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from the water could be forced to pay higher property taxes to offset millions of dollars in lost revenue from hard-hit beachfront towns, a county official said.

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Residents of New Jersey and Long Island, New York's, coastal counties who live away from the water could be forced to pay higher property taxes to offset millions of dollars in lost revenue from hard-hit beachfront towns, a county official said.

In January, the state's Division of Local Government Services estimated that up to 15 New Jersey municipalities could lose at least 10 percent of their tax bases and another 10 could see a 5 percent-10 percent drop.

Ocean County, N.J., lost about 3 percent of its tax base, officials estimated. The county's beachfront borough of Mantoloking, N.J., lost the most with more than a quarter of its base disappearing.

"The loss of land value is substantial, because the land is no longer functional," said Ocean County Freeholder John C. Bartlett Jr., director of finance on the all-Republican, five-member board. Toms River, N.J., lost 15 percent to 20 percent of its tax base depending on how the value is calculated.

"Those values will come back pretty quickly, he said. "But there is a functional depreciation because entire roads and utilities were washed away."

The good news is the hardest-hit towns are likely to qualify for Federal Emergency Management Agency disaster recovery loans to provide them with money for their operating budgets in the next several years to make up for the lost revenues, Bartlett said.

But it's not a guarantee, and counties will have to make up the difference in revenues

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assessed property values, or about 0.5 percent of its overall tax base. That likely will cost the county, schools and local governments about \$10 million, according to the Monmouth County Tax Board.

But residents whose homes survived in severely damaged towns could be faced with property-tax increases of up to \$1,000 to cover the losses in the tax bases.

The final effect on homeowners won't be known until the towns, school boards and counties set their official tax rates in the next couple of months.

State Revenue

New Jersey is unique among states because most of the government's revenue comes from property taxes, which finance local and county operations and schools. When a property's assessment is reduced, so is the amount of money that can be raised — unless the tax rate for everyone in town goes up to cover the loss.

County governments in New York rely less on property taxes than New Jersey because many have income and business taxes.

After the storm, many damaged properties in New Jersey were reassessed so victims wouldn't have to pay a full property tax bill on homes they can't live in. But that is leaving government officials scrambling to fill deep budgetary holes.

"It's a pretty inescapable conclusion that there will be an impact on the tax base," Michael Drewniak, chief spokesman for New Jersey Gov. Chris Christie, told The New York Times last month. New York county officials have been slower to revalue properties, and some are relying on property owners to submit challenges to assessments.

Toms River lost an estimated \$2.4 billion in real estate values, Township

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On the northern barrier island saw a change in property values as a result of storm damage.

About 200 houses in the township's Ortley Beach neighborhood sustained catastrophic damage, he said.

The economic loss to the township is so great that Shives said Toms River will need to rely on the same kind of transitional state aid that so-called "distressed" cities like Camden, N.J., and Newark, N.J., have been receiving for years to maintain a functioning municipal government.

The township has estimated that a full economic recovery will take about five years.

"But there's a whole lot more unknown than known," Shives said.

Monmouth County

The drop in Monmouth County's tax base isn't expected to have a huge effect on the county's budget or tax rate.

"I don't think it's going to be as bad as we anticipated," Monmouth County Freeholder Gary Rich said. "With \$500 million spread out across a number of towns, hopefully, the impact won't be great."

In Union Beach, N.J., where 300 of 2,336 homes have to be demolished and as many as 65(PERCENT) were damaged, a loss of \$42.8 million in assessed property value represents almost 10(PERCENT) of the borough's tax base. Union Beach Mayor Paul Smith said the borough estimates it will lose \$1.2 million in tax revenue this year.

That is a sizable portion of the borough's \$8.4 million municipal budget.

Smith hopes the borough will receive federal aid to make up for the revenue loss but

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The county tax board estimates Keansburg will lose \$875,700 in property taxes this year, which comes out to almost 6 (PERCENT) of last year's budget.

If no aid is forthcoming, the tax rate would have to increase about 20 cents for each \$100 of assessed value to make up for the loss in the tax base, Keansburg Mayor George Hoff said. The average homeowner would pay \$800 to \$1,000 more in property taxes.

"The average median income (in Keansburg) is \$36,000," Hoff said. "It's going to affect the working class families very much. a€|It's a tough pill to swallow.

"We haven't gone into cutting any services yet," he said. "Right now, we're at the wait-and-see stage."

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