

**SUMMARY OF SHPOA STATEMENT TO STONE HARBOR**  
**BOROUGH COUNCIL 12-2-2025**

- The Stone Harbor Property Owners Association (“**SHPOA**” as we call it) is a non-profit community betterment organization composed of over 1,000 property owners, each of whom sends the Borough of Stone Harbor a substantial property tax check-four times a year. The sum of these remittances is about 80% of the Borough budget.
- This is one of those rare instances in which SHPOA, through unanimous vote of its Board of Trustees (as representatives of its membership at large), has authorized advocacy of a public position on behalf of the organization.
- As the Borough is undoubtedly aware, SHPOA has been studying the financial situation in which the Borough finds itself for a number of years. This has included critical analysis of borough expenditures, but also identifying opportunities on the revenue side of the ledger.
- One of those opportunities is the adoption of a small, and state authorized, percentage tax upon transient occupancy of hotels, motels, and private residences which are made available by services such as Airbnb and VRBO.
- In fact, SHPOA has made a public presentation on this very topic in the fall of 2022 and has been advocating for consideration of this measure since then.

See: <https://youtu.be/bILmzgi6N0E?si=vmdcoIM8M7HypD0t>

## **ARGUMENTS IN SUPPORT:**

It is safe to say that generally none of us are enamored of taxes of any sort. Nevertheless, SHPOA suggests that the occupancy tax measure ought not be controversial-it's a matter of common sense.

- Most importantly, it's about **equity**. It seeks only that visitors pay some small share of the substantial cost of services and amenities which the Borough provides for the public at large.
- Think about it-
  - When police, fire, or EMS respond to a call-They don't ask if the person in distress is a property owner or a visitor.
  - When the public works team collects the trash and recycling-It doesn't matter by whom it's generated.
  - When beaches are replenished, bays are dredged, floods are mitigated- It's all for the benefit of everyone who enjoys the unique features of this very special place.

***Not merely the 800 year round residents, but the other 12,000 people who are here in season.***

- This is a tax which costs a minimal amount of money to persons who currently enjoy these services and amenities at essentially no cost.
- While the cost to any one Stone Harbor visitor is *de minimus*, the revenue opportunity for the Borough, in the aggregate, is great. And Renewable. And automatically adjusts for inflation. And it is administered by the state.

- As we all know, the Borough needs to find alternative non-property tax based sources of funding, or face inevitable increases in property taxes and/or the need to curtail services.
- In actuality, the property owners of Stone Harbor are currently subsidizing everyone else who enjoys the amenities, or receives the services of local government. This is just not sustainable.

### **ADDRESSING MISAPPREHENSIONS:**

In considering the advisability of adopting an occupancy tax, it is critical to examine certain misapprehensions which have arisen:

- Costs to the Owners of Hotels, Motels, and Private Rentals-
  - Simply put, this is a tax on the guest, not the innkeeper.
  - The incident of taxation is the visitor alone.
  - Owners pay nothing out of pocket for Occupancy Tax.

***On a related note- Is it not in the best interests of our hotel and motel property owners themselves to have Borough revenues raised in this fashion rather than by increased property taxes upon their own substantial real estate?***

- What about the cost of administration?
  - The tax is collected along with state tax at hotels/motels and by the computer app for Airbnb/VRBO.
  - The revenues go to the state which distributes them on to the municipalities.
  - There is no collection “overhead” for the property owners or the Borough.

- Will it discourage business and tourism in the Borough?
  - The suggestion that a 3% occupancy tax would be determinative of a visitor's choice of destination is untethered from reality.
  - There is no evidence to support that contention. Other local municipalities have not experienced this.
  - Beyond that, here in Cape May County other comparable shore destinations have already adopted a similar tax: Cape May, West Cape May Township, Middle Township, Lower Township and, most recently, Ocean City.

***Ask yourselves, "Isn't the real disincentive to tourism the inability of a destination, because of funding constraints, to provide the first class service and amenities for which it has become known?"***

- How about beach tag revenue; Don't visitors pay?
  - First of all, beach tag revenue pales in comparison to the potential revenue to be generated from occupancy tax.
  - In addition, it is common practice for hotels, motels, and private rentals to provide one set of season passes for a successive visitor stream. So, no they do not always pay.
- Should this be left to the next Borough Council to decide?
  - This is an important, some would say momentous decision.
  - It ought to be made by veteran council members who have a deep appreciation of the financial challenges of the Borough, not newcomers who are unfamiliar with the subject matter.

- To raise substantial revenue, and to allow for smooth implementation, this needs to be put in place well before the 2026 vacation season.
- Borough professional staff need adequate time to account for the implications of this in budget planning for 2026.

**IN SUMMARY:**

For all of these reasons, SHPOA respectfully urges adoption of the occupancy tax measure by this Borough Council. We request that these remarks, and the SHPOA communication to its membership on this matter, be made part of the record, and we thank you sincerely for your attention.