

New Opportunities for Reducing Property Tax Assessments of **ENVIRONMENTALLY CONTAMINATED PROPERTIES**

Recent decisions in the New Jersey Tax Court provide new opportunities for the owners of environmentally contaminated properties undergoing remediation to seek reductions in their property tax assessments. In many cases, the owners of environmentally contaminated properties pay property tax assessments based upon their prior operating use, without consideration of environmental contamination and remediation on their properties. The New Jersey Tax Court in Methode Electronics, Inc. v. Township of Willingboro, 28 N.J. Tax 298 (Tax 2015), reduced the property tax assessment of an industrial property formerly occupied by the manufacturer of printed circuit boards and automatic airbag parts which had ceased manufacturing. The Tax Court considered expert environmental and appraisal testimony and concluded that the nature and extent of the environmental remediation on the property made it unlikely that the property could be used or developed in the foreseeable future. The Tax Court accordingly reduced the property tax assessment to a nominal amount.

In other cases where the nature and extent of the environmental contamination and remediation was not as extensive as in Methode Electronics, the Tax Court found that taxable value could be best determined by formulating a true market value as if the property were clean and discounting over the estimated remediation period the remediation costs to arrive at a taxable value. Metuchen I, LLC v. Borough of Metuchen, 21 N.J. Tax 283 (Tax 2004).

In light of these decisions, the owners of environmentally contaminated properties undergoing remediation should evaluate their properties now to determine whether they can benefit from the filing of property tax appeals seeking reductions in their current property tax assessments.



Since April 1 is the annual deadline for filing tax appeals (May 1 where a municipal wide revaluation of municipal reassessment has been implemented) property owners should evaluate their environmentally contaminated properties well in advance of those dates to determine whether they would benefit from a property tax appeal.

We would be pleased to answer any questions you have and to provide you with assistance in evaluating your environmentally contaminated properties to determine whether they would benefit from the filing of property tax appeals.

We would be pleased to answer any questions and provide assistance with respect to these new opportunities for reducing property tax assessments.



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