

2022 NHMA Budget and Finance Workshop

State Aid to Municipalities in Relationship to Property Taxes



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MUNICIPAL STATE AID AND REVENUE SHARING

Property tax is the primary source of local revenue.

Reductions in any state aid program, or the shifting of state costs to municipalities, most often results in increased property taxes.

Conversely, increased or additional state aid or revenue sharing will decrease the local tax effort.

- Education funding received by school districts affects the local school property tax rate, not the municipal property tax rate.



General Principles

Home Rule?



- *All* power comes from legislature.
- Find a law that allows action, either express or necessarily implied.
- Not enough to say “no law says we can’t do it.”
 - *Girard v. Allenstown*, 121 N.H. 268 (1981).

What it means to be a Political Subdivision of the State.

State law authorizes municipalities (cities, towns, schools & village districts) to exercise a broad range of powers:

- Raising funds through taxation or borrowing, enacting ordinances to regulate specific matters, purchasing and selling property, hiring employees, entering into contracts, and regulating land use through planning and zoning regulations.

All powers may be exercised only within the limits authorized by state law.

Municipal authority over police and fire departments, roads, solid waste disposal, water and sewer facilities, schools and many other areas is governed by state law, and thus is ultimately controlled by the legislature.

Consequently, there are many opportunities for legislation to affect municipalities.

Legislators may not always recognize the effects of state legislation on municipalities unless they hear about these effects from the local officials who have to deal with them.

The State Budget and all *proposed* Legislation must:



Pass the House



Pass the Senate

Signed
BY 

Governor

State Biennium Budget Process FY 24/25

State Agency

6/2022 -
9/30/22

Plan and Request Operating Budget

Governor

10/1/22 -
2/15/23

Reviews Agency Budget Requests
Recommends Governor's Budget

Legislature

2/15/23 -
6/30/23

Reviews Agencies' & Governor's Recommendations
Compiles Budget for Governor's Signature

