

CHANGE IN RESIDENTIAL TAXES *WITH* PROJECTED SAVINGS DUE TO CONSOLIDATION

BASELINE ANALYSIS

Following its standard procedures, the NJ Department of Community Affairs (DCA) has presented an analysis of average residential tax bills before and after consolidation. This calculation takes into account the complex factors involved in comparing taxes between two separate municipalities and a single consolidated municipality.

The DCA report showed that – with no consideration of potential savings growing out of consolidation – that the average tax bill for residential properties in the former Borough of Sussex would decrease by \$400 while the average bill for residential properties in the former Township of Wantage would increase by \$62. (Under current state law, Wantage residential-property owners who incurred a tax increase as a result of consolidation would be reimbursed the initial increase annually for as long as they own and occupy their properties.)

REVISED ANALYSIS, TAKING PROJECTED SAVINGS INTO ACCOUNT

As part of its study, the Joint Consolidation Study Commission (JCSC) identified potential savings resulting from consolidation. These savings come from a combination of three factors: \aleph elimination of ten duplicate positions (such as municipal clerk, tax collector, and attorneys), \aleph certain other workforce consolidations due to efficiencies from consolidation, and \aleph changes in benefit costs.

The total estimated value of those savings is about \$585,000.

(NOTE: The JCSC does not have the authority to mandate or otherwise ensure that these savings will take place. The budget of a newly consolidated municipality is determined by the members of the governing body who are elected after the consolidation vote.)

Applying the projected savings to the DCA analysis results in potential tax savings for residential-property owners in both municipalities:

	DCA analysis	DCA analysis + savings
• Sussex	\$400 reduction	\$483 reduction
• Wantage	\$62 increase	\$57 reduction

State law requires every municipality to fill a number of positions with full-time, part-time, or contract employees. (Sussex currently fills three of these mandatory positions by contracting with Wantage.) Consolidation would create a situation in which 28 mandated officials – including members of the two governing bodies – would be replaced by 18 mandated officials (of whom seven would be members of the governing body). This reduction accounts for the bulk of the savings projected to grow out of consolidation.

Detailed accounting of the projected reduction in residential taxes appears on the next page of this report.

DETAILED CALCULATION OF PROJECTED TAX SAVINGS

Item	DCA base analysis		Analysis with savings	
	Sussex	Wantage	Sussex	Wantage
<i>2008 base for calculations</i>				
2008 tax levy	\$3,353,009		\$3,353,009	
Share of combined levy	\$600,454	\$2,752,555	\$600,454	\$2,752,555
Percentage share of tax levy	17.9%	82.1%	17.9%	82.1%
2008 average residential tax bill	\$872	\$609	\$872	\$609
<i>Recalculation</i>	<i>Without savings</i>		<i>With savings</i>	
Projected savings after consolidation	\$0		\$585,025	
Tax levy after savings	\$3,353,009		\$2,767,984	
Share of levy	\$325,242	\$3,027,767	\$268,494	\$2,499,490
Percentage share of tax levy	9.7%	90.3%	9.7%	90.3%
Change due to savings (\$)	Does not apply		-\$331,960	-\$253,065
Change due to savings (%)			-55.3%	-9.2%
Projected average residential tax bill	\$472	\$671	\$389	\$552
Change in average residential tax bill	-\$400	\$62	-\$483	-\$57