

TAX COURT OF NEW JERSEY



**ANNUAL REPORT OF THE PRESIDING
JUDGE OF THE TAX COURT OF NEW JERSEY
JULY 1, 2011 - JUNE 30, 2012**

**The Tax Court of New Jersey
P.O. Box 972
Trenton, N.J. 08625**

Web page: www.judiciary.state.nj.us/taxcourt

TABLE OF CONTENTS

| | | |
|------|--|----|
| I. | Introduction and Highlights | 1 |
| II. | The Court | 2 |
| | Table 1 - Categories of Cases Filed Court Year 2011-2012 | 4 |
| III. | The Tax Court Management Office | 5 |
| IV. | Caseload | 7 |
| | A. Filings and Dispositions | 7 |
| | B. Productivity | 8 |
| | C. Decisions | 9 |
| | 1. Supreme Court of New Jersey | 9 |
| | 2. Superior Court, Appellate Division | 10 |
| | 3. Tax Court Opinions | 12 |
| | 1. Local Property Tax Cases | 12 |
| | 2. State Tax Cases | 13 |
| V. | The Supreme Court Committee on the Tax Court | 15 |

Tables

| | | |
|----|--|----|
| 2. | Thirty-Year History of Tax Court Filings and Dispositions | 16 |
| 3. | Tax Court of New Jersey Productivity, Dispositions per Judge 1998-2012 | 17 |
| 4. | Tax Court Cases Appealed to the Appellate Division 1979-2012 | 18 |
| 5. | Actions Taken by Appellate Division on Tax Court Cases Court Year 2011-2012 | 19 |
| 6. | Tax Court Cases Pending, Filed & Disposed, Court Year 2011-2012 | 20 |
| 7. | Character of Complaints Filed, Court Year 2011-2012 | 21 |
| 8. | Local Property Tax Complaints Filed by County 2003-2012 | 22 |

I.

INTRODUCTION & HIGHLIGHTS

During the 2011-2012 court year, 15,556 Complaints were docketed in the Tax Court of New Jersey. An additional 6,470 Complaints were received but not docketed as of the last day of the court year. The backlog of unprocessed Complaints at the Clerk's Office, when considered together with the number of docketed Complaints, shows that court filings have remained steady at a historically high level. The single filing deadline of April 1 for the vast majority of our cases presents the Tax Court with a unique challenge – processing a large number of Complaints prior to the end of the court year. The docketing of Complaints is labor intensive for the Tax Court staff given the number of data fields that must be entered into the court's case management system, the absence of electronic filing, and the elevated number of pending cases at the court over a period of several years.

Filings are expected to increase or remain steady during the 2012-2013 court year for a variety of reasons. First, the national economy continues to have a negative effect on real property values, which is the core issue in the vast majority of cases before the court. In addition, Hurricane Sandy, a major weather event in October 2012, had a widespread impact on the condition of real property in large portions of the State. The court anticipates an increase in local property tax appeals related to the effect the storm had on the value of real property in this State. Finally, a number of municipal-wide revaluations and reassessments, including in large municipalities, were implemented for tax year 2013. Revaluations and reassessments historically result in increased Tax Court filings from the affected municipalities.

During the 2011-2012 court year, the court disposed of 15,457 cases. This represents approximately 2,576 dispositions per judge for the court year. We disposed of a large number of cases despite the fact that the court had one vacancy for the entire 2011-2012 court year.

This accomplishment is due, in part, to recent efforts to streamline processes for docketing Complaints, memorializing settlements and issuing judgments. Additionally, judges and non-judicial staff, including the staff in the Tax Court Management Office, have made a concerted effort to close cases with increased efficiency and speed while maintaining the accuracy that is essential to an effective system of taxation. On the last day of the court year, 35,798 cases were pending in the Tax Court, the highest number in the history of the Tax Court. This does not include the 6,470 Complaints filed but not docketed on June 30, 2012.

The court had one judicial vacancy during the 2011-2012 court year. In addition, five Tax Court Judges were assigned to other parts of the judicial system during the court year. While awaiting the appointment of a new judge by the Executive and Legislative branches, the six judges assigned to the Tax Court had caseloads averaging 6,000 cases each. The court faced this challenging environment with enthusiasm.

II.

THE COURT

The Tax Court was established on July 1, 1979 as a trial court with statewide jurisdiction to review State and local property tax assessments. Over the past thirty-three years, the court has disposed of over 275,000 cases. By publishing more than 1,100 of its opinions, the court has established a uniform and coherent framework for the resolution of tax disputes in New Jersey. The development of a body of legal precedents in the area of taxation benefits the State and its taxpayers by facilitating the implementation of tax policy, as decided by our Legislature and Governor, and providing a reliable structure in which to resolve tax conflicts. In addition to deciding tax disputes, Tax Court judges hear Superior Court cases in which the court's expertise in taxation is desirable. The court has helped resolve complex issues relating to taxation and asset valuation in business, matrimonial, foreclosure,

condemnation, and other cases.