Current State Budget

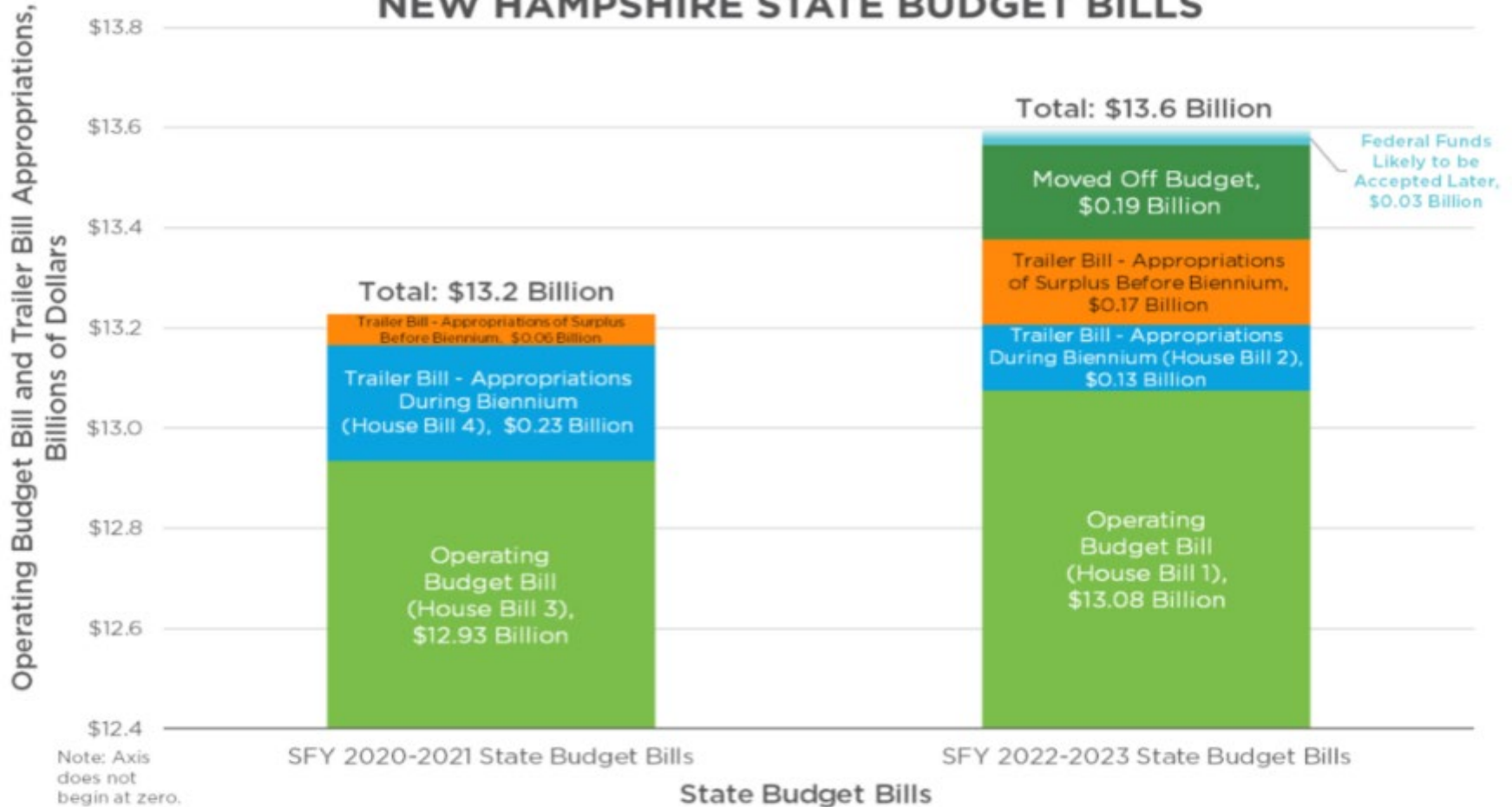
HB1/HB2 – FY 22/23



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 current state budget had an **effective date of July 1, 2021.**
- ▶ **The FY 24/25 budget process has begun and will be decided in the upcoming Legislative session with an effective date of July 1, 2023.**

APPROPRIATIONS FROM PRIOR AND CURRENT NEW HAMPSHIRE STATE BUDGET BILLS



Note: Figures include all back-of-budget changes and Trailer Bill Appropriations, including changes identified on General, Education Trust, Highway, and Fish and Game Funds Surplus Statements prepared by the New Hampshire Office of Legislative Budget Assistant and changes to other funds identified in Office of Legislative Budget Assistant Compare Reports and legislative language.
 Sources: New Hampshire Office of Legislative Budget Assistant, Surplus Statements; Chapter 345, Laws of 2019; Chapter 346, Laws of 2019; Chapter 90, Laws of 2021; Chapter 91, Laws of 2021.

nhfpi.org

A record **\$430.1 million** budget surplus in the 2022 fiscal year



MUNICIPAL REVENUE SHARING and STATE AID SOURCES

General Funds:

- Meals and Rooms Tax Revenue Distribution
- State Revenue Sharing (Suspended 2010-2023)
- State Normal Retirement Contribution (Repealed 2013)
- Railroad Tax Distribution
- State Municipal Aid Grants (One-Time Revenue: Added 2020-21 and 2022)

Environmental:

- Flood Control
- Landfill Closure Grants
- Public Water System Grants/Water Supply Land Protection Grants
- Pollution Control Grants – State Aid Grants (SAGs)

Highway:

