



TAXPAYERS ASSOCIATION OF CAPE MAY

E-Newsletter September 2023

The Inflation of Taxation

Did you ever look at your tax bill and say:

“ The Mayor said the city tax rate hasn’t gone up in three years, how come my taxes go up every year?”

Both are true...here’s why:

Four public entities take bites out of your property taxes.

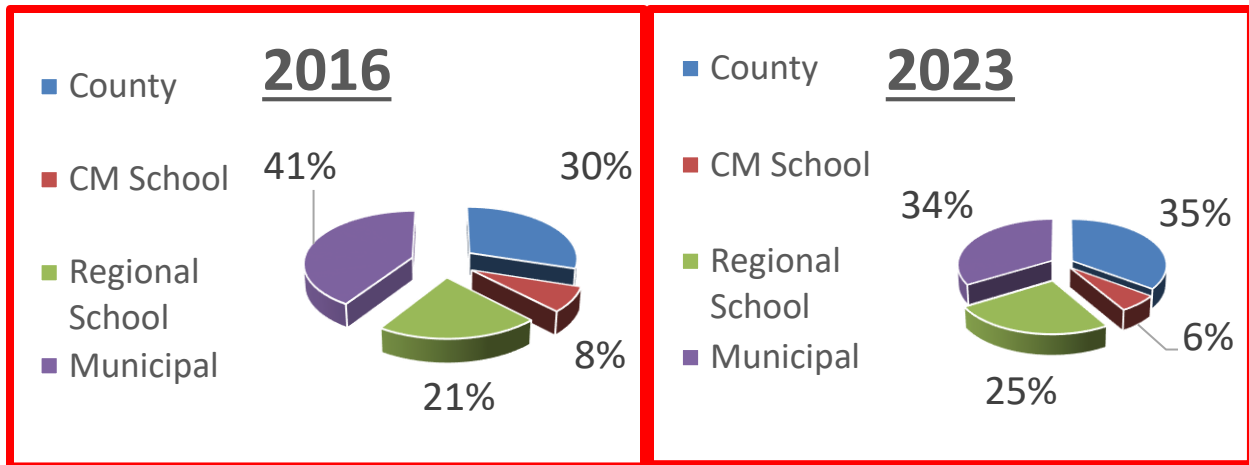
1. The County, including, Library and Open Spaces
2. The Regional School District
3. Cape May Elementary School
4. Cape May Municipal Services

Of these, the City Council controls only Municipal Services, and that tax rate has remained the same for the last five years. In fact, for the last 8 years, while the City budget has gone up 17.4%, the municipal property tax rate has risen only 5.8%. In 2016 Municipal Tax was 41% of your bill, today it’s 34%.

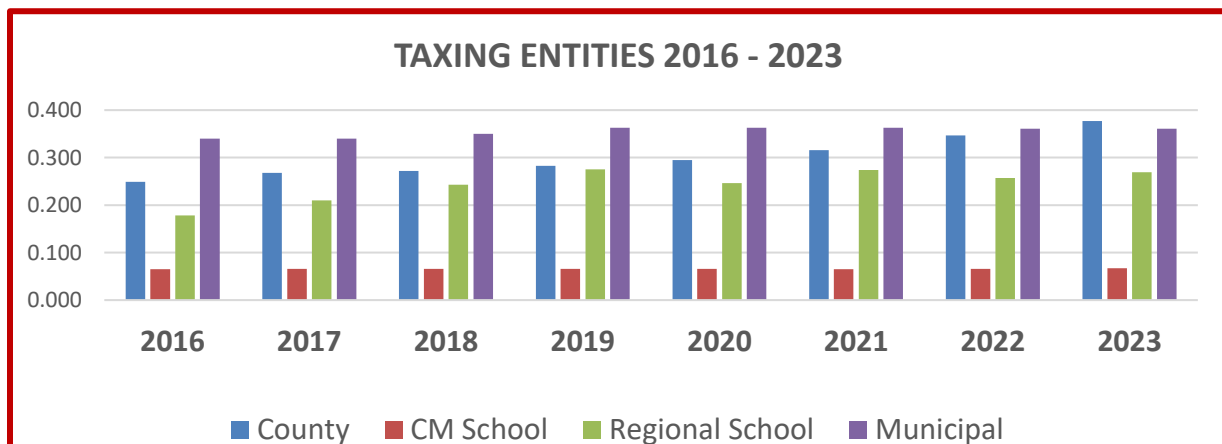
This minimal rate inflation is due in large measure to the careful fiscal actions of the Council, as well as sustained efforts of the TPA and the Municipal Taxation and Revenue Advisory Committee (MTRAC) to ensure transparency while finding new sources of revenue.

During that same time, however, County Government taxes have risen 34%, and Lower Cape May Regional School District taxes have risen 33.8%. **County Government is now the largest consumer of your property taxes.**

Because of this, our overall tax rate has increased by 22.5% since 2016. A home assessed at \$705,000 in 2016 paid \$5,827. That same home today pays \$7,560.



Taxing Entities	2016	2017	2018	2019	2020	2021	2022	2023	INCREASE
County	0.249	0.268	0.272	0.283	0.295	0.316	0.347	0.377	34.0%
CM School	0.065	0.066	0.066	0.066	0.066	0.065	0.066	0.067	3.0%
Regional School	0.178	0.210	0.243	0.275	0.246	0.274	0.257	0.269	33.8%
Municipal	0.340	0.340	0.350	0.363	0.363	0.363	0.361	0.361	5.8%
Total Rate	0.832	0.884	0.931	0.987	0.970	1.018	1.031	1.074	22.5%



WHY: The County Tax Dogs at Work

County taxations rules are wreaking havoc on City property owners. The county uses a formula based on what it determines is the annual **true** value of a property, and not the **assessed** value, as is used in the municipal budget. This County rate has increased 20% in just the last 2 years. In addition, because the county taxes

are significantly increasing each year, the city must raise the municipal budget to insure a sufficient municipal reserve for uncollected county taxes.

Even more troubling, it is not at all clear what the Cape May City property taxpayer is getting for this annual tax. If the condition of the county highways (Lafayette, Beach, Madison, Sunset) within Cape May City is any indication, our return on investment is not positive. This coming year, the CMTPA will be examining in greater detail the content and cost of the County Budget, as well as its value to our taxpayers.

WHY: The Regional School Formula

Cape May City taxpayers have been supporting the Cape May Lower Regional School District since 1976. Under the statutory formula controlling the district funding, the City property values determine how the tax is calculated. Despite providing about 5% of the student enrollment, the City provides some 33% of the cost to operate the district, with the current per/pupil cost at \$130,393. This figure will go higher next year as operating costs will increase some 3%, reflecting a trend of over a 15% increase since 2018.

In addition, there are some 15 Cape May City students residing on federal properties for which there is no available tax base. Since 2017, Cape May taxpayers have provided \$12,618,490 for the education of these students without any State or Federal support.

MTRAC, City Council and TPA have been tracking this issue for some time and have all urged Congressman Jeff Van Drew to pursue a federal Payment in Lieu of Taxes (PILOT) to mitigate this property tax burden.

We ask you to reach out to Congressman Van Drew and relay your support for this tax relief measure. outreach.vandrew@mail.house.gov