



Special Meeting on Estimated Tax Bills & Budget

June 25, 2020

7:00 PM

See fanwoodnj.org for zoom link

How Your Tax Bill is Calculated and Billed

- Fanwood is a calendar-year municipality.
- Everyone is billed based on the **ASSESSED VALUE** of their property using a tax rate. The tax rate changes every year.
- Every homeowner receives an annual postcard outlining the current assessed value
- Tax information is publicly available on the borough website at “Tax Lookup”.
- The tax rate is a blended rate, based on the budgets of the local municipality, public school and county government.
- Once each unit adopts their budget and receives approval by the state, a final tax rate is struck and bills are mailed.

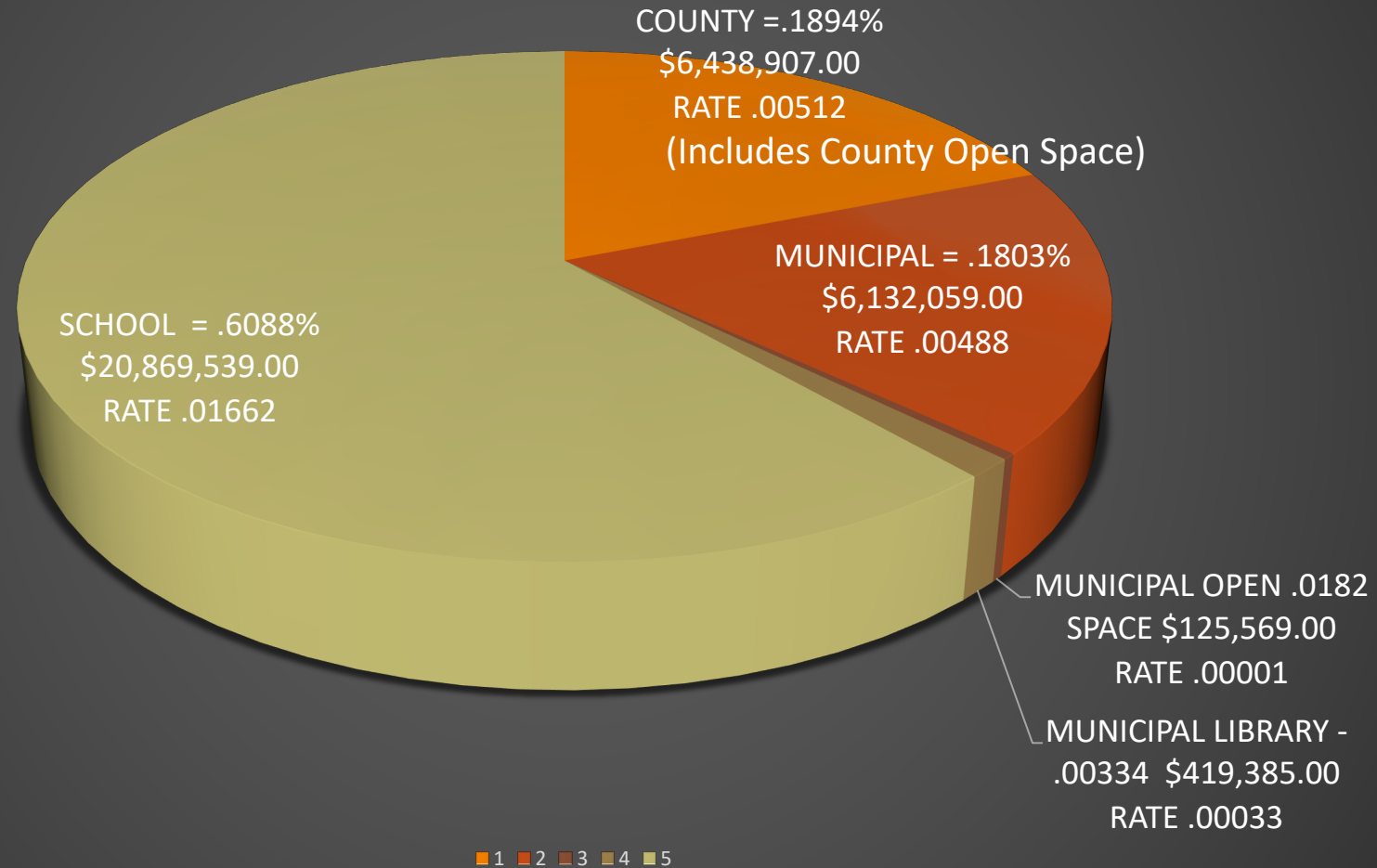
How Your Tax Bill is Calculated and Billed

