



In honor of Tax Day 2024, TPA would like to share our findings and observations on:

The State of Cape May Taxes

Part 1: County Taxes

As you may well know, your property tax bill is a result of four separate entities, each with the authority to tax you for the support of their operations.

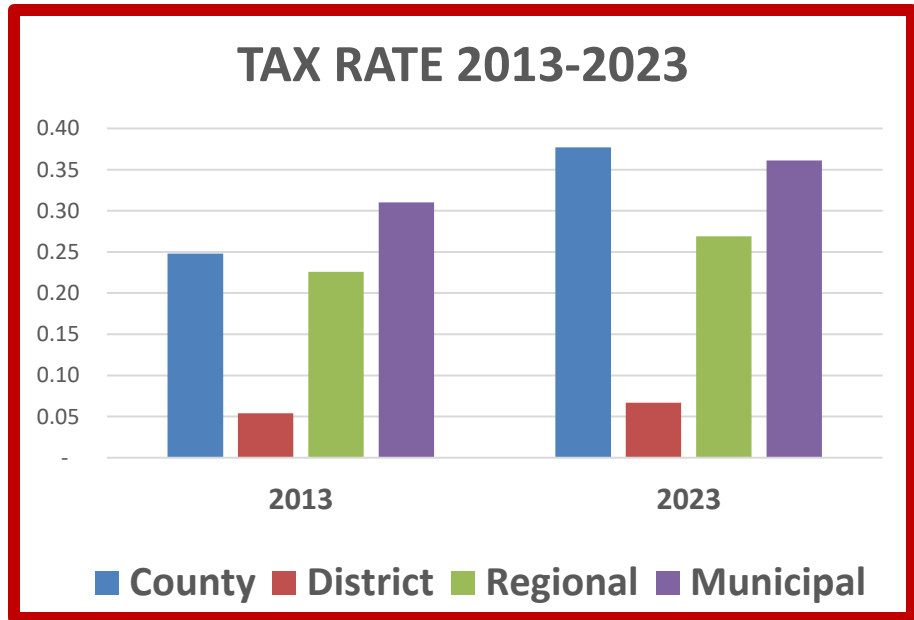
Our municipal government, our local elementary school district, the regional school district, and the county government each set rates based on the needed revenue for each of those entities. These rates are combined and applied to the assessed value of your property. This is your annual property tax.

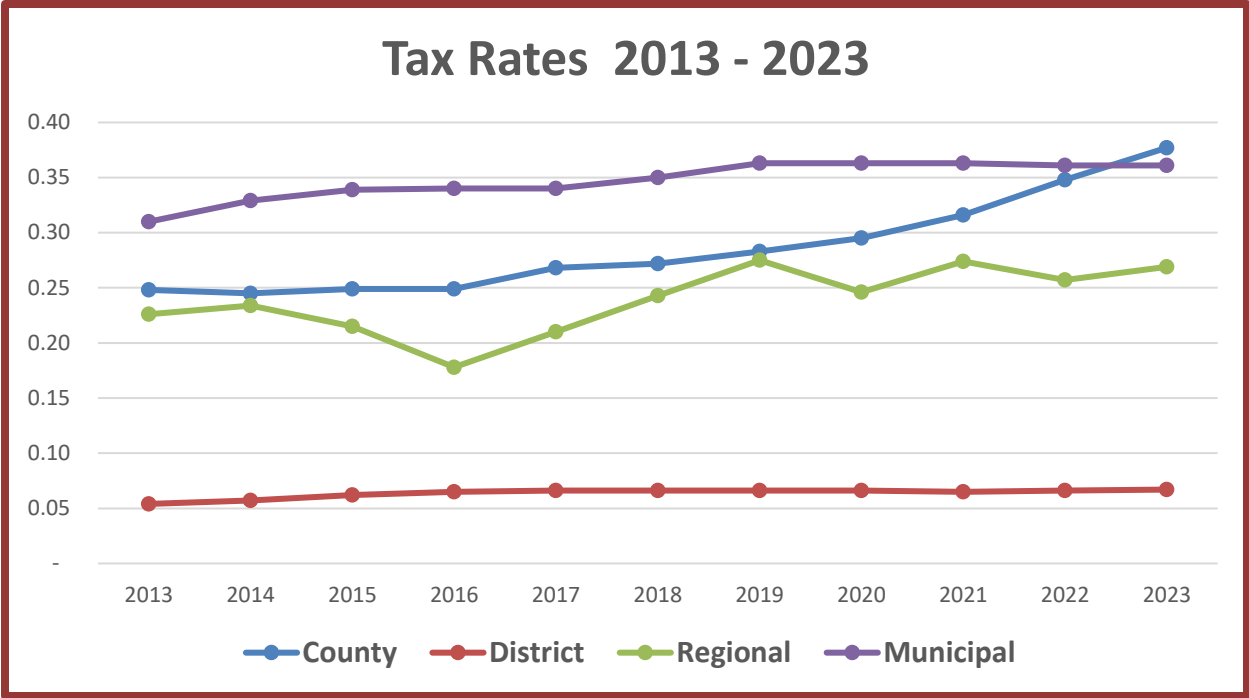
Generally, these tax rates always increase. Over time, however, some interesting trends have quietly emerged. Consider this:

For 2024 our tax rate is 1.07.