- Highway Block Grants
- Highway Construction Aid
- State Municipal Bridge Aid

Types of State Aid to Cities & Towns

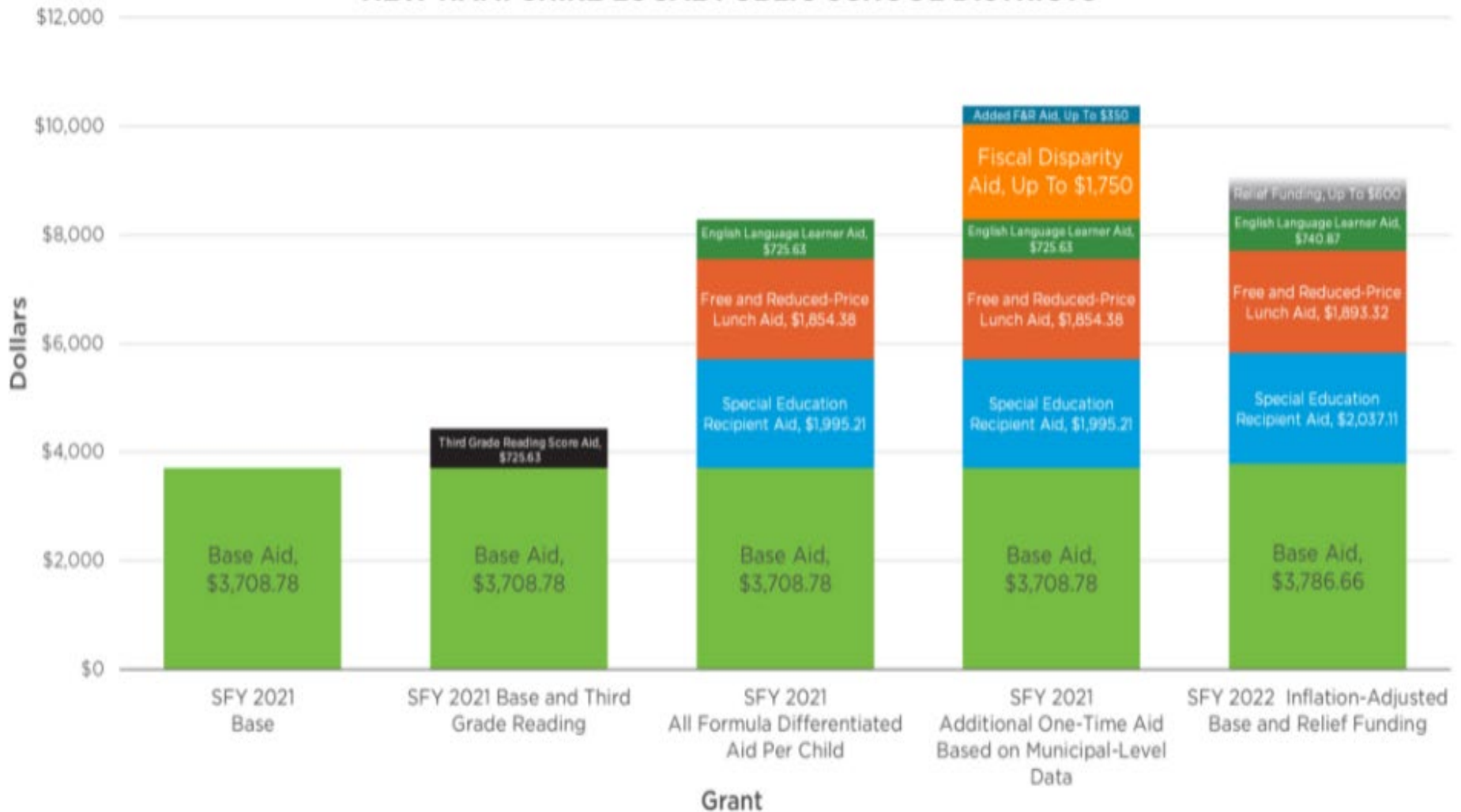
SCHEDULE OF STATE AID TO CITIES, TOWNS, AND SCHOOL DISTRICTS

SCHEDULE OF STATE AID TO CITIES, TOWNS, AND SCHOOL DISTRICTS

AID BY CATEGORY	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget
EDUCATION												
1 Adequate Education Aid	941,357,888	941,911,353	929,874,227	926,031,426	933,258,763	936,504,196	928,582,935	915,723,893	962,486,843	1,012,578,424	985,837,773	963,900,169
2 Building Aid	46,691,283	47,076,656	44,178,887	43,286,408	40,774,253	37,098,071	36,530,219	33,695,932	37,294,872	29,394,930	41,672,728	39,960,076
3 Court Ordered Placements	2,193,744	1,333,893	1,168,277	1,147,392	1,139,319	2,563,504	2,361,189	2,639,879	3,281,971	4,052,635	2,000,000	2,000,000
4 Dropout Prevention	486,660	711,635	373,782	620,126	360,400	674,317	714,631	675,132	325,322	203,966	-	-
5 Kindergarten Aid	1,707,750	1,776,750	-	-	-	-	-	10,534,441	178,501	-	1,606,313	-
6 Kindergarten Construction	3,038,661	798,100	-	641,000	-	-	-	-	-	-	-	-
7 Local Education Improvement	23,950	-	-	-	-	-	-	-	-	-	-	-
8 Retirement Normal Contribution - Teacher	2,198,706	-	-	-	-	-	-	-	-	-	-	-
9 School Breakfast	117,845	105,289	122,053	102,532	108,380	102,339	105,682	109,848	176,927	140,409	496,500	496,500
10 School Lunch	632,003	632,003	632,003	632,003	632,003	620,847	632,003	632,003	632,003	631,271	632,003	632,003
11 Special Education	21,556,830	21,590,533	22,884,440	21,757,160	22,379,896	22,205,884	21,911,361	22,317,666	30,800,000	29,626,759	33,252,000	33,917,000
12 Tuition & Transportation	6,900,000	6,900,000	7,422,619	7,027,000	7,400,000	7,400,000	7,546,000	7,712,000	9,000,000	9,000,000	9,000,000	9,000,000
13 Public School Infrastructure Fund	-	-	-	-	-	-	453,711	11,849,464	3,952,325	10,773,964	1,000,000	1,000,000
Education Total	1,029,307,519	1,023,036,211	1,006,656,288	1,001,645,047	1,006,243,014	1,007,369,140	996,637,731	1,006,290,256	1,048,338,763	1,096,602,561	1,076,297,317	1,051,106,747
ENVIRONMENTAL												
14 Flood Control	221,952	221,952	767,896	1,330,570	811,407	811,407	844,671	844,671	769,326	745,437	867,000	867,000
15 Landfill Closure Grants	927,656	899,612	1,080,206	886,650	792,116	776,245	666,248	476,036	366,936	409,513	375,602	366,194