- Your total assessed value is multiplied by the tax rate to determine your total yearly taxes
- A tax bill is then prepared, it contains four quarterly stubs with due dates of August 1, November 1 of the current year and February 1, May 1 of the following year (known as preliminary billing)
- The first two quarters represent 50% of the total taxes paid in the previous year

How Your Tax Bill is Calculated and Billed

- When the tax rate is determined (normally in July of each year) total taxes are calculated. The first two quarters that were already billed and paid are subtracted from the total year taxes. The balance remaining is divided in half and billed equally in August and November
- This is the reason second half taxes are higher than first half
- **EXAMPLE:** Total year taxes are determined to be \$15,000. In February and May you paid a total of \$6,000. This leaves a remainder of \$9,000 to be collected in the second half of the year (August and November) in this example \$4,500 would be due in August and \$4,500 would be due in November

WHERE DO YOUR TAXES GO



The Average Tax Bill Breakdown:

Five Year Overview -

2015

| | <u>SCHOOL</u> | <u>COUNTY</u> | <u>MUNICIPALITY</u> | <u>TOTAL RATE</u> | <u>TOTAL LEVY</u> |
|---|------------------|-----------------|---------------------|---------------------|--------------------------|
| RATE PER ENTITY | 7.89 | 2.566 | 2.786 | 13.242 | |
| AMOUNT TO BE COLLECTED | \$ 18,027,754.00 | \$ 5,864,379.18 | \$ 6,362,693.74 | | \$ 30,254,826.92 |
| TAXES BASED ON AVERAGE ASSESSED VALUE 87,574 | \$ 6,909.59 | \$ 2,247.15 | \$ 2,439.81 | \$ 11,596.55 | AVERAGE 2015 BILL |

2016

| | <u>SCHOOL</u> | <u>COUNTY</u> | <u>MUNICIPALITY</u> | <u>TOTAL RATE</u> | <u>TOTAL LEVY</u> |
|---|------------------|-----------------|---------------------|---------------------|--------------------------|
| RATE PER ENTITY | 8.324 | 2.707 | 2.783 | 13.814 | |
| AMOUNT TO BE COLLECTED | \$ 19,081,374.00 | \$ 6,205,111.04 | \$ 6,380,287.25 | | \$ 31,666,772.29 |
| TAXES BASED ON AVERAGE ASSESSED VALUE 87,781 | \$ 7,306.89 | \$ 2,376.23 | \$ 2,442.95 | \$ 12,126.07 | AVERAGE 2016 BILL |

2017

| | <u>SCHOOL</u> | <u>COUNTY</u> | <u>MUNICIPALITY</u> | <u>TOTAL RATE</u> | <u>TOTAL LEVY</u> |
|---|------------------|-----------------|---------------------|---------------------|--------------------------|
| RATE PER ENTITY | 8.617 | 2.768 | 2.857 | 14.242 | |
| AMOUNT TO BE COLLECTED | \$ 19,743,815.00 | \$ 6,340,997.67 | \$ 6,548,529.80 | | \$ 32,633,342.47 |
| TAXES BASED ON AVERAGE ASSESSED VALUE 87,759 | \$ 7,562.19 | \$ 2,429.17 | \$ 2,507.27 | \$ 12,498.64 | AVERAGE 2017 BILL |

The Average Tax Bill Breakdown: Five Year Overview (continued)

