CHANGE AT A DIFFERENT PERCENTAGE RATE?**

**Answer: Each property within the Town is unique and appreciates/depreciates at different rates. Depending on the precision of the assessed value prior to the reassessment, the overall value change can vary from neighbor to neighbor taking into consideration; location, interior/exterior condition & finish, overall building quality, square footage, style, age, lot size, etc.**

When properties are improperly assessed (IE: over or under assessed), the tax burden is not equitably spread throughout a municipality. This was the case in the Town for many years which prompted us to seek State approval to conduct a Town-wide property revaluation in 2013. A revaluation is a program undertaken by a municipality to assess all real property within the taxing district according to its full and fair value. Generally, taxpayers of the most severely under assessed properties before a revaluation will pay a more equitable share of the tax burden after a revaluation. This means that their property taxes will increase even if operating costs remain the same. Likewise, taxpayers of the overvalued properties will pay a smaller share of the tax burden after the revaluation. This means their property taxes will decrease if the total amount to be raised from taxes remains the same. Municipal, County and school budget costs generally increase each year. The rise can be attributed to inflation, the general increase of goods and services, and other economic factors.

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## **3. WILL THIS TYPE OF CHANGE (AS INDICATED IN #2 ABOVE) IN ASSESSMENT HAPPEN ANNUALLY?**

**Answer: In a reassessed district changes in assessments will be based on the real estate market. The assessments are based on sales between a one-year period of October 1<sup>st</sup> and October 1<sup>st</sup> of the pre-tax year. The extent of the assessment changes will depend on the depreciation or appreciation of the real estate market. In the past two years the real estate market has increased significantly and the assessments reflect that change.**

Each year the Assessor by law, must review each property and revise the assessment, both up and down, in accordance with market value evidence, so that the assessment is set equal to the current market value. Annual assessment changes are expected to be in accordance with observed market value data. The Tax Assessor must review and revise the assessment on an annual basis to maintain a 100% market value to assessment ratio.

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#### **4. HOW DID MY ASSESSED VALUE CHANGE SO MUCH FROM ONE YEAR TO THE NEXT?**

**Answer: The assessments change annually based on the Real Estate market. The assessments follow the same pattern as the market.**

New Jersey taxpayers have been led to believe that their assessments do not change from year to year. While it is true that absent revaluation, reassessment, compliance, judgment, or physical change the assessment shown on the Ch. 75 Notification of Assessment Postcard is the same from one year to the next, in truth, the taxpayer's "implied market value" changes annually. Taxpayers throughout the State are unaware of the relationship between the assessed value, the ratio and the implied market value and the critical role this relationship has on their individual tax bill.

If assessment inequities exist, it may be necessary for the Tax Assessor to review the assessments and make adjustments as needed to maintain equity. When performing annual reassessments based on fair market value, for example, assessments cannot merely be carried over from year to year without regard to market influences. Property values are continually changing, and the values do not change at the same rate for all properties. Without changes in the assessments, inequities will soon develop.

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#### **5. HOW ARE PROPERTY VALUES ESTABLISHED?**

**Answer: Standardized mass appraisal methods and techniques are used to systematically assess groups of properties. This includes the analysis of recent sales and statistical studies.**

To avoid discriminatory treatment reassessments should cover the entire municipality in scope. A good reassessment program includes:

- Analysis of all recent real property sales, including a comparison of sales prices with assessed values of sold properties; identification of real property value trends;
- A parcel-by-parcel review of all real property values;
- Review and revision of all unit land values,
- Gathering and utilization of pertinent income data;
- Review and adjustment of depreciation and obsolescence factors with changes to individual property records;
- Reconciliation and revised true value for each property;
- Placing revised taxable values on the tax list for the year in which the reassessment becomes effective;

Properties must be graded, or broken down, into somewhat homogenous groups. Similar property groups will tend to appreciate or depreciate at roughly the same rate. It is not sufficient for the assessor to merely grade properties and sales according to their statutory classification and develop one trending factor for the entire class of property. Properties, even properties within the same assessment classification, may vary considerably in quality, style, age, location, and amenities, and cannot be expected to change in value at the same rate.