16 Public Water System Grants	1,184,996	1,131,619	1,170,678	1,073,438	876,821	797,661	791,421	701,666	651,960	589,440	562,446	546,226
17 State Aid Grants - Pollution Control	5,199,986	3,327,686	6,519,872	6,610,139	5,711,222	6,415,756	7,598,938	6,257,397	6,676,737	10,210,766	8,096,438	7,480,501
Environmental Total	7,534,592	5,581,049	9,556,655	9,900,997	8,191,566	8,801,070	9,893,479	8,260,169	8,706,960	11,965,155	9,941,466	9,260,920
OTHER GEN. FUNDS												
18 Meals & Rooms Distribution	58,805,057	58,805,057	58,805,057	63,605,057	63,605,057	68,806,057	68,806,057	68,805,057	68,805,057	68,805,057	92,567,000	95,610,000
19 Railroad Tax - RSA 82:31	36,671	36,671	36,822	60,037	132,167	60,853	61,392	84,793	88,370	100,461	88,370	88,370
20 Railroad Tax - RSA 228:69	48,735	51,849	56,032	56,931	63,693	72,837	67,680	71,636	75,993	54,074	60,000	60,000
21 Municipal Aid	-	-	-	-	-	-	-	-	20,000,000	20,000,000	-	-
** Highway Construction Aid	-	-	-	-	-	-	-	-	-	-	-	3,250,000
22 Retirement Normal Contribution	3,500,000	-	-	-	-	-	-	-	-	-	-	-
less: Teacher Normal Contribution	2,198,706	-	-	-	-	-	-	-	-	-	-	-
Net Police & Fire Normal Contribution	1,301,294	-	-	-	-	-	-	-	-	-	-	-
Other General Funds Total	60,191,757	58,893,577	58,896,911	63,924,025	64,000,938	68,938,697	68,934,129	68,961,466	68,969,420	68,959,592	92,735,370	99,028,370
HIGHWAY FUNDS												
23 Highway Block Grants	34,538,280	29,918,270	30,233,035	30,743,994	34,843,581	34,931,513	65,639,183	36,287,968	36,911,575	35,029,311	34,272,416	35,378,500
24 Highway Construction Aid	2,663,100	2,140,210	1,298,657	2,006,027	1,424,102	368,872	331,692	2,653,055	618,339	1,077,268	-	-
25 Municipal Bridge Aid	5,153,521	7,428,375	5,637,087	10,361,515	9,963,415	5,340,013	5,614,946	8,896,334	5,247,887	10,847,985	6,800,000	6,800,000
Highway Funds Total	42,354,901	39,486,855	37,168,779	43,111,536	46,221,098	40,640,398	71,786,020	48,037,357	42,777,801	46,934,564	41,072,416	42,178,500
GRAND TOTAL	1,139,388,789	1,126,897,691	1,112,279,633	1,116,781,605	1,124,666,616	1,126,749,304	1,147,451,366	1,131,569,268	1,189,792,944	1,244,451,673	1,220,046,688	1,201,593,537
** Chapter 87, Laws of 2021 (HB2) included an appropriation for the repair of Calab Hill Road in the Town of Tilton.												

