

2021 NHMA Budget and Finance Workshop

Property Taxes and State Aid to Municipalities

▶ Margaret M.L. Byrnes
NHMA Executive Director

▶ Katherine Heck
NHMA Government Finance Advisor

nhmainfo@nhmunicipal.org / 603-224-7447 / www.nhmunicipal.org



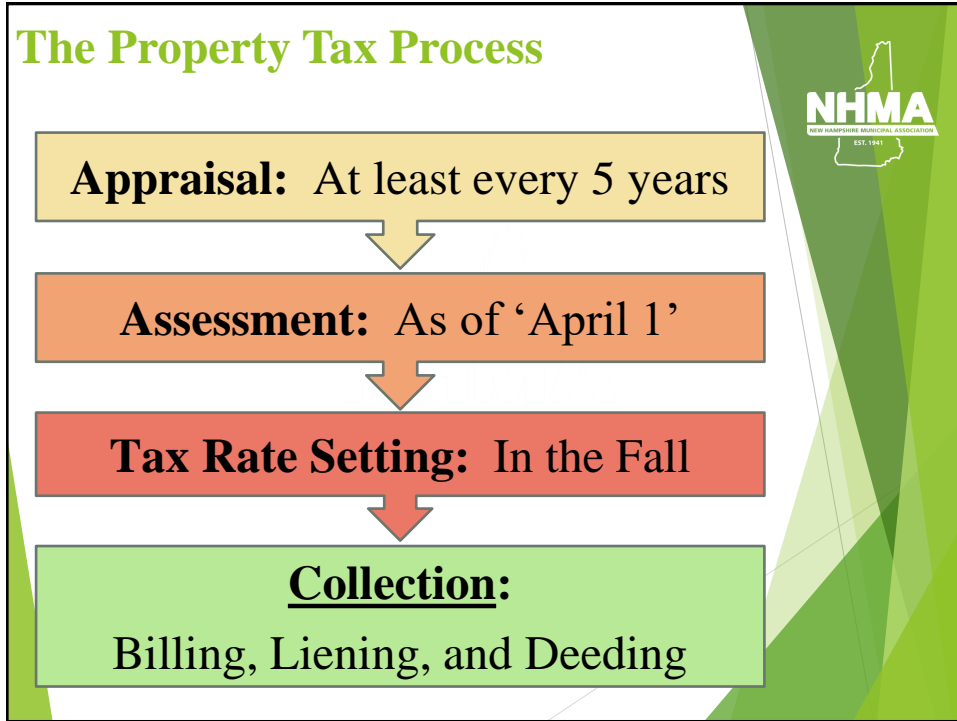
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Property Taxes

The tax people love to hate!




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2020 TAX RATE BREAKDOWN



2020
\$18.76




Tax Rate Breakdown Nottingham

Municipal Tax Rate Calculation			
Jurisdiction	Tax Effort	Valuation	Tax Rate
Municipal	\$2,658,666	\$796,347,443	\$3.35
County	\$640,364	\$796,347,443	\$0.80
Local Education	\$10,284,408	\$796,347,443	\$12.91
State Education	\$1,326,596	\$779,027,543	\$1.70
Total	\$14,910,034		\$18.76

Village Tax Rate Calculation			
Jurisdiction	Tax Effort	Valuation	Tax Rate
Total			

Tax Commitment Calculation	
Total Municipal Tax Effort	\$14,910,034
War Service Credits	(\$279,500)
Village District Tax Effort	
Total Property Tax Commitment	\$14,630,534

