



BOROUGH OF MATAWAN

Tax Assessment to Tax Bill FAQ – November 24, 2021

Because there's been some confusion on the heels of Monmouth County sending out property tax postcards with 2022 property assessment values, Matawan has put together this FAQ for those interested.

Why was my property assessment increased?

As part of the Assessment Demonstration Program (ADP), Monmouth County performs two actions as required by law every year; an annual reassessment of every parcel based on current market data, and reinspect a percentage of parcels that will allow for 100% completion over an eight (8) year cycle. So, your assessment may have increased as a result of one (or both) of these actions.

Why is an annual reassessment necessary?

Besides being the law, there is a fundamental issue of fairness at play. Because property taxes are based on property values, it is vital to have the assessment of every parcel based on up-to-date data. Before the ADP began, it was possible that some properties had a new assessment while others had assessments that were more than a decade old. Those with new assessments were essentially subsidizing those with old assessments.

My property assessment increased by 15%, does that mean my 2022 taxes are going up at least 15%

No. While your property value is part of the property tax calculation, there are other factors that also come into play. Most significant is the tax rate. The tax rate is determined using two variables; the total property assessment of every parcel for any municipality, and the total amount of money the municipality needs to collect in taxes to fund all taxing entities. In Matawan, that means Matawan Borough, Matawan-Aberdeen Regional School District, and Monmouth County.

The school district is by far the largest part of the tax bill, can't Mayor and Council control their spending?

No. While the borough collects all Matawan property taxes, the school district and the county are autonomous taxing entities run by their own elected officials. In fact, the borough is required by law to provide the school district and the county with funds to cover 100% of their budgets. This is

the case even though no municipality collects 100% of taxes. Every municipality has a budgetary line item called the “reserve for uncollected taxes” (the RUT). Towns use the RUT to cover the gap so other taxing entities get funds to cover 100% of their budget. In 2021, the RUT for Matawan was \$700,000.00.

So, how much are my taxes going up next year?

Unknown. We are at the beginning of the 2022 budget process and it will take a couple of months to drill down on our expenses and revenues for next year. Plus, the borough only represents about 30% of your total tax bill. As for how an increased assessment will impact your 2022 tax bill, most residential parcels in Matawan increased by similar percentages. For the owners of the properties whose values went up the most, congratulations on having a more valuable asset. Unfortunately, you are more likely to see a tax increase next year than those properties that did not increase proportionately to yours.

Another way to look at it is that if every parcel increased by the same exact percentage, then the tax rate would decrease at a commensurate rate and the new assessments would not impact tax bills at all. No matter how much the total property assessment in Matawan increases (or decreases), there is no impact on the amount of property taxes collected. What the borough collects is strictly based on the budgets of the borough, the school district, and the county.

My property increased by a fairly high percentage, did Matawan do something wrong?

No. In fact, the opposite is true. Over the past several years, Matawan residential properties have increased in value much more than some of our neighbors. Since 2019, Matawan residential properties have increased in value by 7.1%. Compared to Aberdeen (5.9%), Holmdel (3.9%), and Marlboro (0.6%) over that same time period, Matawan property values are doing very well. There is a reason why Matawan is considered one of the hot spots in the Monmouth County housing market.

Can I get more information?

If you have any questions about property taxes, here are the Borough Officials you can contact:

Scott Carew
Borough Administrator
scott.carew@matawanborough.com

Nicole Horvath
Chief Financial Officer
nicole.horvath@matawanborough.com

Eric Zanetti
Tax Assessor
eric.zanetti@matawanborough.com

Michael Schnurr
Tax Collector
michael.schnurr@matawanborough.com

Monmouth County maintains a very helpful website with information on their tax assessment program that can be found here:

<https://www.visitmonmouth.com/Page.aspx?Id=134>