In October 2011, the court began posting its unpublished opinions on the judiciary's website. The opinions are available on the website for a period of two weeks, after which they are collected by Rutgers-Camden Law School for inclusion in its free online library. The posting of unpublished opinions is in keeping with the Judiciary's policy of increasing public access to court records and assists the bar and self-represented parties in keeping abreast of legal developments at the court.

One judicial vacancy existed on the Tax Court at the start of the 2011-2012 court year as the result of a retirement in 2010. On June 29, 2012, the final business day of the court year, the Hon. Mary Siobhan Brennan, J.T.C., took the oath of office as a Judge of the Tax Court. As a result, all Tax Court Judge positions were filled for only one day of the court year. In addition to the six judges assigned to the Tax Court, during the entire court year two Tax Court judges were assigned to the Superior Court, Appellate Division, and three Tax Court judges were assigned to Superior Court trial divisions. In this way, the court contributes to the disposition of cases by the judiciary overall.

As of the last day of the court year, seven judges were assigned to the Tax Court: Presiding Judge Patrick DeAlmeida, Judge Vito L. Bianco, Judge Gail L. Menyuk, Judge Mala Narayanan, Judge Joseph M. Andresini, Judge Christine M. Nugent and Judge Mary Siobhan Brennan. The judges maintained chambers and heard cases in Hackensack (Judge Andresini), Newark (Judge Narayanan, Judge Nugent and Judge Brennan), Morristown (Judge Bianco), and Trenton (Presiding Judge DeAlmeida and Judge Menyuk). Each judge is designated to hear local property tax cases from specific geographic areas. These cases are assigned according to the location of the property at issue. Cases concerning State taxes are individually assigned by the Presiding Judge.

Table 1 categorizes filings and dispositions for the 2011-2012 court year. The analysis represents Tax Court cases only and does not include Superior Court cases or miscellaneous tax applications handled by the judges of the Tax Court. An examination of the table shows that the vast majority of the court's cases, 98%, involve local property tax. The remaining 2% of cases concern assessments by the Director, Division of Taxation, of State taxes, such as gross income tax, corporation business tax, sales and use tax, transfer inheritance tax, as well as other taxes, homestead rebate cases, and challenges to equalization tables and school aid ratios. Although small in number, these cases tend to be complicated and often involve complex legal questions that require significant judicial resources.

TABLE 1
TAX COURT OF NEW JERSEY
CATEGORIES OF CASES FILED
COURT YEAR 2011-2012

| | | |
|---|------|---------------------|
| A. Cases filed by general category | | |
| Local property tax cases | 98% | 15,205 |
| State tax and Equalization Table cases | 2% | 351 |
| Total | 100% | 15,556 ¹ |
| B. Local property tax cases filed during the court year | | |
| Regular cases | 61% | 9,320 |
| Small claims cases | 39% | 5,885 |
| Total | 100% | 15,205 |
| C. State tax and Equalization Table cases filed during the court year | | |
| State tax cases (other than Homestead Rebate & related cases) | 59% | 208 |
| Homestead rebate & related cases | 39% | 137 |
| Equalization Table cases | 2% | 6 |
| Total | 100% | 351 |

More detailed statistics for the 2011-2012 court year can be found in the appendix.

¹ As noted above, as of June 30, 2012, approximately 6,470 complaints were filed with the court but not docketed. These additional cases are not reflected in the 15,556 cases docketed.

III.

THE TAX COURT MANAGEMENT OFFICE

The Tax Court Management Office is the administrative arm of the Tax Court. Cheryl A. Ryan has been the Clerk/Administrator since her appointment on October 1, 2005. This office provides the support services necessary for the efficient functioning of the court. Not only is the office responsible for case flow management, record keeping and case management functions necessary to move cases to disposition, but it also manages the resources needed to support the Tax Court judges and support staff in four separate locations. Specifically, the Tax Court Management Office accepts papers for filing, assigns local property tax cases, prepares calendars and judgments, responds to attorney and litigant inquiries and provides procedural guidance.

The office is comprised of three case management teams that are responsible for docketing, screening, data processing, calendaring, records management and administrative services. Each team at various stages in the litigation process provides taxpayers, attorneys, and tax administrators with information about the filing of complaints, opinions of the court, judgments and other information regarding the review of state and local property tax assessments. The staff of the Tax Court Management Office also furnishes sample forms, court rules and pamphlets explaining Tax Court procedures.

The Tax Court Management Office has continued to improve its automated case management system and case processing procedures as necessary to enable the court to process cases more efficiently. This includes training some members of chambers staff to enter judgments, a task previously performed exclusively in the management office. In addition, the management office has developed a procedure to expedite the processing of filing fees.