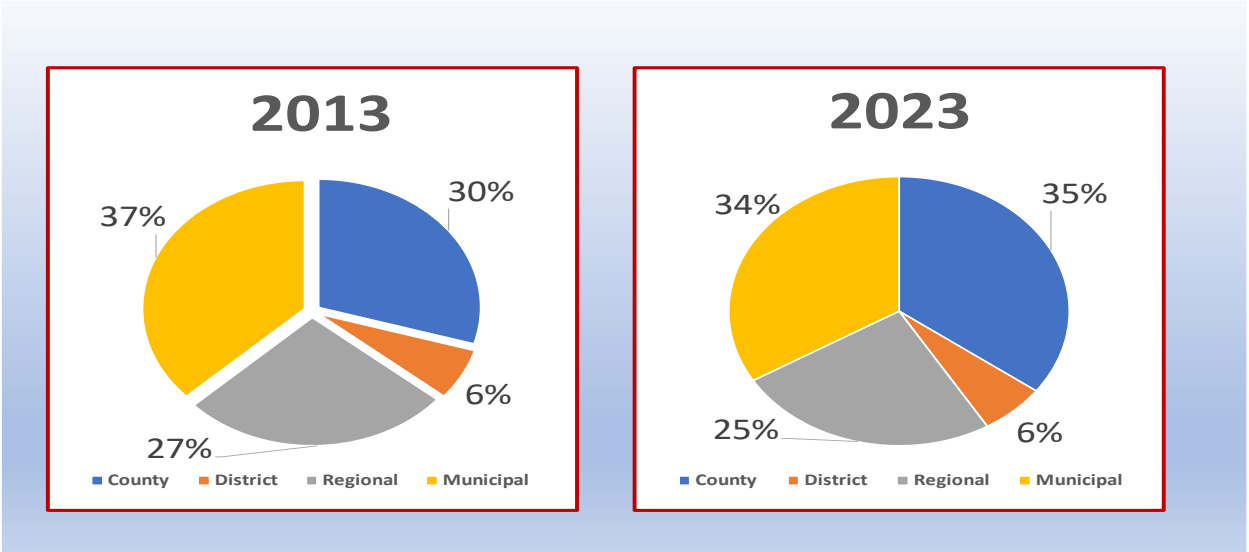
In 2013 it was .084 – an increase of 23%, but looking inside that number you’ll find these increases:

County	40%
District	22%
Regional	14%
Municipal	16%
TOTAL	23%





County taxes have now become the largest bite of your tax bill. In addition, combined with the Regional School District tax, 60% of your property tax leaves Cape May for the support of other taxing entities.



Due to a State imposed formula, the City of Cape May currently accounts for 5% of the regional School enrollment yet provides for 34% of a \$24 million budget, at a current per/pupil cost of \$137,332.

For these reasons, even though the local school rate and the municipal rate do remain generally unchanged from year to year, the amount of your actual tax bill usually continues to rise.

This growth of the county property tax is due in large part to two factors: a 30% growth in County spending, and the formula by which County tax rates are determined.

The size and growth of the **Cape May County Budget** has become increasingly significant. Here’s a summary overview of just the last five years:

	2019	2020	2021	2022	2023	Increase
Total Appropriations	166,374,779	172,959,792	195,348,609	216,292,114	215,430,451	29.5%
Revenue Other than Property Tax	47,652,906	48,034,079	60,284,365	66,814,316	54,225,668	13.8%
Revenue from Property Tax	118,721,872	124,925,713	135,064,243	149,477,797	161,204,783	35.8%
Property Tax % of Appropriations	71.4%	72.2%	69.1%	69.1%	74.8%	

The County is highly dependent on property tax revenue which is 75% of its revenue. The average for municipalities in the county is 63%. For Cape May City it is 40%

Unlike municipal property tax rates which are based on the municipally assessed value of a property, county rates are based on a current assessment of the market value of a property. Because of this, the explosion of the real estate market over the last several years is accelerating the increases in the county tax rate.

County spending remains a complex and often mysterious process. \$215 million buys a lot of stuff. What is that stuff, and how much of that stuff returns to the towns and cities that provide the revenue to support that spending deserves clear and careful analysis. Taxpayers need to know whether the 30% increase means new or better services instead of more cost for the same or fewer services.

Further compounding the mystery is the political reality that the gulf of engagement and familiarity between the policy makers and the taxpayers is far wider at the county level than it is on the municipal level.

Recently the Cape May Taxation and Revenue Advisory Committee (MTRAC) has reached out to meet with County officials to learn more about the County Budget, what it contains in detail and the process by which that budget is developed and adopted. To date, the county has not met with MTRAC. TPA supports that effort.

Municipally Assessed Property Value

As noted above, the property tax rate of a municipality is based on the assessed value of that property. By law, the Cape May County Board of Taxation requires that all municipalities assess property at 100%

of true market value. An Average Assessment-Sales Ratio (also known as the Director's Ratio) is developed annually for each of the 565 municipalities in the State.

For the City of Cape May, this ratio is currently 67%. The last assessment in and for Cape May City was in 2010. All municipalities in the county are currently in a pattern of continual decline of the Assessment-Sales Ratios in large measure due to the expansive real estate sales market. This pattern indicates a need for revaluation. A Director's Ratio of 85% or less denotes noncompliance with the true market value standard.

The City is currently planning to conduct a reassessment in the very near future. The reassessment process will result in a mirroring of the County tax formula and will be costly and complicated, with a wide range of impacts.

Properties currently taxed at the 2010 assessed value will be most negatively impacted. Properties more recently reassessed due to a sale or significant renovation will be less impacted.

In addition, since the regional school formula is based solely on property values, there will be significant increase in those tax rates as well.

Stay tuned.

NOTICE:

In our next E-Newsletter, we will present a detailed discussion of:

The State of Cape May Taxes.

Part 2: The Municipal Budget

If you have issues, questions, concerns or suggestions regarding this project, please send them to us by Email.

Communication is the key to reaching our goal.

We need to hear your thoughts, comments, suggestions, complaints, and concerns as we seek to evaluate the decisions affecting the interests of Cape May's Taxpayers.

Please reach out to us at:

2020CMTPA@gmail.com

Hope to hear from you soon!