

2019 ESTIMATED PROPERTY TAXES

The Mayor and Council are aware that the estimated property tax bills for the quarterly payment due in August have raised some questions among residents. One of the most frequent questions is whether your property taxes for 2019 are calculated by multiplying the third quarter estimated taxes times four, they are NOT. The estimated taxes due in August are higher than the amounts invoiced and paid in February and May due to the fact that the February and May taxes are preliminary and based on your final 2018 tax bill and, therefore, reflect 2018 budgets, not 2019. For example, the Borough has a 1.86% property tax rate increase for 2019, however none of that was billed in the first half of the year. The Borough portion of your property tax bill is approximately 20% of your total property tax bill. For the average home assessed at about \$500,000, the municipal tax increase is approximately \$47 for the year from 2018 to 2019. The state-mandated tax contribution for the Library decreased by 2.86% in 2019 and accounts for 1.4% of the total tax bill.

While we are waiting on the final certified numbers from the County for the County and Board of Education components of your property tax bill, it is expected that the final County rate increase (combined with County Open Space) will be approximately 2.0% and represents 10.5% of the total property tax bill and the final Board of Education rate increase will be approximately 3.82%. Board of Education taxes make up approximately 68% of your total property tax bill. (Please contact the Board of Education with any questions regarding the basis for the Board of Education rate increase, including whether it reflects the full amount to be borrowed pursuant to the Board of Education Referendum, which was passed by the voters in November 2018)

Based on the information we received after the estimated bills were printed, the Borough anticipates that the final tax rate will be lower than the estimate used, and therefore your payment due on November 1st will be lower than the one due on August 1st. Once County certification of all rates are received, the Borough will post the information on our website, update the rates, and mail final tax bills.

In addition, please note the costs for Borough capital spending for projects such as the Community Center/Senior Center/Pool House project, Fire Department and Rescue Squad equipment, etc. **have already been reflected and included in the 2019 municipal budget.** Municipal debt service payments are included in the total 1.86% increase for 2019. Borough increases have remained under the 2% tax levy cap for the last nine years and the Borough has *never* taken any permitted exceptions to the tax cap. Permitted exceptions which *would have* allowed the Borough to raise municipal taxes over the 2% tax levy cap include health insurance, capital improvements, debt service and pension costs. However, the Borough's 2019 budget does not use any of these exceptions to exceed the 2% cap.

Below is further information on your property tax components and billing methodology.

If you have any further questions concerning how to interpret your property tax bill, please contact Borough Administrator Bruce Vozech at bvozech@ramseynj.com.

Property Tax Billing Background Information

Property taxes for a calendar year are the product of the final certified Tax Rate multiplied by a Property's Assessed Value.

Tax Rate

The total property tax rate has five components:

Component	2018 Final Tax Rate (per \$100 of assessed value)	Component % of Total Property Taxes
County	0.247	10.3%
County Open Space	0.010	0.4%
School	1.621	67.6%
Library	0.035	1.5%
Municipal	0.484	20.2%
Total	2.397	100%

Property Tax Billings

- A. First & Second Quarter Preliminary Property Tax Billings (Feb 1st & May 1st)
- As the first and second quarter property taxes are due prior to the budgets being adopted for calendar year 2019 and tax rates not yet certified a preliminary billing for these quarters is done based on the prior year's final certified tax rate

Example:

Property Assessed Value = \$500,000

Ramsey 2018 Final Tax Rate = \$2.397 per \$100 of assessed value or \$.02397 per \$1 of assessed value

2018 Property Taxes = \$500,000 (assessed value) times \$.02397

2018 Property Taxes = \$11,985

This is the total amount of property taxes paid cumulatively for the four quarters of 2018. Please note in any year, the four quarterly payments are not each the same amount.

Therefore, the First & Second Quarter 2019 Preliminary Billings will be the Total 2018 Taxes in the example of \$11,985 divided by 4, or \$2,996 billed for Feb & May.

- B. Third & Fourth Quarter Property Tax Billings (Aug 1st & Nov 1st)
- The third and fourth quarter property tax payments are based on actual rates (after County certification)

Once the final 2019 Tax Rate is certified that rate times your property's assessed value will provide the total of your property taxes due for 2019.

The third and fourth quarter taxes would then be determined by taking the total taxes due for 2019, less the preliminary amounts billed in quarters 1 & 2 for the total remaining to be due in quarters 3 & 4.

Should the Borough need to do an estimated 3rd quarter bill (as is the case this year when billings need to go out prior to County certification of final rate) the 3rd and 4th quarter billings will not be exactly the same.

For 2019 with an estimated 3rd quarter billing, once the final rate is set and final 2019 total property tax amount is determined, final 2019 bills will go out. These final bills will adjust the fourth quarter payment due to be the final tax amount; less first and second quarters' preliminary billing and third quarter estimated billing, so that the total property taxes for 2019 will be reflective of the final 2019 Tax Rate times your property's assessed value.

Therefore, if the estimated tax rate reflected in the third quarter billing is higher than the actual final certified rate, the fourth quarter billing *will be lower* than the third quarter estimate.

PLEASE NOTE AS DISCUSSED ABOVE, YOUR 2019 PROPERTY TAXES ARE NOT THE 3RD QUARTER ESTIMATE TIMES FOUR

WHILE THE BOROUGH DOES NOT HAVE ALL THE FINAL CERTIFIED RATES FOR EACH COMPONENT OF PROPERTY TAXES, THE MUNICIPAL PROPERTY TAX COMPONENT (APPROXIMATELY 20% OF TOTAL PROPERTY TAXES) IS A 1.86% INCREASE FROM 2018