The Tax Court has been identified by the Administrative Office of the Courts as an appropriate target for implementation of electronic filing and a new case management system. Our case types lend themselves well to electronic filing, given the data-intensive nature of most matters. A detailed analysis of the court's case management practices and case information system remains underway to chart the course for a paperless Tax Court docket. The new case management system will be a significant upgrade to the current system and will include electronic filing, electronic file jackets, enhanced flexibility for calendar and case management and increased public access to Tax Court case information and documents. An aggressive schedule has been established for the development and implementation of the new system and electronic filing. The judges and staff have offered their suggestions for the new system and are excited about the prospect of modernizing our management of cases. While we await the implementation of the upgraded system, the judges and staff have continued to take advantage of existing technology to facilitate the efficient management of our docket with our existing system, including temporary upgrades. Talented Judiciary in-house resources have been invaluable to this process.

Throughout the 2011-2012 court year the caseload per Tax Court FTE (full time equivalent) employee was higher than the staffing models established for the Superior Court's Law Division and General Equity cases, Landlord-Tenant cases and Small Claims cases.² Additionally, unlike the management of cases in the Superior Court, the intensity of case management by the Tax Court case managers continued to be more complex and the vast majority of Tax Court judgments were prepared and mailed by support staff in the Tax Court

2. For the majority of the 2011-2012 court year, the Tax Court Management Office case processing staff was comprised of twelve FTEs: nine permanent full time and six part-time hourly employees calculated as three FTEs. This resulted in staff having an average of 2,983 cases per FTE to process and manage. Directive # 08-10 dated August 9, 2010, effective during the 2011-2012 court year indicates a Superior Court, Civil Division staffing model of one FTE for every 182 Law Division and General Equity cases, one FTE for every 1,500 landlord-tenant cases and one FTE for every 1,100 small claims cases.

Management Office. Nonetheless, during the 2011-2012 court year, the Tax Court Management Office continued to dispose of cases at a record high number.

To provide timely and efficient service to litigants, various reports and information are made available on the Tax Court Website. For example, the Tax Court regularly updates reports listing the judgments entered each month and new cases docketed. Other information available on the court's website includes: published and unpublished Tax Court opinions, related Appellate Division opinions, notices regarding important changes to Tax Court policies, all state and local property Tax Court forms, the Rules of the Tax Court (Part VIII), a small claims handbook, the Tax Court's standard form interrogatories, as well as the Annual Reports of the Presiding Judge and the Biennial Reports of the Supreme Court Committee on the Tax Court. Links to access the State's twenty-one county boards of taxation are also available on-line.

IV.

CASELOAD

A.

FILINGS AND DISPOSITIONS

Table 2 in the Appendix (page 16) summarizes the history of filings and dispositions of Tax Court cases since 1983. At the beginning of the 2011-2012 court year, the Tax Court had an inventory of 35,699 cases. Tax Court cases docketed during the court year totaled 15,556, and an additional 203 previously closed cases were reinstated. Thus, the aggregate total number of cases in inventory was 51,255. This figure does not include the additional 6,470 complaints received but not docketed as of the last day of the court year. Dispositions for the court year totaled 15,457 cases, resulting in an inventory of 35,798 cases at the end of

the court year.³ Due to several years of increasing filings, the Tax Court judges were not able to clear the calendar. However, the court accomplished a great deal by resolving approximately 43% of the caseload pending at the beginning of the court year and by issuing opinions in several notable cases described in detail later in this report. The inventory of cases at the close of the court year constitutes approximately two and a quarter years of dispositions at the current rate of disposition. That is not consistent with our objective of closing standard track cases within eighteen months to two years after filing. As of the last day of the 2011-2012 court year, approximately 36% of the court's caseload is in "backlog" (cases over two years old). We find that this is an unacceptably high number, but one that can reasonably be expected given the increase in case filings each year over the past seven years and long periods of judicial vacancies.

B.

PRODUCTIVITY

Table 3 in the Appendix (page 17) indicates the number of dispositions per Tax Court Judge per year for the past fifteen years. The column captioned "# of judges" needs some explanation. Over the history of the court, judges have been appointed, retired, and resigned at times other than the beginning or end of a court year. When the real estate market was robust (approximately 1986-1990) the number of court filings declined and some of the Tax Court judges were assigned almost full-time to hear Superior Court cases. For several years before his retirement, Judge Evers was ill and did not hear any cases. After their retirements, Judges Lasser and Lario were on recall and carried almost a full caseload. Thus, the final column, "Dispositions per Judge," is less than perfectly accurate.

3. The figures do not include miscellaneous tax applications and Superior Court cases assigned to Tax Court Judges.

In the first three years of this court's existence (when it was disposing of a large number of cases backlogged from the old Division of Tax Appeals) and the years ending June 30, 1993 and June 30, 1995 (when the previous years' filings had reached all time highs), productivity per judge was very high. Dispositions per judge in the past seven years (2006-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012) are greater than they have been in any of the past fifteen years. The increase in the number of total dispositions, as well as dispositions per judge, reflects the significant efforts of the judges and the staff to respond to both the decline in the number of judges and the increase in filings.

