



Recent news articles have highlighted the impact of school funding on the Cape May taxpayer. Pending cuts in State Aid proposed by the Murphy Administration will force revenue needs back onto the property tax base of our city already burdened by requirements of an unfair State imposed formula.

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

After literally decades of effort including costly litigation and commissioned studies by the city and the TPA, this problem remains unsolved. Dissolution of the Regional must be by referendum of the member towns. Cape May has been outvoted by West Cape May and Lower Twp several times.

The only viable option remaining is Federal funding support.

The Cape May Municipal Taxation and Revenue Committee (MTRAC) has studied the issue and offered this recommendation in 2021. Council adopted a resolution in support of the recommendation at that time.

CITY COUNCIL

CITY OF CAPE MAY

RESOLUTION 276-10-2021

IN SUPPORT OF A FEDERAL PAYMENT IN LIEU OF TAXES (PILOT)

Whereas, the City of Cape May is a member of the Lower Cape May Regional School District (LCMR), and

Whereas, since 1975, there has been a statutory modification of the funding formula for the fiscal support by the member communities of that district; and

Whereas, that modified formula relies solely on the property values of the member communities; and

Whereas, there are 60 Cape May City resident students attending LCMR, about 5% of the total enrollment. and

Whereas, for 2021, Cape May City taxpayers contribute \$7.9 million for our 60 residents at a per/pupil tax cost of **\$131,618**. and

Whereas, of that number, there are 27 military connected resident students, accounting for **\$3,458,678**, or about half of Cape May's annual tax bill to LCMR, and

Whereas, the regional district including the City of Cape May is deemed ineligible for Federal Education Impact Aid, and

Whereas, there are 10 Federally owned tax-exempt properties housing the USCGTC currently assessed at \$235,168,096.00 and representing 7% of the city's assessed valuation, and

Whereas, Cape May may be a unique municipality in which the presence of a federal facility generates an inequitable tax burden of this magnitude on its local residents and taxpayers, without some measure of recourse or compensation, and

Whereas, and at a minimum, by the **Lanham Act** (1940), the **Elementary and Secondary Education Act (ESEA)** (1965) and **Chapter 69, Title 31** of the **United States Code**, the Federal Congress has recognized the financial impact from the inability of local governments to collect property taxes on federally owned property through a **Payment in Lieu of Taxes (PILOT)**, and

Whereas, the City of Cape May currently maintains a PILOT agreement with the Victorian Towers, a tax-exempt property valued at \$18 million for an annual amount roughly equivalent to a property tax levy if that property were not tax-exempt, and

Whereas, a PILOT is a settled and reasonable method to compensate Cape May property taxpayers for the unique and significant annual cost burden resulting from the tax-exempt status of a federal property. and

Whereas a PILOT is a more productive alternative to relieve this inequity than seeking a statutory modification to the existing funding formula since the tax-exempt status of federal property is at root of the inequity.

Therefore, be it resolved that the City Council of the City of Cape May petition each of the members of the Congressional Delegation representing the city to incorporate within the Annual Federal Budget a Payment in Lieu of Taxes to the City of Cape May for the per pupil cost of military connected resident students attending LCRD, and further

Resolved that the City Council of the City of Cape May petitions the Lower Cape Regional School District to endorse and support an annual Federal Payment in Lieu of Taxes to the City of Cape May for the per pupil cost of military connected resident students attending LCRD.

It is our last best hope. MTRAC and City official met with Congressman Van Drew in 2021 to explain the problem and seek his support for an annual PILOT for Cape May. He expressed interest and support, but to date has done nothing.

Whether you live in Cape May or pay property tax in Cape May, It is time to act.

If you agree that an annual Federal PILOT for the City of Cape May is necessary to compensate our taxpayers for the impact of the Regional School Formula, reach out to Congressman Van Drew and ask him to act on behalf of Cape May.



<https://vandrew.house.gov/contact/>

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!