

HARDYSTON TOWNSHIP

HOW ARE TAXES CALCULATED?

1. Budgets are established to provide services.
2. Budgets increases cannot exceed specific caps established by the State of New Jersey
3. It is difficult on its face to calculate increases resulting from actual budgetary changes when a revaluation occurs - most of the overall cost fluctuation occurs relating to the difference in the assessed value of the property not in changes relating to spending/taxing.
4. Tax calculation is always the same, which is as follows:

$$\text{TOTAL VALUE OF HARDYSTON} \quad \times \quad \text{TAX RATE} \quad = \quad \text{BUDGET AMOUNT}$$

EXAMPLE: Hypothetically lets say before the revaluation, the total value of the Township was \$1,000 and the total amount of money needed by all tax entities (schools, county, municipality) was \$20. The calculation would look like this:

$$\mathbf{\$1,000} \quad \times \quad \mathbf{\$2.00} \quad = \quad \mathbf{\$20}$$

After the revaluation, it is determined that over the years, values have increased and the total of all lands and real estate in the Township of Hardyston is now \$2,000, and the taxing entities in total still need \$20 for all of their budgetary needs. The calculation will now look like this:

$$\mathbf{\$2,000} \quad \times \quad \mathbf{\$1.00} \quad = \quad \mathbf{\$20}$$

Because assessed values before the revaluation were a fraction of market value, the overall value of the Township, and therefore the average home value within the Township, was less as noted below. After the revaluation, the Township's total value represents true market value, which is higher and accordingly the average home has a higher value as well. You will note however, that the tax rate has decreased. This is because the total of all of the taxing entities' budgets only increased by 3.6%, so the end budget amount needed is relatively consistent with the budget amount from 2009. So because your value is up and your need has only modestly changed the rate is lower, as a math function.

Additionally since a high volume of additional value was realized in the Township's commercial real estate, there was a four percent shift of burden away from residential properties and to commercial properties. Increases to commercial property taxes resulted from value changes, not rate changes. However, the addition of new value had a net result of lowering overall taxes, despite a modest increase in the overall tax levy, because there was more value across which to spread the burden of collecting enough money to satisfy the budget amount needed.

2009 Average Residential Property		
2009 Ass'd Value	2009 Tax Rate	Average 2009 Residential Tax
\$ 163,797.00	\$ 3.327	\$ 5,449.53

2010 Average Residential Property		
2010 Ass'd Value	2010 Tax Rate	Average 2010 Residential Tax
\$ 252,244.00	\$ 2.154	\$ 5,434.09

Net Impact to the Avg Residential Prop:	\$ (15.44)
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