It should be noted that dispositions per judge per year is not the sole measure of the quantity and quality of the court's work. The court has developed a significant body of law through published opinions reported in Volumes 1 to 26 of the New Jersey Tax Court Reports. The published opinions reflect a small fraction of the detailed written and oral opinions issued by Tax Court judges during the 2011-2012 court year. A description of the most significant Tax Court opinions, as well as significant published opinions of appellate courts, follows.

C.

DECISIONS

1. SUPREME COURT OF NEW JERSEY

During the 2011-2012 court year, the Supreme Court of New Jersey denied certification in four cases that originated in the Tax Court, and granted certification in four cases. One case in which certification was granted was subsequently dismissed as settled. The Court rendered two opinions in Tax Court matters:

A. **International School Services, Inc. v. Township of West Windsor**
207 N.J. 3 (2011)

Plaintiff's real property is not exempt pursuant to N.J.S.A. 54:4-3.6 because plaintiff's non-profit activities and related entity's profit-making activities at the property were substantially commingled, entangled and not separately accounted. In addition, all benefits in the form of direct and indirect subsidies flowed from non-profit activities to for-profit entities, vitiating the exemption.

B. **Whirlpool Properties, Inc. v. Director, Division of Taxation**
208 N.J. 141 (2011)

The "Throw-Out Rule" established in N.J.S.A. 54:10A-6(B), which modifies the apportionment formula for calculating Corporation Business Tax by including in the denominator of the sales fraction only out-of-state receipts taxed by other states, is facially constitutional only when applied to those states that lack jurisdiction to tax the corporate taxpayer due to insufficient business activity in that state, but not when applied to receipts that are untaxed due to a state's determination not to have an income or similar business activity tax.

2. **SUPERIOR COURT, APPELLATE DIVISION**

During the 2011-2012 court year, appeals from 29 Tax Court decisions were filed with the Superior Court, Appellate Division. Table 4 (page 18) provides the number of Tax Court cases appealed to the Appellate Division over the past thirty-three years. Table 5 (page 19) shows the disposition of Tax Court cases by the Appellate Division during the 2011-2012 court year. Appellate Division opinions concerning tax matters are published either in the New Jersey Superior Court Reports or the New Jersey Tax Court Reports. Significant published opinions issued by the Superior Court, Appellate Division during the 2011-2012 court year in cases that originated in the Tax Court included:

A. **BIS LP, Inc. v. Director, Division of Taxation**
26 N.J. Tax 489 (App. Div. 2011)

New Jersey lacks nexus to assess Corporation Business Tax on a foreign investment company holding a ninety-nine percent limited partnership interest in limited partnership doing business in New Jersey in the field of banking information data processing. This is so even though investment company and limited partnership shared a mailing address and some corporate officers, partnership interest was investment company's only substantial asset and partnership was the sole source of investment company's partnership distribution.

B. **Advance Housing, Inc. v. Township of Teaneck**
422 N.J. Super. 317 (App. Div. 2011), certif. granted, 209 N.J. 100 (2012)

Non-profit corporation's real property, which it leased to persons with psychiatric disabilities, is exempt from local property taxes as property "actually and exclusively used" for charitable purposes. The exemption is not negated by lack of requirement in leases that tenants participate in services to assist with psychiatric disabilities or by lack of institutional setting at real property.

C. **Daniel Schulmann v. Director, Division of Taxation**
423 N.J. Super. 333 (App. Div. 2011)

Taxpayer may not, for Gross Income Tax purposes, deduct as business expenses from his share of S corporation income commissions paid by the taxpayer from his personal funds to karate instructors under contract with S corporation. Commissions were contractual obligations of S corporation and not of the taxpayer.

D. **Telebright, Inc. v. Director, Division of Taxation**
424 N.J. Super. 384 (App. Div. 2012)

Delaware company with offices in Maryland is "doing business" in New Jersey under the Corporation Business Tax Act by virtue of the fact that the company permits an employee to "telecommute" by receiving her work assignments each business day via e-mail at her New Jersey home from a supervisor in Maryland. The employee performs her work at her New Jersey home and uploads her finished product onto the employer's server in Maryland at the end of the business day. Application of the tax to the taxpayer in these circumstances does not offend the Due Process Clause or Commerce Clause of the United States Constitution.

- E. **Horizon Blue Cross/Blue Shield v. State**
425 N.J. Super. 1 (App. Div.), certif. denied, 211 N.J. 608 (2012)

Amendment to Premium Tax Cap statute eliminating tax cap on premiums received by health service corporations is not unconstitutional special legislation, even though only one entity, plaintiff taxpayer, existed in State at time of amendment. A rational relationship existed between classification of the taxpayer as ineligible for the tax cap and purpose of the amendment, to raise revenue in the face of a budget deficit and to end the preferential treatment of the taxpayer embodied in the statute.