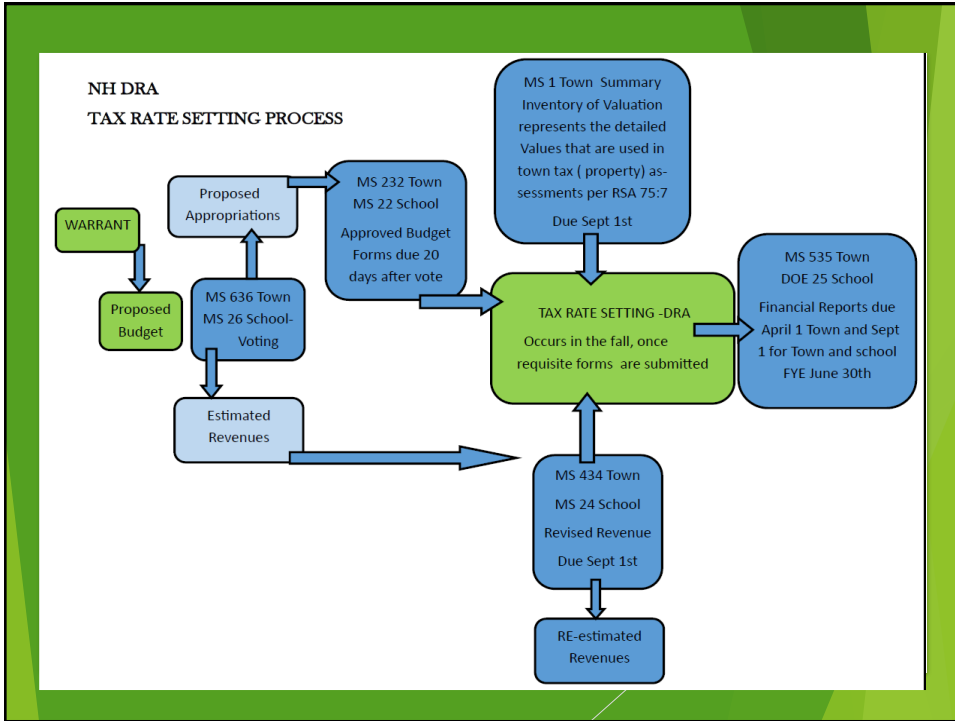


11/4/2020

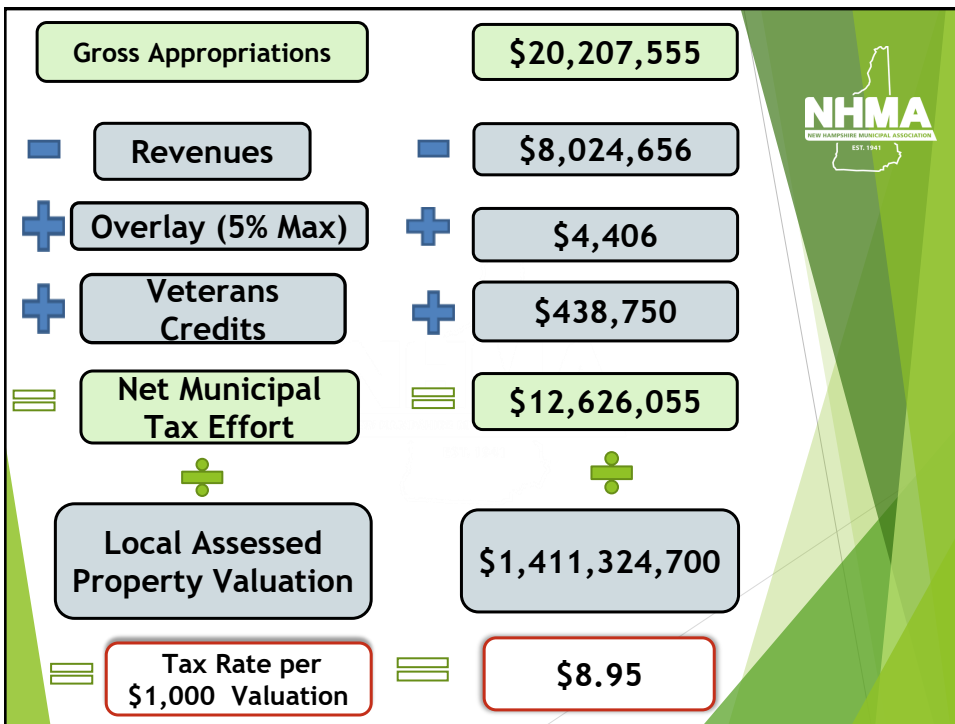
James P. Gerry
Director of Municipal and Property Division
New Hampshire Department of Revenue Administration

Setting the Tax Rate

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Property Tax Calculation







- ▶ \$300,000 assessment
- ▶ \$300 



$$\begin{array}{r} \text{\$300} \\ \times \text{\$8.95} \\ \hline = \text{\$2,685} \end{array}$$

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Assessments Must Be Reasonably 'Proportional'

			TOTAL
MARKET VALUE	\$250,000	\$250,000	\$500,000
ASSESSED VALUE	\$250,000	\$250,000	\$500,000
TAX RATE	\$20/\$1,000 of value	\$20/\$1,000 of value	
TAX BILL	\$5,000	\$5,000	\$10,000

			TOTAL
MARKET VALUE	\$225,000	\$225,000	\$450,000
ASSESSED VALUE	\$250,000	\$250,000	\$500,000
TAX RATE	\$20/\$1,000 of value	\$20/\$1,000 of value	
TAX BILL	\$5,000	\$5,000	\$10,000

			TOTAL
MARKET VALUE	\$275,000	\$275,000	\$550,000
ASSESSED VALUE	\$250,000	\$250,000	\$500,000
TAX RATE	\$20/\$1,000 of value	\$20/\$1,000 of value	
TAX BILL	\$5,000	\$5,000	\$10,000

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Understanding Tax Policy

There are four taxes that make up the tax rate - creating the overall total tax rate.

An increase in assessed value does not necessary translate into an increase in property tax.

The four rates are added together to produce the town or city's overall tax rate. For an individual homeowner, the overall tax rate is then multiplied by the assessed value of that home and then divided by 1,000.