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#### **6. WHY DID THE ALLOCATION OF MY LAND AND IMPROVEMENT VALUE CHANGE?**

**Answer: The allocation of land to building is an administrative process and may not accurately reflect the market value of the individual parts. As such, the subject's total value can be appealed and dictates the taxes for the year.**

Generally, residential real estate is bought and sold as a whole and valued as such. Depending on the method of valuation, the allocation between land and improvements may be subjective; such allocation shall not be presumptive of a correct apportionment of true value. The total assessment should be the single driving force in reviewing the assessment for accuracy.

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## **7. WHAT IF I DISAGREE WITH MY NEW ASSESSMENT?**

Answer: First, contact the Tax Assessor's Office at 908-735-8616 x224 to review your property record card for errors. If the record card is accurate and you disagree with the total assessment, you may file an appeal with the Hunterdon County Tax Board. The time to appeal an assessment is on or before May 1<sup>st</sup> of the current tax year. For more information on how to appeal your assessment, please visit the Hunterdon County Board of Taxation at <https://www.co.hunterdon.nj.us/1034/Taxation-Board>.

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## **8. WHY ARE THE FIRST AND SECOND QUARTER TAX PAYMENTS, DIFFERENT FROM THE 3RD AND 4TH?**

**Answer: The first and second quarter payments are estimated based on the prior year's tax rate and assessment.**

Your tax bill is arrived at by multiplying the total assessment by the overall tax rate. The overall tax rate is decided by dividing the amount to be raised by taxation or the "levy" by the total value of all property within the municipality. The total levy is the amount the County, local/regional school districts, and the Town needs to provide services. Once the overall rate is realized (typically between May and June), the current year assessment is used to calculate the total amount owed. The first and second quarter payments are subtracted from the total and the remainder is split equally between the third and fourth quarter payment.

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## **9. WHAT HAPPENS IF I DO NOT PAY MY TAX BILL?**

**Answer: There is normally a 10-day grace period after which interest is applied, calculated at 8% on the first \$1,500 past due and 18% for any amount over \$1,500. (per NJSA 54:4-67). Properties with delinquent municipal charges (taxes, sewer, water solid waste, and interest) totaling \$10,000.00 or more at calendar year end are subject to an additional 6% year end penalty.**

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## **10. WHY DID MY TAX BILL GO UP OVER 2%? I THOUGHT THE STATE OF NEW JERSEY HAD A 2% CAP ON PROPERTY TAXES?**

**Answer: The 2% "cap" law puts a restriction on how much a local budget may increase. This law does not directly limit the increases/decrease of property taxes.**

In preparation of an annual budget, no local unit, including municipalities and counties, may increase the tax levy above 2% of the previous years with the following exceptions:

- Capital expenditure increases
- Debt service increases
- Emergencies – weather and "declared" emergencies
- Pensions and health benefits

Regulations for these caps are administered by the Department of Community Affairs, Division of Local Government Services, Local Finance Board. Any questions about budget caps or tax levy caps should be directed to that agency."

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## PROPERTY TAX RELIEF PROGRAMS

There are several municipal and State programs. Please contact the Tax Collectors Office at 908-735-2275 for a complete list and the eligibility requirement.

### PROGRAMS INCLUDE:

- **Annual Property Tax Deduction for Senior Citizens, Disabled Persons:** Annual deduction of up to \$250 from property taxes for homeowners age 65 or older or disabled who meet certain income (not exceeding \$10,000) and residency requirements.
- **Annual Deduction for Veterans:** Annual deduction of up to \$250 from taxes due on the real or personal property of qualified war veterans and their unmarried surviving spouses.
- **Property Tax Exemption for Disabled Veterans:** Full exemption from property taxes on a principal residence for certain totally and permanently disabled war veterans and their unmarried surviving spouses. Unmarried surviving spouses of servicepersons who died on wartime active duty may also qualify.
- **Property Tax Reimbursement (Senior Freeze):** You may be eligible for a reimbursement of the difference between the amount of property taxes you paid for the base year (the year you first became eligible) and the amount paid for the year for which you are applying for a reimbursement if you met all the following requirements for the base year and for each succeeding year, up to and including the year for which you are claiming the reimbursement.

Please contact the Tax Assessor at 908-735-8616 x224 or [fkuczynski@clintonnj.gov](mailto:fkuczynski@clintonnj.gov)