3. TAX COURT OPINIONS

Published Tax Court opinions are reported in New Jersey Tax Court Reports. As of the date of this report, there are 25 complete volumes of the New Jersey Tax Court Reports and a 26th volume which is partially complete.

(1) LOCAL PROPERTY TAX CASES

The following published opinions of the Tax Court concerning local property taxes were among the most significant of the 2011-2012 court year:

- A. **Atlantic Coast LEH, LLC v. Township of Little Egg Harbor**
26 N.J. Tax 151 (Tax 2011)

Dominant use of twelve-acre parcel was not agricultural or horticultural, but rather was the operation of a 290-foot tall, income-generating, cellular communications tower, and thus, property did not qualify for farmland assessment pursuant to the Farmland Assessment Act. Beekeeping activity on property was subordinate to commercial use.

- B. **James-Dale Enterprises, Inc. v. Township of Berkeley Heights**
26 N.J. Tax 117 (Tax 2011)

Tax assessor need not explain, in request for income and expense information mailed to property owner, pursuant to N.J.S.A. 54:4-34, consequences of failure to comply with that statute. Including copy of statute with request is sufficient to put property owner on notice of statutory appeal-preclusion penalty. Dictum to the contrary in published opinion of Tax Court rejected.

C. **Township of Jefferson v. Morris County Board of Taxation**
26 N.J. Tax 129 (Tax 2011)

County Board of Taxation did not violate Uniformity Clause of State Constitution by formulating county equalization table using multi-year averaging formula in a declining real estate market, since formula applied equally to all municipalities in county.

D. **The Community League, Inc. v. City of Newark**
26 N.J. Tax 139 (Tax 2011)

When ownership of exempt property transfers from one non-profit entity to another non-profit entity during the tax year, with no change in exempt use, existing exemption for the property shall continue, despite the fact that new purchaser did not previously own other exempt property in the municipality.

E. **University Cottage Club v. Borough of Princeton**
26 N.J. Tax 185 (Tax 2011)

Taxpayer may not amend Complaint to allege a claim of excess valuation where original Complaint alleged only a claim for exemption and statutory period for establishing Tax Court jurisdiction over valuation claim, as established in N.J.S.A. 54:3-21, had expired.

F. **Verizon New Jersey, Inc. v. Borough of Hopewell**
26 N.J. Tax 400 (Tax 2012)

Statute that imposes an annual local property tax assessment on property used in the business of local exchange telephone services, but which only applies to telecommunications carriers providing dial tone and access to 51% of a local telephone exchange previously subject to predecessor tax, requires an annual determination of whether a carrier falls under statute. Under this construction, statute does not violate Equal Protection Clauses of United States and New Jersey Constitutions, is not special legislation and does not violate Uniformity Clause of State Constitution.

(2) **STATE TAX CASES**

The following published opinions of the Tax Court concerning State taxes were among the most significant of the 2011-2012 court year:

A. **Atlantic City Showboat, Inc. v. Director, Division of Taxation**
26 N.J. Tax 234 (Tax 2012)

Amounts charged by electric public utilities for the distribution of electricity through the local distribution infrastructure to a consumer are subject to sales tax as receipts from the “transportation or transmission of natural gas or electricity by means of mains, wires, lines or pipes, to users or customers,” a taxable utility service within the meaning of N.J.S.A. 48:2-21.34(a) and N.J.S.A. 54:32B-2(hh). In addition, bond charges, societal benefit charges, and customer service charges, authorized by statute as the cost of utility service, were properly included in receipts for sales tax purposes.

B. **Estate of Schinestuhl v. Director, Division of Taxation**
26 N.J. Tax 289 (Tax 2012)

Shares of a publicly traded company inherited by the decedent from her brother had to be separately valued for inheritance tax purposes as of the date of her death, and not as of approximately two years later when the sale proceeds were distributed by her brother’s estate. In light of paucity of evidence offered by parties, the Tax Court may take judicial notice of the price for which stock traded on the New York Stock Exchange on the nearest trading day prior to decedent’s death in order to determine value.

C. **Glenn Slater v. Director, Division of Taxation**
26 N.J. Tax 322 (Tax 2012)

Order of Bankruptcy Court entered during taxpayer’s Chapter 11 bankruptcy proceeding expunging, as untimely, Director, Division of Taxation’s claims for unpaid sales and use tax was vacated by operation of law when taxpayer’s bankruptcy petition was dismissed. Bankruptcy Court order, therefore, did not deprive Tax Court of jurisdiction over subsequent proceedings on taxpayer’s complaint seeking refund of tax.

D. **Rita Hawe v. Director, Division of Taxation**
26 N.J. Tax 349 (Tax 2012)

“Annual income” as the term is used in statute establishing eligibility for homestead property tax reimbursement does not include distributions from a fixed-term, variable rate annuity contract that represent a return to the taxpayer of funds used to purchase the annuity.