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► Anytown, NH 2 Similar Properties - Located in Same Neighborhood

\$10,000 - TOTAL TAXES NEEDED

ASSESSMENT: **SCENARIO # 1**

▶	• Property A	\$ 250,000		
▶	• Property B	\$ 250,000		
	TOTAL ASSESSED VALUE:	\$ 500,000		

▶	SET THE TAX RATE:	\$10,000	÷	\$500,000	=	\$20/\$1,000
▶		(tax needed)		(assessed value)		(Small Town Tax Rate)

TAX AMOUNTS BILLED:

▶	• Property A:	\$ 250,000 x \$20 tax rate =	\$ 5,000 property taxes
▶	• Property B:	\$ 250,000 X \$20 tax rate =	\$ 5,000 property taxes
	TOTAL TAXES BILLED		\$10,000 Total Taxes

ASSESSMENT: **SCENARIO # 2**


•	Property A	\$ 275,000		
•	Property B	\$ 275,000		
	TOTAL ASSESSED VALUE:	\$ 550,000		

▶	SET THE TAX RATE:	\$10,000	÷	\$550,000	=	\$18.18/\$1,000
▶		(tax needed)		(assessed value)		(Small Town Tax Rate)

TAX AMOUNTS BILLED:

•	Property A:	\$ 275,000 x \$18.18 tax rate =	\$ 5,000 property taxes
•	Property B:	\$ 250,000 X \$18.18 tax rate =	\$ 5,000 property taxes
	TOTAL TAXES BILLED		\$10,000 Total Taxes

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The Equalization Process

- ▶ Equalization necessary for shared taxes
- ▶ County, Co-op School, Statewide Education
- ▶ DRA adjustment reflects proportionality to other municipalities

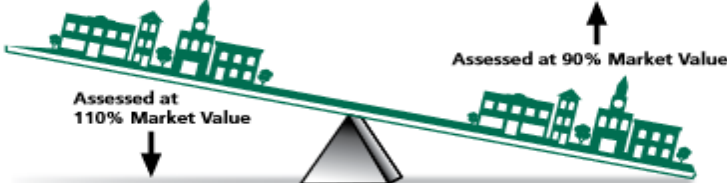
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Equalized Property Values



Before DRA Equalization Adjustment


TOWN A **TOWN B**



Assessed at 110% Market Value **Assessed at 90% Market Value**

After DRA Equalization Adjustment

TOWN A **TOWN B**



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DRA 2020 EQUALIZATION SURVEY

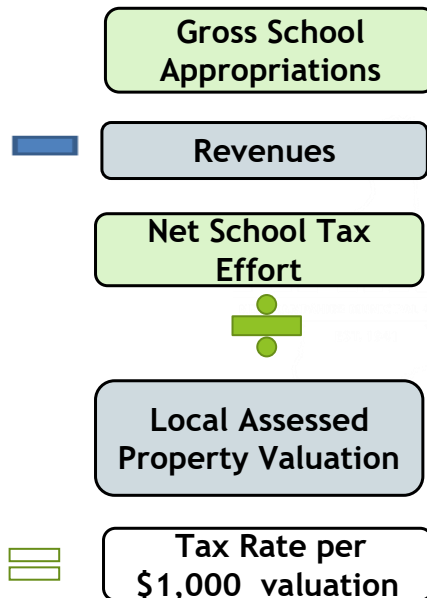


NH DEPARTMENT OF REVENUE ADMINISTRATION
MUNICIPAL AND PROPERTY DIVISION
2020 Equalization Survey Not Including Utilities and Railroad