The 'BOOK OF STATE AID TO CITIES AND TOWNS' is now available on the LBA's website:
<http://www.gencourt.state.nh.us/lba/default.aspx>

STATE ADEQUATE EDUCATION AID PER PUPIL FOR NEW HAMPSHIRE LOCAL PUBLIC SCHOOL DISTRICTS



Sources: New Hampshire Office of Legislative Budget Assistant, Fiscal Issue Brief, Calculating Education Grants, January 2019, and updated version January 2021; Chapter 91, Laws of 2021.

nhfpi.org

Education Funding

HB1/HB2 - FY 22/23 Budget

- **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

2022 Legislative Session

- ▶ **SB 420** -establishes “extraordinary need grants” for schools.
- ▶ Provides targeted funds in addition to regular adequate education grants and relief grants. The extraordinary need grants would be calculated based on a district's total property values divided by the number of students eligible for free and reduced-price lunch.

2022 State Surplus Related Legislation

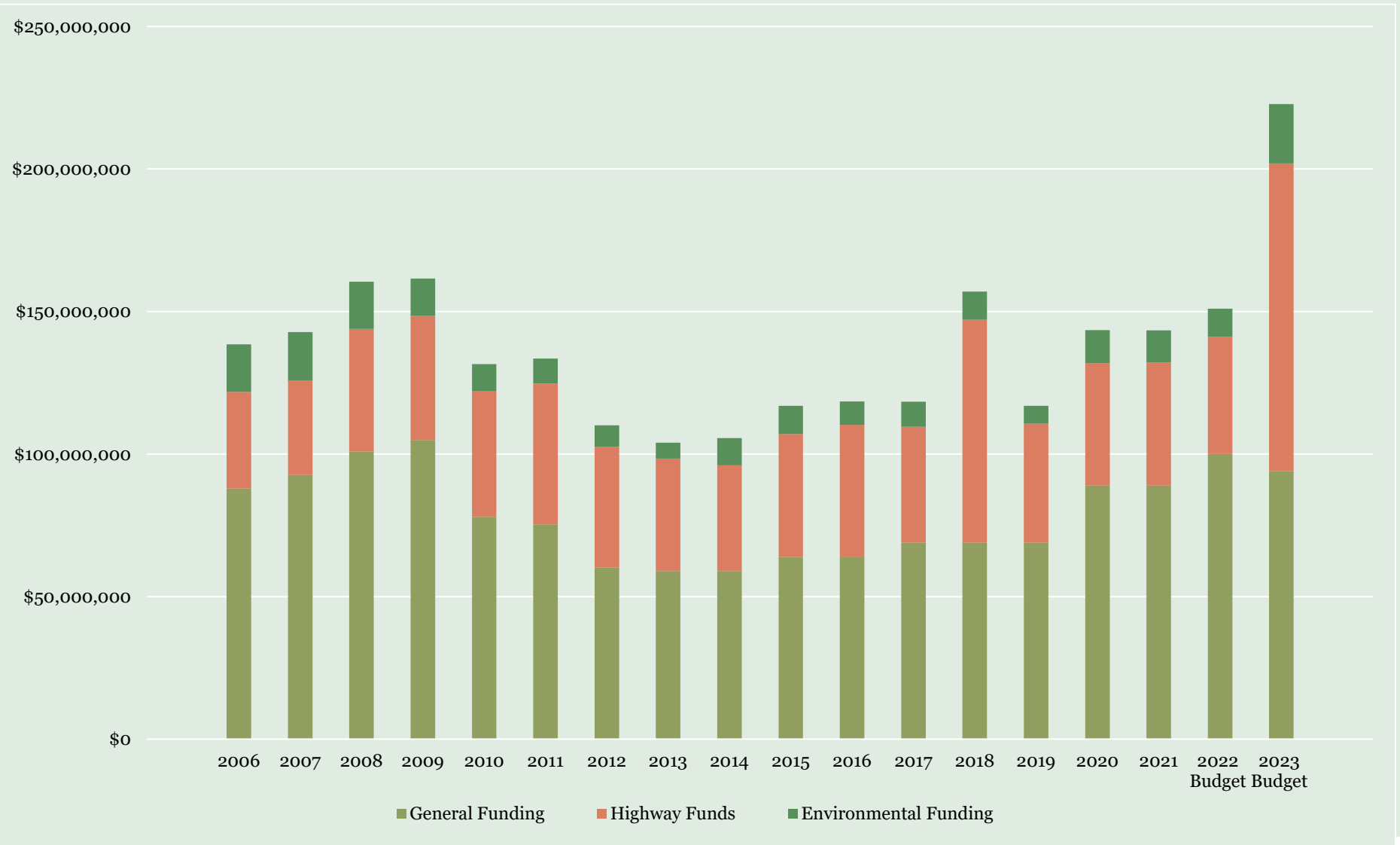
From January to June, 2022, the Legislature spent **\$261.7 million** — or 60% — of the **\$430.1 million** surplus.