E. **Frederic Sa v. Director, Division of Taxation**
26 N.J. Tax 377 (Tax 2012)

Payments to injured police officer by municipal employer, and reimbursed to the municipality by its workmen's compensation insurance carrier, are excluded from officer's gross income for purposes of the Gross Income Tax Act, as receipts from workmen's compensation, despite fact that payments were made pursuant to municipal ordinance codifying collective bargaining agreement.

F. **Estate of Warsaw v. Director, Division of Taxation**
26 N.J. Tax 358 (Tax 2012)

Estate is entitled to a refund for overpayment of estate tax because evidence established that individual retirement account of decedent, although thought to be valuable at time of death, was part of fraudulent Ponzi scheme of Bernard Madoff. After date of death, Madoff's arrest and subsequent investigation revealed that decedent's account was fictitious and had no value. The estate's mistake of fact on its original return – that individual retirement account held real assets – permitted the filing of an amended return seeking a refund.

V.

SUPREME COURT COMMITTEE ON THE TAX COURT

The Supreme Court Committee on the Tax Court is comprised of members of the bench and tax bar, as well as representatives of taxpayers' groups, local, county, and state tax administrators, and others concerned with the administration of New Jersey tax laws. The committee fulfills a vital role in its advisory capacity by developing and recommending rule changes affecting the operation of the court. The committee meets quarterly and completed its charge for the 2010-2011 and 2011-2012 court years with the issuance of its report in January 2012. The committee's recommendations were adopted by the Supreme Court.

Respectfully submitted,



Patrick DeAlmeida, P.J.T.C.

Dated: December 31, 2012

TABLE 2
THIRTY YEAR HISTORY OF TAX COURT FILINGS AND DISPOSITIONS

| Year ended | Pending first day of period | Filings | Dispositions | Pending last day of period |
|------------|-----------------------------|-----------|--------------|----------------------------|
| 8/31/83 | * 7,311 | 8,647 | 9,003 | 6,955 |
| 6/30/84 | ** 6,299 | 8,633 | 9,004 | 5,928 |
| 6/30/85 | 5,928 | 6,523 | 8,012 | 4,439 |
| 6/30/86 | 4,439 | 5,310 | 6,312 | 3,437 |
| 6/30/87 | 3,437 | 4,619 | 4,687 | 3,369 |
| 6/30/88 | 3,369 | 4,764 | 5,629 | 2,504 |
| 6/30/89 | * 2,532 | 6,570 | 4,627 | 4,475 |
| 6/30/90 | 4,475 | 7,901 | 5,262 | 7,114 |
| 6/30/91 | 7,114 | 11,371 | 6,026 | 12,459 |
| 6/30/92 | * 12,402 | 16,300 | 9,224 | 19,478 |
| 6/30/93 | 19,478 | 14,967 | 16,560 | 17,885 |
| 6/30/94 | 17,885 | 15,223 | 11,697 | 21,411 |
| 6/30/95 | 21,411 | 12,741 | 17,402 | 16,750 |
| 6/30/96 | 16,750 | 9,410 | 12,075 | 14,085 |
| 6/30/97 | 14,085 | 7,954 | 10,406 | 11,633 |
| 6/30/98 | 11,633 | 7,124 | 9,390 | 9,367 |
| 6/30/99 | 9,367 | 6,356 | 7,005 | 8,718 |
| 6/30/00 | * 9,069 | 5,386 | 6,702 | 7,753 |
| 6/30/01 | 7,753 | 4,815 | 4,515 | 8,053 |
| 6/30/02 | 8,053 | 5,952 | 5,932 | 8,073 |
| 6/30/03 | 8,073 | 6,639 | 5,444 | 9,268 |
| 6/30/04 | 9,268 | 8,105 | 5,973 | 11,400 |
| 6/30/05 | 11,400 | 7,332 | 6,719 | *12,282 |
| 6/30/06 | 12,282 | 8,205 | 7,533 | **13,120 |
| 6/30/07 | 13,120 | 10,759 | 8,283 | 15,596 |
| 6/30/08 | 15,596 | 11,760 | 8,749 | 18,607 |
| 6/30/09 | 18,607 | 14,103 | 8,808 | 23,902 |
| 6/30/10 | 23,902 | 18,426 | 10,938 | 31,390 |
| 6/30/11 | 31,390 | 19,776 | 15,467 | 35,699 |
| 6/30/12 | 35,699 | ***15,556 | 15,457 | 35,798 |

* Adjusted to reflect year-end physical case inventory; **As of 07/01/83, Judiciary changed its court year to end June 30.
*** Does not include 6,470 Complaints received but not docketed as of June 30, 2012.