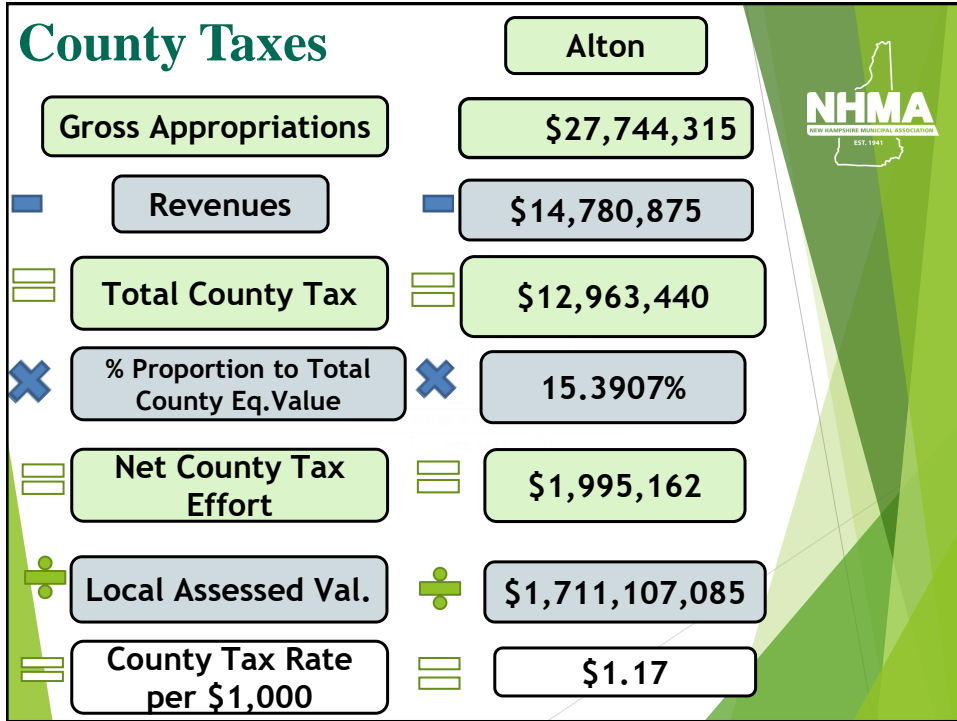
Municipality	Modified Local Assessed Valuation	DRA Inventory Adjustment	Equalized Assessed Valuation	Equalized Payments in Lieu of Taxes*	Total Equalized Valuation**	2020 Equalization Ratio	% Proportion to State Tax
Chesterfield	518,057,375	95,735,775	613,793,150	1,636,945	615,430,095	84.4	0.2877%
Chichester	316,984,566	40,737,312	357,721,878	0	357,721,878	88.6	0.1672%
Claremont	723,685,534	66,269,292	789,954,826	2,926,672	792,881,498	91.6	0.3707%
Clarksville	45,410,872	9,747,591	55,158,463	3,322,073	58,480,536	81.8	0.0273%
Colebrook	169,994,381	2,771,566	172,765,947	1,057,232	173,823,179	98.4	0.0813%
Columbia	66,084,491	2,058,426	68,142,917	182,239	68,325,156	96.9	0.0319%
Concord	4,485,112,742	260,931,114	4,746,043,856	36,281,944	4,782,325,800	94.5	2.2358%
Conway	1,704,186,500	331,627,491	2,035,813,991	1,208,068	2,037,022,059	83.7	0.9523%
Cornish	191,747,292	7,700,711	199,448,003	353,427	199,801,430	96.1	0.0934%
Crawford's Purchase	229,730	34,024	263,754	0	263,754	87.1	0.0001%
Croydon	108,981,262	(2,012,022)	106,969,240	0	106,969,240	101.9	0.0500%
Cutt's Grant	0	0	0	0	0	87.1	0.0000%
Dalton	78,416,669	14,499,105	92,915,774	7,013,092	99,928,866	84.4	0.0467%
Danbury	109,727,785	33,074,356	142,802,141	0	142,802,141	76.8	0.0668%
Danville	405,273,105	95,056,050	500,329,155	88	500,329,243	81.0	0.2339%
Deerfield	681,282,891	9,649,139	690,932,030	69,955	691,001,985	98.6	0.3231%

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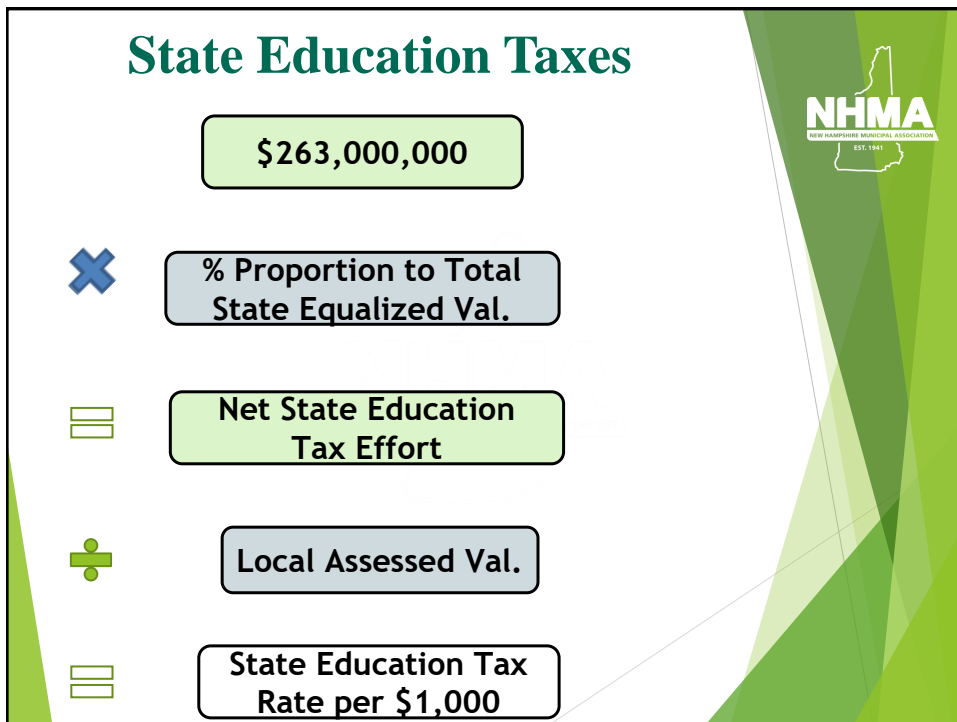
School Tax Rate



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The '3-Finger' Rule

\$1,411,324,700
Local Assessed Value

\$1,411,324 = \$1.00
\$141,132 = \$.10
\$14,113 = \$.01



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Estimated Impact on the Tax Rate

\$400,000 Fire Truck



1) Quick Estimate using "3 Finger Rule":

\$141,132 = \$.10 = \$0.30 tax rate



-or-

2) Appropriation ÷ by Total Assessed Value = Tax Rate

\$400,000 = \$0.28 tax rate
\$1,411,324,086

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ESTIMATED Cost for Your Municipality?

