



# State of New Jersey

DEPARTMENT OF THE TREASURY  
DIVISION OF TAXATION  
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TO: Municipal & County Assessors, County Tax Board Administrators

FROM: Melissa Thomas, Chief, Valuation and Mapping, Property Administration

DATE: May 19, 2025

SUBJECT: Adoption of New NU Codes for Director's Assessment-Sales Ratio Study

The Division of Taxation has re-adopted the Local Property Tax—General regulations in Chapter 12, Title 18 of the New Jersey Administrative Code, including the Categories of Non-Usable Deed Transactions. The official date of adoption is May 19, 2025. You may view the re-adoption document here: <https://tinyurl.com/2nrwhsw8>

The Division had consulted with assessors and county tax administrators to identify any regularly occurring situations which were not representative of market value transactions but did not fit into the existing NU codes. As a result of this process, the Division has adopted three new NU codes, as well as refining the regulatory language on some of the existing codes. There were also additions of revised and new codes to Subsection (b) of the regulation, which provides that certain codes describe transactions that may be usable depending on the facts and circumstances surrounding the particular sale. The Division has updated the “Guidelines for Use of 36 Nonusable Categories Used in Development of the Director’s Table of Equalized Valuations” to provide more clarity on particular issues with the NU codes, a copy of which has been updated on the Portal concurrently with this memorandum.

The new and revised NU codes are effective for use in the current sampling period ending on June 30, 2025. For sales being processed going forward, these codes may be used. For sales already processed, you do not need to re-categorize sales already deemed non-usable under another code. Any sales that were deemed usable but fit into the new categories or a revised existing category may be made non-usable through the SR6 process. The Division is currently reviewing the sales already submitted to determine if any warrant a change in status.

For quick reference, the following codes received substantial amendments or were newly adopted with the re-adoption of N.J.A.C. 18:12:

- NU 7 now applies to sales which were improved subsequent to the assessment date, prior to the date of sale, and for which an Added Assessment has been or will be imposed. Other discrepancies between the property as sold and its description on

the property record card may fit into the revised NU 32 (see below). The Division will be verifying that the properties sold and categorized under NU 7 appear on the Added Assessment list or as Omitted Added Assessments.

- NU 30 was amended to include sales in which multiple parcels are conveyed in a single transaction and the parcels were not part of a single economic unit. This primarily clarifies that residential properties sold with adjacent vacant lots would be usable; the sales of a business's varied real estate portfolio, e.g., apartment buildings and strip malls, may be non-usable.
- NU 32 was amended to encompass all sales for which the property record card did not reflect the actual property sold but, for whatever reason, could not be subject to an Added Assessment. This code still will implicate Omitted Assessments, as it had originally, but also properties for which major work was done and no completion date could be ascertained by the assessor. The Division will be verifying that properties sold and categorized under NU 32 either appear on the Omitted Assessment List or have a substantial change in value on the next year's tax list.
- NU 34 encompasses sales where the property class on the tax list does not reflect the actual use of the property. This is generally intended for the sale of amenities connected to a residential property, e.g., parking spaces in cities or boat slips on lakes or in coastal areas.
- NU 35 encompasses sales where the property is subject to an exception, reservation for the grantor's benefit, restriction, or that otherwise transfer less than the full rights of ownership. Some examples would be restrictions on commercial properties to limit the type of business operating so as to not compete with the grantor, or having a long-term tenant and remaining bound to that lease.
- NU 36 encompasses sales where either 1) the assessment is not reflective of the municipality's assessment practice or 2) the individual sale to assessment ratio is excessively high or low; AND that single assessment to sale ratio is so disproportionate to other usable sales that it would distort the overall municipal ratio. This type of sale was at issue in the case Englewood Cliffs Borough v. Director, Div. of Taxation, 18 N.J. Tax 662 (App. Div. 2000), and the court found that such sales were properly excluded from calculation of the ratio. Since this code is based on the effect of a sale to the overall municipal ratio, it can only be used after the completion of the sampling period and the municipal ratio has been initially calculated. Only then can the effect of a single sale be determined to impact the ratio significantly. Further, if there are multiple sales with excessively high or low ratios, it would indicate either 1) the municipality's assessment practice involves some under- or over-assessing; or 2) the market for a particular class of property has risen or fallen during the course of the sampling period.
- For Subsection (b) of the regulation, sales meeting the provisions of the revised NU 30 and new NU 35 are generally excluded but may be usable if the full investigation

shows the transaction met the willing-buyer, willing-seller requirements for a market-value sale.

If you have any questions on the revised NU codes and the coordinating amendments to the Guidelines, please contact Richard Serrano at [Richard.Serrano@treas.nj.gov](mailto:Richard.Serrano@treas.nj.gov) or via telephone at (609) 322-6746.

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