TABLE 3
TAX COURT OF NEW JERSEY PRODUCTIVITY
DISPOSITIONS PER JUDGE 1998-2012

| Year ended | Pending first day of period | Filings | Dispositions | Pending last day of period | # of Judges (full time equivalents) | Dispositions per Judge |
|------------|-----------------------------|---------|--------------|----------------------------|--|------------------------|
| 6/30/98 | 11,633 | 7,124 | 9,390 | 9,367 | 8 for 10 months - Axelrad appointed full time to Tax Court, Rimm retired 2/1998; Dougherty resigned 5/1998 | 1,174 |
| 6/30/99 | 9,367 | 6,356 | 7,005 | 8,718 | 6 | 1,168 |
| 6/30/00 | * 9,069 | 5,386 | 6,702 | 7,753 | 6 | 1,117 |
| 6/30/01 | 7,753 | 4,815 | 4,515 | 8,053 | 4 - Axelrad appointed to Appellate Division 6/2000; Andrew retired 10/2000 | 1,129 |
| 6/30/02 | 8,053 | 5,952 | 5,932 | 8,073 | 5 - Bianco appointed 8/2001 | 1,186 |
| 6/30/03 | 8,073 | 6,639 | 5,444 | * 9,268 | 6 - Menyuk appointed 8/2002 | 907 |
| 6/30/04 | 9,268 | 8,105 | 5,973 | 11,400 | 7 - Hayser transferred to Tax Court | 853 |
| 6/30/05 | 11,400 | 7,332 | 6,719 | 12,282 | 7 - Kahn retired 6/2005 | 960 |
| 6/30/06 | 12,282 | 8,205 | 7,533 | * 13,120 | 6 | 1,256 |
| 6/30/07 | 13,120 | 10,759 | 8,283 | 15,596 | 6 | 1,381 |
| 6/30/08 | 15,596 | 11,760 | 8,749 | 18,607 | 6.5 - DeAlmeida appointed 1/2008 | 1,346 |
| 6/30/09 | 18,607 | 14,103 | 8,808 | 23,902 | 7 - Kuskin retired 6/2009 | 1,258 |
| 6/30/10 | 23,902 | 18,426 | 10,938 | 31,390 | 6 - Small, Pizzuto retired 10/2009; Narayanan appointed 7/2009; Andresini appointed 10/2009 | 1,823 |
| 6/30/11 | 31,390 | 19,776 | 15,467 | 35,699 | 6 - Hayser retired 10/2010; Nugent appointed 10/2010 | 2,578 |
| 6/30/12 | 35,699 | 15,556 | 15,457 | 35,798 | 6 - Brennan appointed 6/2012 | 2,576 |

* Adjusted to reflect year-end physical case inventory.

TABLE 4

TAX COURT CASES APPEALED TO THE APPELLATE DIVISION 1979-2012

| Court Year | Number of Cases |
|------------|-----------------|
| 1979-1980 | 11 |
| 1980-1981 | 53 |
| 1981-1982 | 92 |
| 1982-1983 | 84 |
| 1983-1984 | 56 |
| 1984-1985 | 65 |
| 1985-1986 | 51 |
| 1986-1987 | 49 |
| 1987-1988 | 48 |
| 1988-1989 | 44 |
| 1989-1990 | 32 |
| 1990-1991 | 40 |
| 1991-1992 | 49 |
| 1992-1993 | 43 |
| 1993-1994 | 67 |
| 1994-1995 | 84 |
| 1995-1996 | 79 |
| 1996-1997 | 53 |
| 1997-1998 | 71 |
| 1998-1999 | 58 |
| 1999-2000 | 45 |
| 2000-2001 | 35 |
| 2001-2002 | 41 |
| 2002-2003 | 50 |
| 2003-2004 | 34 |
| 2004-2005 | 41 |
| 2005-2006 | 46 |
| 2006-2007 | 38 |
| 2007-2008 | 46 |
| 2008-2009 | 33 |
| 2009-2010 | 47 |
| 2010-2011 | 27 |
| 2011-2012 | 29 |

TABLE 5

ACTIONS TAKEN BY APPELLATE DIVISION ON TAX COURT CASES
COURT YEAR 2011-2012

| Action | Number of Cases |
|--|-----------------|
| Affirmed | 13 |
| Dismissed | 5 |
| Affirmed/Reversed in part | 1 |
| Reversed & Remanded | 1 |
| Emergent Motion for leave to appeal denied | 1 |
| Motion for leave to appeal denied | 2 |
| Total Dispositions | 23 |

TABLE 6

TAX COURT CASES PENDING, FILED AND DISPOSED
COURT YEAR 2011-2012

| | Local Property Tax | State Tax | Equalization & related cases | Totals |
|--|--------------------------|-----------|---------------------------------|--------|
| Cases pending as of first day of period | 35,027 | 672 | 0 | 35,699 |
| New cases filed during period | 15,005 | 342 | 6 | 15,353 |
| Reinstated | 200 | 3 | 0 | 203 |
| Subtotal | 50,232 | 1017 | 6 | 51,255 |
| Cases disposed | 15,187 | 264 | 6 | 15,457 |
| Pending | 35,045 | 753 | 0 | 35,798 |