2021 Net Local Assessed Valuation = \$ _____



\$1.00 on the tax rate = \$ _____

\$.10 on the tax rate = \$ _____

\$.01 on the tax rate = \$ _____



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MUNICIPAL STATE AID AND REVENUE SHARING



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HB1/HB2 – FY 22/23 Budget



► *Biennial State Operating Budget and Trailer Bill. Chapter 90 (HB 1) and Chapter 91 (HB2) comprise the state operating budget*

► Appropriations are contained in (HB1)

► The trailer bill (HB2) contains statutory changes necessary to implement the budget for the two-year period July 1, 2021, through June 30, 2023.

► The state Budget has an effective date of July 1, 2021.

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FY 22/23 Committee of Conference Budget



Passed the House



Passed the Senate



Signed BY *x*

Governor

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New Hampshire Municipal Association
THE SERVICE AND ACTION ARM OF NEW HAMPSHIRE MUNICIPALITIES

LEGISLATIVE BULLETIN

Not So Bad in the End

The 2021 legislative session was the strangest and most challenging in many years. After the 2020 session ended with the abrupt shutdown of the state house and Legislative Office Building, the entire 2021 session was played out in the shadow of the pandemic. The buildings remained closed to the public until June, and all hearings and committee meetings were conducted virtually.

If the legislative logistics were difficult, the legislation itself was worse. A strong anti-local government streak became apparent very early, and it was clear that municipalities would be playing defense all year. Bills specifically designed to harm local government, which would have been killed quietly in any other year, came out of House committees with Ought to Pass votes. Committees gave favorable recommendations to bills that, among other things, would have:

- Imposed a constitutional 2 percent tax cap in every municipality;
- Severely limited the authority of city councils to enact ordinances;
- Allowed garnish on any municipal property and penalized local officials who try to regulate such activity;
- Eliminated immunity for municipal employees and officials for innocent mistakes in the performance of their duties;
- Micromanaged the municipal budgeting process by imposing needlessly complex requirements.

Happily, none of those bills survived. Through the efforts of many local officials, supportive legislators, and NHMA staff, several of the worst bills were killed on the House floor, and the ones that remained were killed or substantially modified in the Senate. Considering the dire outlook early in the year, the absence of any new laws that seriously harm local government is a great success.

Final Legislative Bulletin
September 7, 2021

GOVERNMENT AFFAIRS CONTACT INFORMATION

Margaret M.L. Byrnes
Executive Director

Cordell A. Johnston
Government Affairs Counsel

Katherine Heck
Government Finance Advisor

Nate Greyes
Municipal Services Counsel

Timothy W. Forster
Government Relations Coordinator

Pam Valley
Administration Assistant



2021 Through the Pandemic
Contact NH 603-931-7417
E-mail: info@nhmunicipal.org
Website: www.nhmunicipal.org



August 21, 2021

About Advocacy Legal Services Events Resources COVID-19 ARPA

2022 Important Date Calendars Now Available for Download!

2022 CALENDAR



Download Your 2022 Calendar Today!

Go to the Resources and Publications section on NHMA's website (www.nhmunicipal.org) to download your 2022 Important Date Calendar which detail important dates and deadlines for March and May traditional meetings and March, April and May SR2 meetings, as well as a general calendar.


2022 Important Dates General Calendar
2022 Important Dates - SR2 March Town Meeting
2022 Important Dates - SR2 April Town Meeting
2022 Important Dates - SR2 May Town Meeting
2022 Important Dates - Traditional March Town Meeting
2022 Important Dates - Traditional May Town Meeting

PLEASE STAY TUNED FOR A DOWNLOADABLE ICA CALENDAR THAT WILL BE AVAILABLE LATER THIS MONTH!