Almost \$150 million was made available to municipalities in the 2022 Legislative Session

- ▶ **HB 1221-** 7.5% state contribution to the employer's share of Group I, teachers and Group II Police and Fire NHRS costs. (Estimated \$27 million)
- ▶ **SB 401-** Using state general fund surplus generated in fiscal year 2022:
 - ▶ \$36 million in municipal bridge aid;
 - ▶ \$30 million in municipal highway block grants;
 - ▶ \$1 million toward the body worn and dashboard camera fund.
- ▶ \$25 million added to the PFAS remediation fund.

State Aid to Municipalities:2006-2023

(excluding Education)



Data Source: NHLBAO State Aid Chart Dated 6/2021 and 2022 Legislative Session



SIGNIFICANT CHANGES MADE -2021

MEALS & ROOMS (RENTALS) TAX DISTRIBUTION

PREVIOUS DISTRIBUTION

- **9% tax** levied on food or beverages from restaurants, hotel rooms, and car rentals; The tax was raised from **8%** in 2010.
- Funds the General Fund, Education Trust Fund (car rentals portion), certain school building aid, and municipalities.
- **Municipal Distribution:** set **by law at 40% of revenue**, but the formula enacted in 1993 to reach that percentage has been suspended – 10 of the last 14 years

CURRENT DISTRIBUTION

- What changed? : House Bill 2 :
- *Suspends revenue sharing with cities and towns for the biennium.*
- *Suspends the crediting of meals and rooms tax revenue to the division of travel and tourism.*
- *Establishes the meals and rooms municipal revenue fund for the distribution of meals and rooms tax revenues by the state treasurer to towns, cities, and places.*
- The meals and rooms tax levy dropped from **9% to 8.5 %** which took effect on October 1, 2021.
- Distribution of 30 percent of the revenue to municipalities and moved the funds to a dedicated fund, based on percentage of actual revenue collected in the prior fiscal year, rather than the previous distribution which was a set number in the budget based on estimated revenues. Due to the creation of the dedicated fund, if the state continues to exceed revenue projections for Meals and Rooms, municipalities will continue to see an increased benefit.
- The actual distribution last year- under the new law - was *approximately 45%* above last year's distribution, using a state-wide average.

Changes to Meals and Rooms Revenue Sharing

FY 22 ESTIMATED

The *ESTIMATED* Meals and Rooms Tax Distribution – **\$92.5 Million**

FY 19- FY 21 Meals and Rooms Tax Distribution - **\$68.8 million** per year (distributed based on population estimates).

FY 22 ACTUAL- Under the New Dedicated Fund

✓ **\$100.5 million** was distributed based on population estimates.

✓ **A 45% +/- Increase over 2021 Distribution**

We only have ESTIMATES for State FY 23, which were anticipated to be - \$95.6 million.