2018

| | <u>SCHOOL</u> | <u>COUNTY</u> | <u>MUNICIPALITY</u> | <u>TOTAL RATE</u> | <u>TOTAL LEVY</u> |
|--|------------------|-----------------|---------------------|-----------------------|--------------------------|
| RATE PER ENTITY | 8.831 | 2.846 | 2.864 | 14.541 | |
| AMOUNT TO BE COLLECTED | \$ 20,261,575.00 | \$ 6,529,834.02 | \$ 6,571,077.31 | | \$ 33,362,486.33 |
| TAXES BASED ON AVERAGE ASSESSED VALUE 87,980 | \$ 7,769.51 | \$ 2,503.91 | \$ 2,519.75 | \$ 12,793.17 | AVERAGE 2018 BILL |

2019

| | <u>SCHOOL</u> | <u>COUNTY</u> | <u>MUNICIPALITY</u> | <u>TOTAL RATE</u> | <u>TOTAL LEVY</u> |
|--|------------------|-----------------|---------------------|-----------------------|--------------------------|
| RATE PER ENTITY | 8.96 | 2.832 | 2.858 | 14.65 | |
| AMOUNT TO BE COLLECTED | \$ 20,601,717.00 | \$ 6,511,469.37 | \$ 6,571,330.42 | | \$ 33,684,516.79 |
| TAXES BASED ON AVERAGE ASSESSED VALUE 88,132 | \$ 7,896.63 | \$ 2,495.90 | \$ 2,518.81 | \$ 12,911.34 | AVERAGE 2019 BILL |

The Average Tax Bill Breakdown: Five Year Overview (continued)

2020 Estimated as of May 2020

| | <u>SCHOOL</u> | <u>COUNTY</u> | <u>MUNICIPALITY</u> | <u>TOTAL RATE</u> | <u>TOTAL LEVY</u> |
|--|---------------|---------------|---------------------|-------------------|-------------------|
| RATE PER ENTITY | 1.663 | 0.5284 | 0.5644 | 2.7558 | |
| AMOUNT TO BE COLLECTED | 20,869,539.00 | 6,635,188.00 | 7,087,123.00 | | 34,591,850.00 |
| TAXES BASED ON AVERAGE ASSESSED VALUE 481,242 | \$ 8,003.05 | \$ 2,542.88 | \$ 2,716.13 | \$ 13,262.07 | AVERAGE 2020 BILL |

2020 Estimated* as of June 2020 – Using Actual Introduced Budgets

| | <u>SCHOOL</u> | <u>COUNTY</u> | <u>MUNICIPALITY</u> | <u>TOTAL RATE</u> | <u>TOTAL LEVY</u> |
|--|------------------|-----------------|---------------------|-------------------|-------------------|
| RATE PER ENTITY | 0.01662 | 0.00505 | 0.00528 | 0.02695 | |
| AMOUNT TO BE COLLECTED | \$ 20,869,539.00 | \$ 6,348,907.00 | \$ 6,677,013.00 | | \$ 33,895,459.00 |
| TAXES BASED ON AVERAGE ASSESSED VALUE 481,242 | \$ 7,998.24 | \$ 2,430.27 | \$ 2,540.96 | \$ 12,969.47 | AVERAGE 2020 BILL |

* Estimated bills were created in May 2020 per NJ State Order

Why Did Fanwood have a Revaluation in 2019?

- In 2019 the County of Union ordered Fanwood, as well as other neighboring municipalities to perform a Borough-wide revaluation
- The last revaluation in Fanwood was in 1984
- In 2019 Realty Appraisal visited every home in Fanwood to determine the “fair market” value of properties. Prior to revaluation every homeowner received

Fanwood Revaluation Process

- Public meetings were held to discuss process and Realty Appraisal visited each home
- Letters were mailed to residents in November 2019 explaining the outcome of their appraisal and the opportunity to challenge it – over 200 people took advantage of that opportunity
- In 2020 the “fair market” value became your new assessed value on which taxes were calculated.
- In 2020, February and May payments were based on your “old” assessment. August and November payments were based on your “new” assessment.
 - *remember, the first two quarters represent 50% of your prior year taxes***
- In 2019 the ratio was approximately 18.69% of fair market value