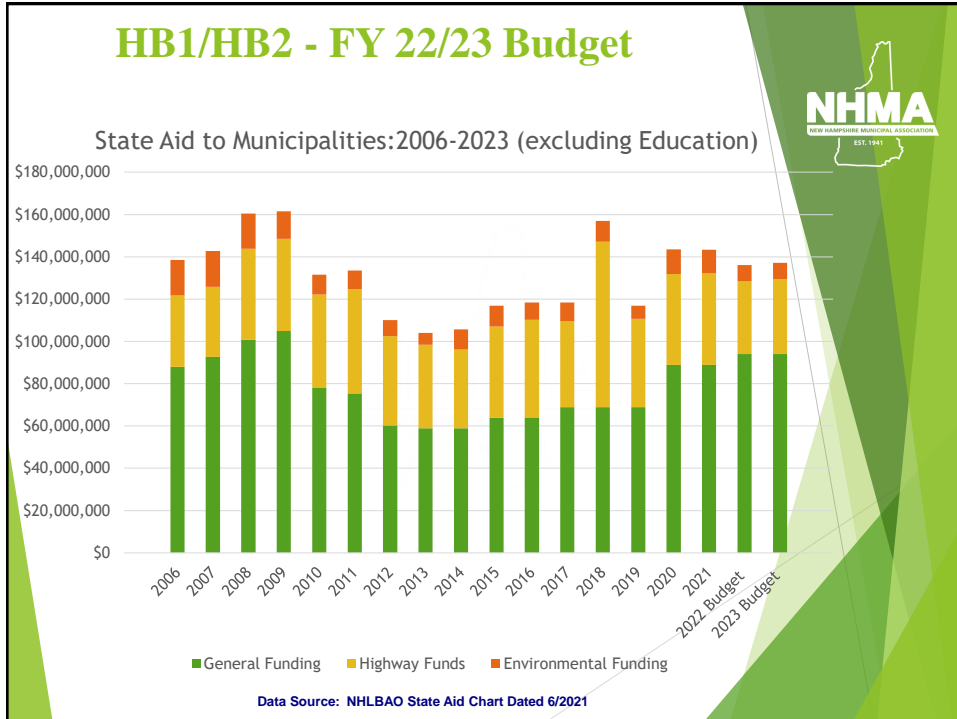
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HB1/HB2 - FY 22/23 Budget

- ▶ **Education Funding- Discontinues** one time funding for communities with lower taxable property values per student.
- ▶ **Targeted aid** for communities with high concentrations of low income students
- ▶ **Temporary adjustments** for districts experiencing lower enrollment during the pandemic.
- ▶ **\$100 Million cut** to the statewide education property tax. (SWEPT)
 - ▶ Has varied impacts




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HB1/HB2 - FY 22/23 Budget



- ▶ One time Aid payments will not be repeated in the new State Budget for FY 22/FY23
 - ▶ FY 20 /FY 21 State Budget included targeted one-time grants, totaling \$40.0 million
 - ▶ Based on number of students and number of free/reduced lunch eligible students.
 - ▶ Had been paid by October 1 each year, unanticipated revenue in FY20