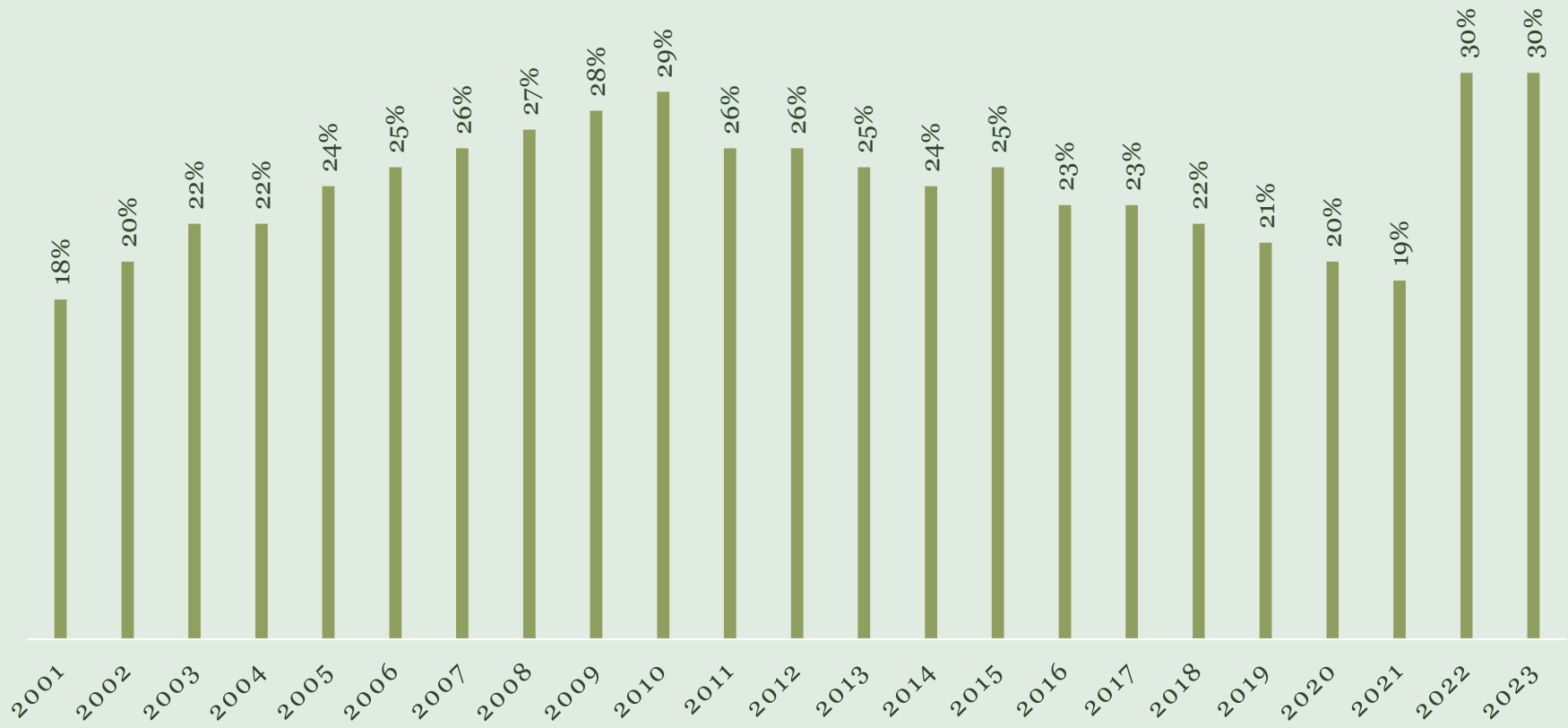
✓ **FY 23 ESTIMATES are 8.5% BELOW FY 22** based on unaudited state year end report, but substantially higher than past decade.

Distribution amounts increased from \$68.8 Million to \$100.5 Million for State FY 22/ November 2021 DRA tax rate setting

Meals & Rooms Tax... 'Municipal Share'

20 YEARS: 2001 - 2023

% DISTRIBUTION 2001-2023



Meals and Rooms Distribution 5 Year Trend FY 22 and FY 23- New Formula

M&R Distribution- 5 Year Trend



REVENUE SHARING – RSA 31-A

In 1969, the State reformed how businesses were taxed . . .

- **Business Profits Tax (BPT): Implemented -- REPLACING:**
- **Antiquated Taxes: Eliminated**
 - ❖ **‘Assessed and Collected’ by Municipalities**
 - including tax on machinery, stock in trade, taxes on studhorses, poultry, domestic rabbits, fuel pumps/tanks and other taxes...which were part of the
 - ❖ **‘Property Tax Base’ for municipalities, school districts, and counties**

In consideration of the removal of certain classes of property from taxation, which would otherwise have the effect of reducing the tax base of cities and towns of the state, it is hereby declared to be the policy of the state to return a certain portion of the general revenues of the state to the cities and towns for their unrestricted use...Chapter 5, Laws of 1970.

