

Five reasons your property taxes are going up in New Bedford

Guess what New Bedford property owners? Your **property taxes are going up next year**. Residential property taxes in New Bedford will go up on average \$220 and commercial property owners will see an average increase of \$26 for the year.

Here are 5 reasons why property taxes in New Bedford are going up year again next year and will continue to do so unless these major issues are resolved:

1. Simply put – property taxes go up every year because the City budget increases each year

Let's compare it to a personal level – if your rent, electric bill, and cable bill go up and your child is heading off to college, you better have a large savings account or ask your boss for a raise. When it comes to City government, the property taxpayers are the boss that the City is forcing the raise on.

One of the biggest issues with New Bedford's budget is that 85% of City spending is non-discretionary (predetermined by state mandates and other contractual agreements) with only 15% discretionary. For FY19, \$287.9 million is non-discretionary spending of the \$338.7 million total budget. City government, the mayor and city council, really only have control of the 15%, or \$50 million of the total \$338.7 million FY19 budget.

2. Increase in property valuations

Generally, there are three ways to raise property taxes – increase the tax rates on properties, increase property values or a combination of both. The Assessor's Office increased the

average residential property value by 5.2%. The city council can actually lower a tax rate, but you'll still see your tax bill go up if your property value goes up significantly.

The real battle that city councilors fight is where the increase in taxes will come from – residential or commercial sources. Clearly, the burden this year was put on the residential homeowners as they saw an 8-fold increase compared to commercial owners (\$220 Vs. \$26) resulting in a residential property tax rate average next year of \$3,742.

I've seen **drug dens raided constantly by police go up in value year after year**, so I'm assuming most of these home value increases are simply happening to raise taxes, not because the building is actually worth more.

3. Charter school obligations

From the **FY19 budget proposal press release** sent out by the mayor's office:

"The Commonwealth continues to fail to meet its own statutory obligation to partially reimburse municipalities' costs. As a result, the City's net obligation will rise from \$12.1 in FY 2018 to \$13.8 million in FY 2019. This growth in New Bedford's obligation toward charter schools diverts more and more funds away from New Bedford Public Schools."

4. City of New Bedford Healthcare and pension costs

From the **FY19 budget proposal press release** sent out by the mayor's office:

Employee benefits costs will continue to place an increasing strain on overall finances. Projected increases in medical claims and the City's pension assessment will require \$2.1 million in additional general fund support.

5. According to Mayor Jon Mitchell, the State not meeting its statutory funding obligations

From the **FY19 budget proposal press release** sent out by the mayor's office:

“Constraints [imposed by the Commonwealth] have made it more difficult to ensure that the City remains on a fiscally sustainable path while providing the reliable and effective services that our residents expect. Our ongoing efforts to improve efficiency and operational readiness have produced a lean organization where the most advantageous efficiencies have already been implemented, making future reforms much more challenging. Nevertheless, we must continue on this path in order to move New Bedford forward.

The Commonwealth has complicated this [budget] process by not meeting its statutory funding obligations and continuing to impose requirements that serve as roadblocks to effective reform.”

In closing, New Bedford's elected leaders at the local and state level need to resolve the root causes of increased budgets or taxes will keep going up every year. Until our state leaders fix some of the non-discretionary issues and get the State to meet its funding obligations, 85% of the budget will continue to grow. Until our local leadership fixes the City pension, healthcare and charter school issues, the budget will continue to grow. Next year is an important election year at the local level, let's hope that provides incentive enough.