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HB1/HB2 – FY 22/23 Budget

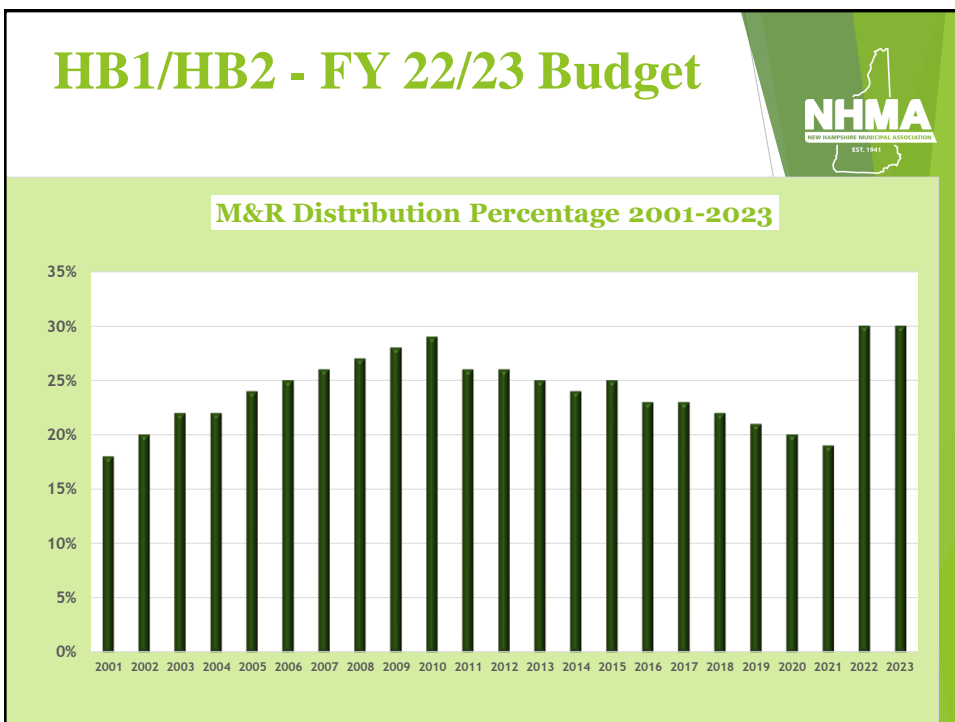


Changes to Meals and Rooms Revenue Sharing

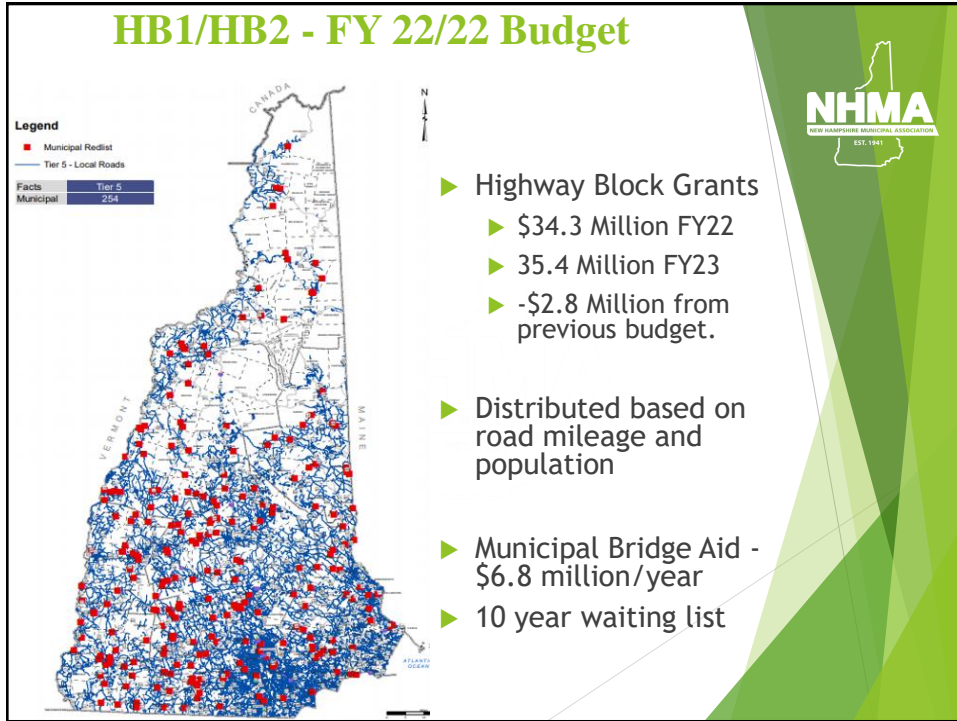
FY 19- 21
Meals and Rooms Tax Distribution - **\$68.8** Million each year distributed based on population estimates.

FY 22
The *ESTIMATED* Meals and Rooms Tax Distribution - **\$92.5** Million will distributed based on population estimates.

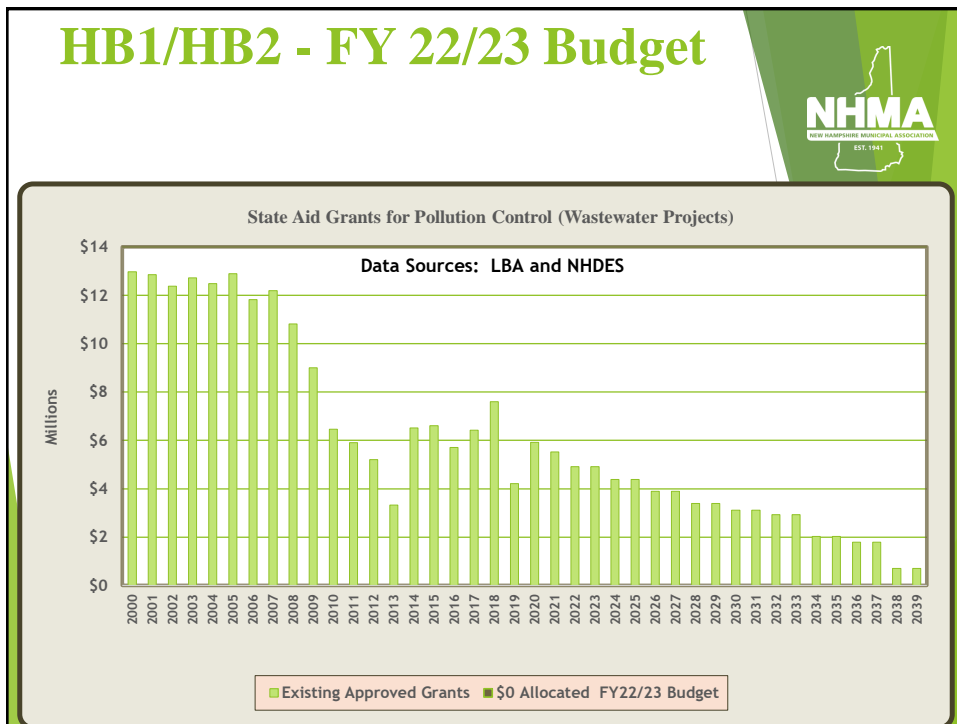
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UPDATE Retained Bills




- The Moratorium continues
- Retained Bills on Water and Wastewater projects
- HB 412 -funding public water system projects
- HB 398-funding eligible wastewater projects
- Bills have been retained, if passed could fund 110 new projects and 11 completed treatment projects.