TABLE 7

CHARACTER OF COMPLAINTS FILED
COURT YEAR 2011-2012

| | | | |
|-----------|--|---------------------|--------------------------|
| 1. | <u>Local Property Tax</u> | <u>FILED</u> | <u>REINSTATED</u> |
| | Regular | 9,153 | 167 |
| | Small Claims (one to four family houses) | 5,852 | 33 |
| | Total | 15,005 | 200 |
| 2. | <u>Cases Other than Local Property Tax</u> | | |
| | <u>State Tax</u> | | |
| | Regular | 184 | 1 |
| | Small Claims (mostly Homestead Rebates & related cases) | 164 | 2 |
| | Total | 348 | 3 |
| | | 15,353 | 203 |
| | <u>Type of Tax</u> | | |
| | Corporation Business | 38 | 1 |
| | Cigarette | 1 | |
| | Estate Tax | 3 | |
| | Gross Income | 41 | |
| | Homestead Rebate | 65 | |
| | Inheritance Tax | 8 | |
| | Litter Control Tax | 1 | |
| | Mansion Tax | 1 | |
| | NJ Saver | 1 | |
| | Partnership Withholding Tax | 1 | |
| | Non-Residential Development Fee | 1 | |
| | Nursing Home Quality/Care | | |
| | Improvement Fund | 45 | |
| | Property Tax Reimbursement | 70 | 1 |
| | Railroad Property | 2 | |
| | Responsible Person Status | 2 | |
| | Realty Transfer Fee | 1 | |
| | School Aid | 6 | |
| | Sales and Use | 44 | 1 |
| | Tobacco Prod Wholesale Sales and Use | 2 | |
| | Transfer from Superior Court | 1 | |
| | Letter Complaints | 14 | |
| | Grand Total | 348 | 3 |

TABLE 8

LOCAL PROPERTY TAX COMPLAINTS FILED BY COUNTY
2003-2012

| | 6/30/03 | 6/30/04 | 6/30/05 | 6/30/06 | 6/30/07 | 6/30/08 | 6/30/09 | 6/30/10 | 6/30/11 | 6/30/12 |
|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Atlantic | 59 | 90 | 53 | 78 | 148 | 128 | 256 | 374 | 406 | 241 |
| Bergen | 946 | 1,222 | 1,475 | 1,553 | 2,080 | 2,369 | 2,761 | 3,699 | 3,935 | 3,486 |
| Burlington | 52 | 69 | 97 | 120 | 115 | 160 | 248 | 395 | 424 | 336 |
| Camden | 80 | 75 | 69 | 96 | 137 | 120 | 158 | 214 | 218 | 255 |
| Cape May | 30 | 32 | 48 | 56 | 116 | 176 | 110 | 123 | 104 | 102 |
| Cumberland | 13 | 6 | 16 | 18 | 22 | 32 | 52 | 52 | 51 | 43 |
| Essex | *1,433 | *2,357 | 1,471 | 1,617 | 2,226 | 2,523 | 2,743 | 3,109 | 3,471 | 2,985 |
| Gloucester | 52 | 53 | 57 | 59 | 70 | 88 | 111 | 144 | 121 | 190 |
| Hudson | 645 | 457 | 412 | 439 | 424 | 522 | 773 | 1,105 | 1,214 | 735 |
| Hunterdon | 76 | 53 | 34 | 54 | 71 | 48 | 68 | 91 | 97 | 70 |
| Mercer | 79 | 103 | 91 | 153 | 222 | 180 | 206 | 243 | 374 | 240 |
| Middlesex | 339 | 464 | 536 | 752 | 896 | 901 | 966 | 1,248 | 1,490 | 1,058 |
| Monmouth | 292 | 375 | 488 | 487 | 537 | 848 | 1,019 | 1,747 | 1,433 | 944 |
| Morris | 690 | 563 | 560 | 583 | 574 | 581 | 797 | 1,078 | 1,228 | 766 |
| Ocean | 97 | 131 | 180 | 268 | 718 | 555 | 722 | 1,015 | 876 | 479 |
| Passaic | 298 | 486 | 446 | 480 | 757 | 989 | 1,456 | 1,546 | 1,522 | 1,443 |
| Salem | 7 | 15 | 13 | 10 | 24 | 28 | 34 | 41 | 69 | 41 |
| Somerset | 269 | 164 | 212 | 271 | 229 | 221 | 316 | 546 | 619 | 384 |
| Sussex | 77 | 44 | 31 | 39 | 74 | 111 | 78 | 352 | 329 | 231 |
| Union | 338 | 456 | 519 | 526 | 586 | 573 | 711 | 948 | 1,163 | 1,077 |
| Warren | 48 | 49 | 44 | 55 | 41 | 48 | 50 | 77 | 130 | 99 |
| TOTALS | 5,920 | 7,264 | 6,852 | 7,714 | 10,067 | 11,201 | 13,635 | 18,147 | 19,274 | 15,205 |

* Large increase due to Newark revaluation