Tax board: Raise room tax

Crowley said.

He said some are private vacation homes, some are investment properties.

Some of them are actu- ally formal businesses, the owners are LLCs,” Crowley said.

A total of $75 percent of the owners of residential properties in Cape May have not paid a transient rental tax, and some of them are luxury homes, ranging from Van- courtz No. in London, he said.

The city’s fire department has inspected 1,475 homes because they are a com- mercial necessity, Crowley said.

Cape May has 1,475 con- 
dominium units, he said.

The city has no way of knowing in the city is to transient rentals booked through internet agen- 
cies such as Airbnb and VRBO, which are required to pay the state room tax. Any home rental obtained through a licensed real estate broker does not pay state room tax, he said.

The city has 3,000 VRBO listings for the 2024 ZIP code, which totaled 878 houses, 86 cottages, 966 condominiums and 60 cabins.

Crowley noted the Board of Adjustmentinto the city.

The state Division of Tax- 

ation told the committee it does not break out the locations of rental prop- erties so there is no way of identifying what is in Cape May because the city lacks an ordnance governing the transient rental tax.

“Abernatt tells us we are No. 4 in the country, but we just don’t know how big,” Crowley said.

He said under the law, the transient rental mar- ketplace is not required to confirm the home has a transient rental tax or has been inspected.

He is recommend- ing the city collect a 1 per- cent room tax on the tran- 

sient rentals. He said the 1 percent room tax can be applied to all that is ap- 

plicable.

The municipal code has not helped the matter, he said.

He said Cape May does not have a comprehen-

sive registration for rental properties, including how many parking spaces are available and the number of people permitted to sleep in them.

Cape May is one of 10 com- 

prehensive property ord- 

ances in New Jersey, Chris Bezaire said, state law does not allow for transient rentals handled by a real estate agent or a private homeowner.

Crowley said the 2020 transient room rental tax was $22 million, while the city utilities generated $11 million.

The city needs about $32 million each year to provide the kind of services Cape May needs, he said.

Voll agreed and said with Matthews about having climate control and a glass enclosure for the truck.

Matthews said it would be a lot of time trying to figure out how we do that.

The extra revenue could have been used to upgrade the donation plant mon- 

itor, improve the city’s exit mar- 

kers and take care of the self-service snack park pro-

ject, something to help the city.

Crowley said the city is not increasing the room tax to 3 percent.

“Four the fourth ad- 
mistration of the city to make decisions about policy in this area,” he said.

The administration didn’t do it, I don’t know why, and I don’t think we should have a lot of time trying to figure it out any other way.”

Voll said the city needs to be self-sustaining.

He asked why the city was not using the room tax to 3 percent.

Matthews said it would not be able to get the money, maybe we can get some of those federal dollars to make the money they paid to replace the trash can.

Matthews said it would be the chance to work to polish the truck on a weekly basis.

“It’s not going to leave people from coming to Cape May,” Crowley said.

Cape May is the No. 1 beach destination in the nation.

MTRAC recommended the City Council enact a 3 per-

cent room tax as soon as possible.

Crowley said the city cre- 

ated the tourism utility in 2012 to be self-funding, the policy to raise the room tax to 3 percent.

The state Division of Tax- 

ation said the committee it does not break out the locations of rental prop- erties so there is no way of identifying what is in Cape May because the city lacks an ordnance governing the transient rental tax.

He said $4.5 million of local revenue comes from transient rentals, and room tax, both user fees. Accom- 
modation in Cape May generates $374 million, of which the state received $5 million of local revenue comes from transient rentals, and room tax, both user fees. Accom-
modation in Cape May generates $374 million, of which the state received $5 million, totaling $8.6 million. Cape May’s room tax is 2 percent, which generated $4.4 million for the city, Crowley said.

Beginning in 2004, Cape May enacted a local 2 per-

cent room tax, Crowley said.

Because Cape May did not choose to enact a 3 percent room tax, it has passed up the oppor-

tunity to collect $3.3 million of local room tax since 2011.

He said 17 years since Cape May enacted its 2 percent room tax, had the city enacted a 3 percent tax, it would have collect-

ed an additional $621,000 per year. Crowley ques-

tioned why the city did not enact a 3 percent room tax.

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