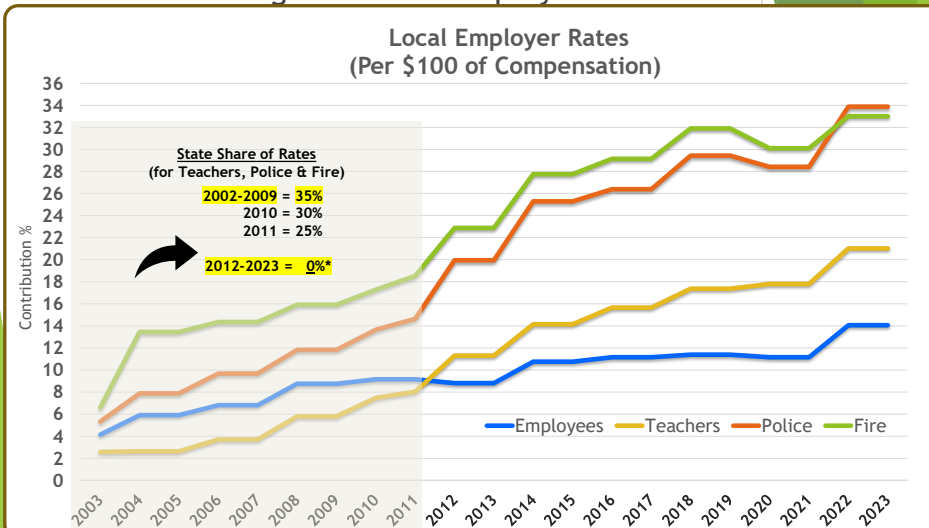
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Retiree COLA Bill

HB 616 - Cost of \$116 Million over 20 years to local government employers

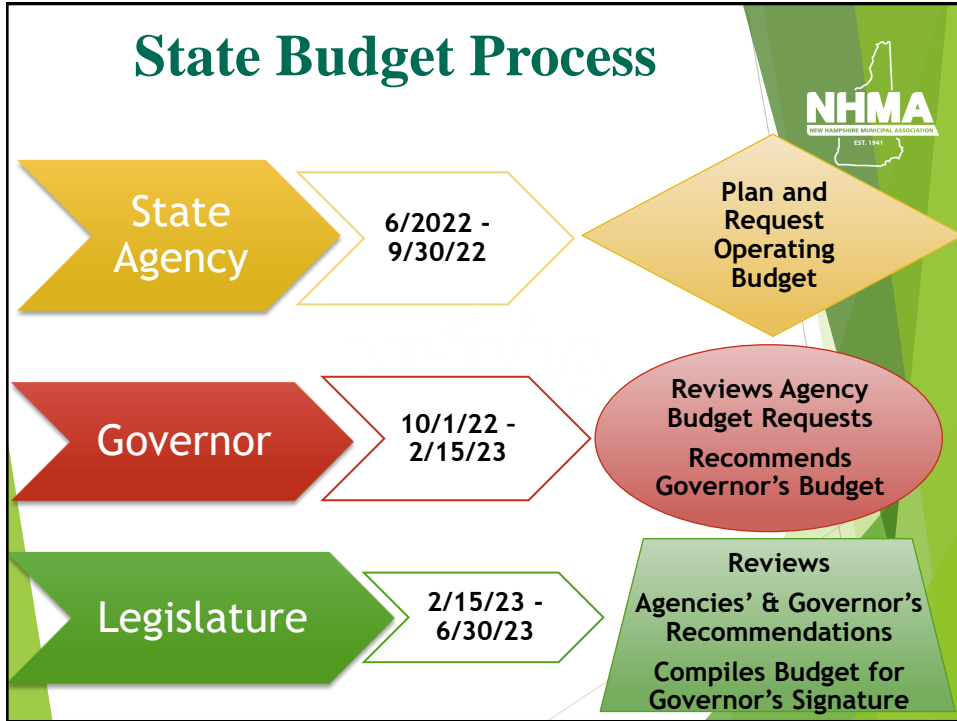


Local Employer Rates (Per \$100 of Compensation)



Year	Employees (%)	Teachers (%)	Police (%)	Fire (%)
2003	4	3	6	6
2004	5	3	7	13
2005	6	3	7	13
2006	6	4	9	14
2007	7	4	9	14
2008	8	5	11	15
2009	8	5	11	15
2010	8	6	12	16
2011	8	7	13	17
2012	8	10	19	22
2013	8	11	20	23
2014	10	13	24	27
2015	10	14	25	27
2016	10	15	26	28
2017	10	16	26	29
2018	10	17	29	31
2019	10	17	28	31
2020	10	17	28	30
2021	10	17	28	30
2022	13	21	33	33
2023	13	21	33	33

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Contact NHMA

governmentaffairs@nhmunicipal.org
603.224.7447

Katherine Heck
603.230.3308
kheck@nhmunicipal.org
www.nhmunicipal.org

NHMA
NEW HAMPSHIRE MUNICIPAL ASSOCIATION
EST. 1941

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