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A Lawyer's Perspective

The votes are in and the winner is... incremental change

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No, I'm not talking about the decision that virtually all Americans over 18 should make on Nov. 4 in the sanctity of the voting booth. I'm talking about the path to property tax reform in New Jersey. So, whether you pick Obama-Biden or McCain-Palin to bring about change in Washington, incremental change is the winner in the hard fought, two-year-long contest over property tax reform in New Jersey.

Just over two years ago, the legislature put together a comprehensive property tax reform package of 98 recommendations to move New Jersey out of the No. 1 spot of highest property taxes in the nation. Notwithstanding the political courage that it took to propose comprehensive property tax reform, the political will was not there for an up or down vote on that package.

As moderator, I did not take a vote among the distinguished panel at the annual conference of the New Jersey Association of County Tax Boards in Cape May. But, after the discussion of the policy and program issues involved in property tax reform, it was clear that incremental change is the only way to go.

Both Senator Jim Whelan, (D-2nd.) and Assemblyman Douglas Fisher, Deputy Majority Whip, (D-3rd) agree that incremental change requires both a long-term view and patience. These veteran public officials have the tough job of taking their constituents' desires back to Trenton and creating change by working out incremental solutions with legislators from the rest of the state.

As a former mayor of Atlantic City, Whelan embraced incremental change in both the property tax system and how government does business. He said that while everyone in the legislature "gets it" in regard to property tax reform, the reality is that the way that government does business must change. He urged simplification of governmental processes. Instead of continuing to do the same old thing,

Whelan urged new, common sense ideas for incremental change.

Assemblyman Fisher spoke about the overwhelming nature of property tax reform. On one hand, he pointed out the constitutional requirement for uniformity within a taxing district. On the other, pointed out the fact that a property tax bill on a "starter home" in his Bridgeton-centered district can be three times the property tax bill on a "McMansion" in a seasonal shore community. Stating that he has always been an incrementalist, he suggested that the best way to achieve change is to create benchmarks that can stand even in the face of ongoing forces and events.

Carol Fredericks, Business Administrator for the City of Atlantic City, former assistant business administrator for the City's School System, said that government officials need to follow the rules, and to also require stronger regulations to back them up. She suggested that by doing so, taxpayer savings would soon, to paraphrase the old saying, "add up to real money."

Marc Pfeiffer, Deputy Director of Local Government Services at the state Department of Community Affairs (DCA), discussed the policy and programmatic details of Atlantic City's first-in-the-state Revaluation Phase-in. He pointed out that this particular change required the right set of circumstances and Atlantic City presented those circumstances. Pfeiffer discussed how a municipal-state team of experts worked together to research the law and crank out the numbers that were ultimately sold to the decision-makers in state and local government.

One of those technical experts was AC's auditor, Ken Moore, CPA, of Swartz & Company. Ken was able to project the effect of this change, not only on the City as a whole, but on individual property owners, since the entire City's assessment numbers were loaded on to Ken's laptop. The State's team of DCA, Taxation, and Information Technology staff

then worked with AC officials to hash-out the devilish details of this major change in property taxes. The result was that over 10,000 of the City's 17,000 properties were included in the Reval Phase-in.

Fredericks told of how Novelette Hopkins, AC's tax assessor, and a team of City officials, including herself, Jack Berenato, Assistant City Solicitor, and Mayor Scott Evans, conducted a series of neighborhood meetings on the Reval Phase-in. At those meetings, individual property owners could use the computerized formulas created by Ken Moore to find out how this proposed change would affect them. This resulted in a groundswell of public support for property tax change that had never occurred before in the state's history.

City reps Fredericks and Moore, worked closely with DCA's Pfeiffer and Whelan to authorize a trust fund for the proceeds from the sale of Bader Field. Together, they crafted legislation that will assure that those funds will be sequestered from short-term financial concerns and used to create long-term benefits that will change Atlantic City for generations to come. One of those benefits will be a reduction in local property taxes, a long-sought change worth waiting for.

Whether you pick comprehensive or incremental reform, the solution to property tax reform lies with you, the people of this state. Either way, you've got to give credit to those, like the people on this panel, who are working to bring about change.

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