Impact of Revaluation

Properties that Saw a Tax Decrease

| <u>OLD ASSESSED VALUE</u> | <u>OLD ASSESSED VALUE Equates to Approximate Fair Market Value (Ratio was 18.69)</u> | <u>2019 TAX RATE</u> | <u>2019 TAXES PAID</u> | <u>NEW ASSESSED VALUE RESULTING FROM REVAL (Fair Market Value)</u> | <u>2020 ESTIMATED RATE</u> | <u>2020 ESTIMATED TAXES</u> |
|---------------------------|--|----------------------|------------------------|--|----------------------------|-----------------------------|
| 136,000 | 727,662 | 14.65 | \$ 19,924.00 | 720,300 | 2.756 | \$ 19,851.47 |
| 107,600 | 575,709 | 14.65 | \$ 15,763.40 | 529,700 | 2.756 | \$ 14,598.53 |
| 93,900 | 502,408 | 14.65 | \$ 13,756.35 | 476,600 | 2.756 | \$ 13,135.10 |

Impact of Revaluation

Properties that Remained “Almost” the Same

| <u>OLD ASSESSED VALUE</u> | OLD ASSESSED VALUE Equates to Approximate Fair Market Value <u>(Ratio was 18.69)</u> | <u>2019 TAX RATE</u> | <u>2019 TAXES PAID</u> | NEW ASSESSED VALUE RESULTING FROM REVAL (Fair Market Value) | <u>2020 ESTIMATED RATE</u> | <u>2020 ESTIMATED TAXES</u> |
|---------------------------|--|----------------------|------------------------|---|----------------------------|-----------------------------|
| 59,300 | 317,282 | 14.65 | \$ 8,687.45 | 315,600 | 2.756 | \$ 8,697.94 |
| 64,900 | 347,245 | 14.65 | \$ 9,507.85 | 345,800 | 2.756 | \$ 9,530.25 |
| 74,700 | 399,679 | 14.65 | \$ 10,943.55 | 396,600 | 2.756 | \$ 10,930.30 |

Impact of Revaluation

Properties that Saw a Tax Increase

| <u>OLD ASSESSED VALUE</u> | OLD ASSESSED VALUE Equates to Approximate Fair Market Value (Ratio was 18.69) | <u>2019 TAX RATE</u> | <u>2019 TAXES PAID</u> | NEW ASSESSED VALUE RESULTING FROM REVAL (Fair Market Value) | <u>2020 ESTIMATED RATE</u> | <u>2020 ESTIMATED TAXES</u> |
|---------------------------|--|----------------------|------------------------|---|----------------------------|-----------------------------|
| 71,200 | 380,952 | 14.65 | \$ 10,430.80 | 519,000 | 2.756 | \$ 14,303.64 |
| 64,800 | 346,709 | 14.65 | \$ 9,493.20 | 510,600 | 2.756 | \$ 14,072.14 |
| 78,700 | 421,081 | 14.65 | \$ 11,529.55 | 482,600 | 2.756 | \$ 13,300.46 |

Can you Still Appeal Your Assessment?

- The deadline to appeal your new assessment is July 1st.
- For information on how to file an appeal visit the Union County Board of Taxation Website at ucnj.org/taxation-board, for detailed instructions
- Appeals can be sent by regular mail, can be filed online or can be dropped off at the Tax Board in Elizabeth
- The phone number for The Board of Taxation is 908 527-4775

What to Expect after you File the Appeal

- The County board of Taxation will contact you to schedule a meeting
- The Borough of Fanwood Tax Assessor, Mike Ross, can be reached at 908 322-8236 x 131 or by email at mross@fanwoodnj.org

Recurring Questions

- I'm multiplying the 3rd quarter estimate by 4 to get my total and the taxes are way too high
- Is this an extra bill? Will I get another with four more quarters to pay?
- Did mortgage company get a copy?
- I took advantage of a 90-day reprieve on my mortgage payment – who will pay the taxes if I didn't pay my mortgage? What happens now?
- Is this increase due to the pandemic?
- Can we make payments via a payment plan?
- Will 4th quarter 2020 be the same as the 3rd quarter?
- What about 2021 taxes? How much are they going to be? Are they going up again?
- The appraiser did not come to my house and I did not get a letter in November
- All units in row of houses I live in are the same, why do they all have different assessments?