CHAPTER 31-A RETURN OF REVENUE TO CITIES AND TOWNS

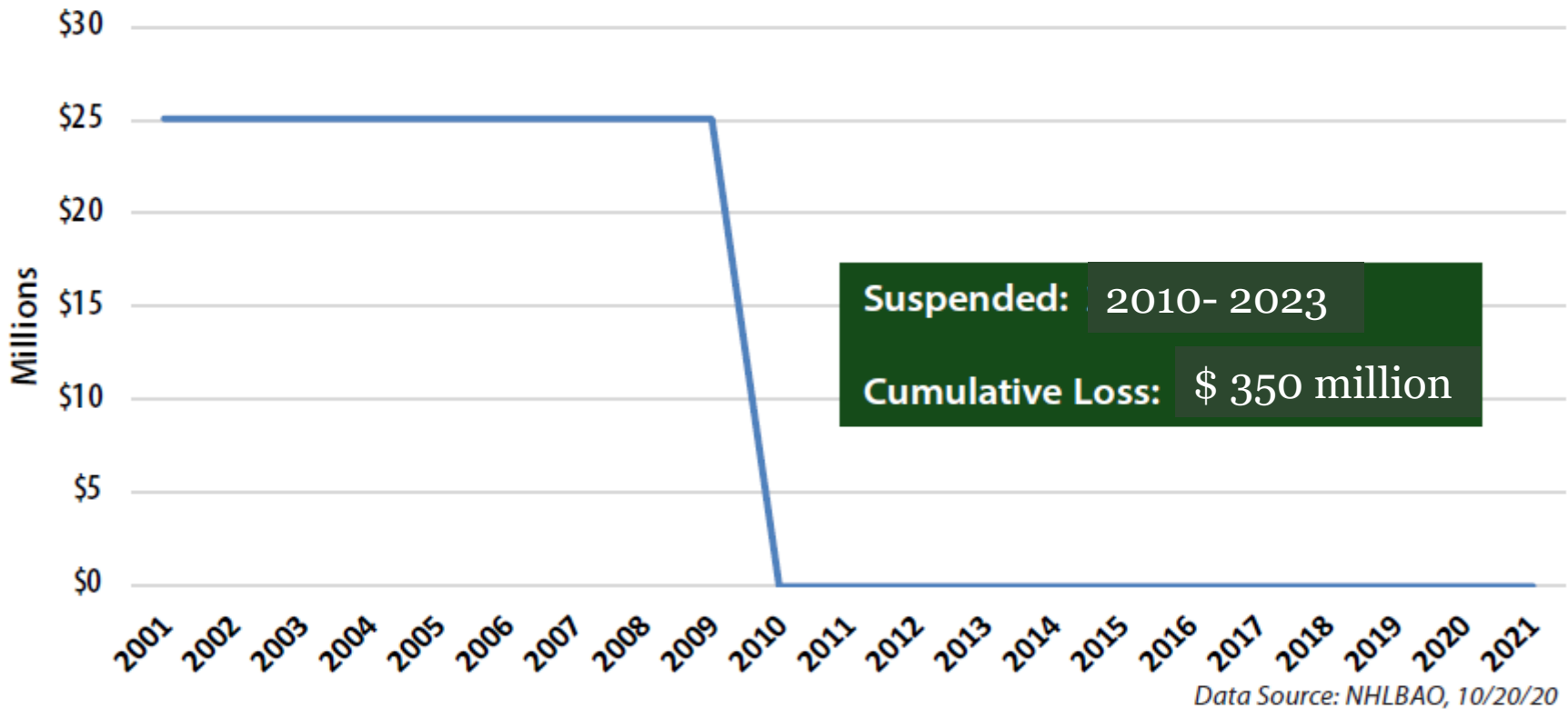
31-A:1 Return of Revenue. – Commencing in 1970 and in each year thereafter, a portion of the general revenue of the state shall be returned to each city and town of the state.

On March 31, 1970, in testimony on House Bill 1, then New Hampshire Attorney General Warren Rudman responded to concerns that future legislators may choose not to honor this commitment to municipalities to fund revenue sharing, stating:

RSA 31-A:5

...this bill creates a new chapter in the statutes of the state of New Hampshire which is specifically entitled "Return of Revenue to Cities and Towns". And it says "there is hereby appropriated for each fiscal year a sum sufficient to make the payments provided for by this section." Now the charge has been leveled that future legislators might choose not to honor this pledge...It seems quite doubtful to me that once this bill is passed that any legislator would go back on its pledge to return revenue to cities and towns that originally belonged to those cities and towns. And I might also add, in passing, that I could hardly see a Governor signing a bill which would deprive cities and towns of the revenue which they once had."

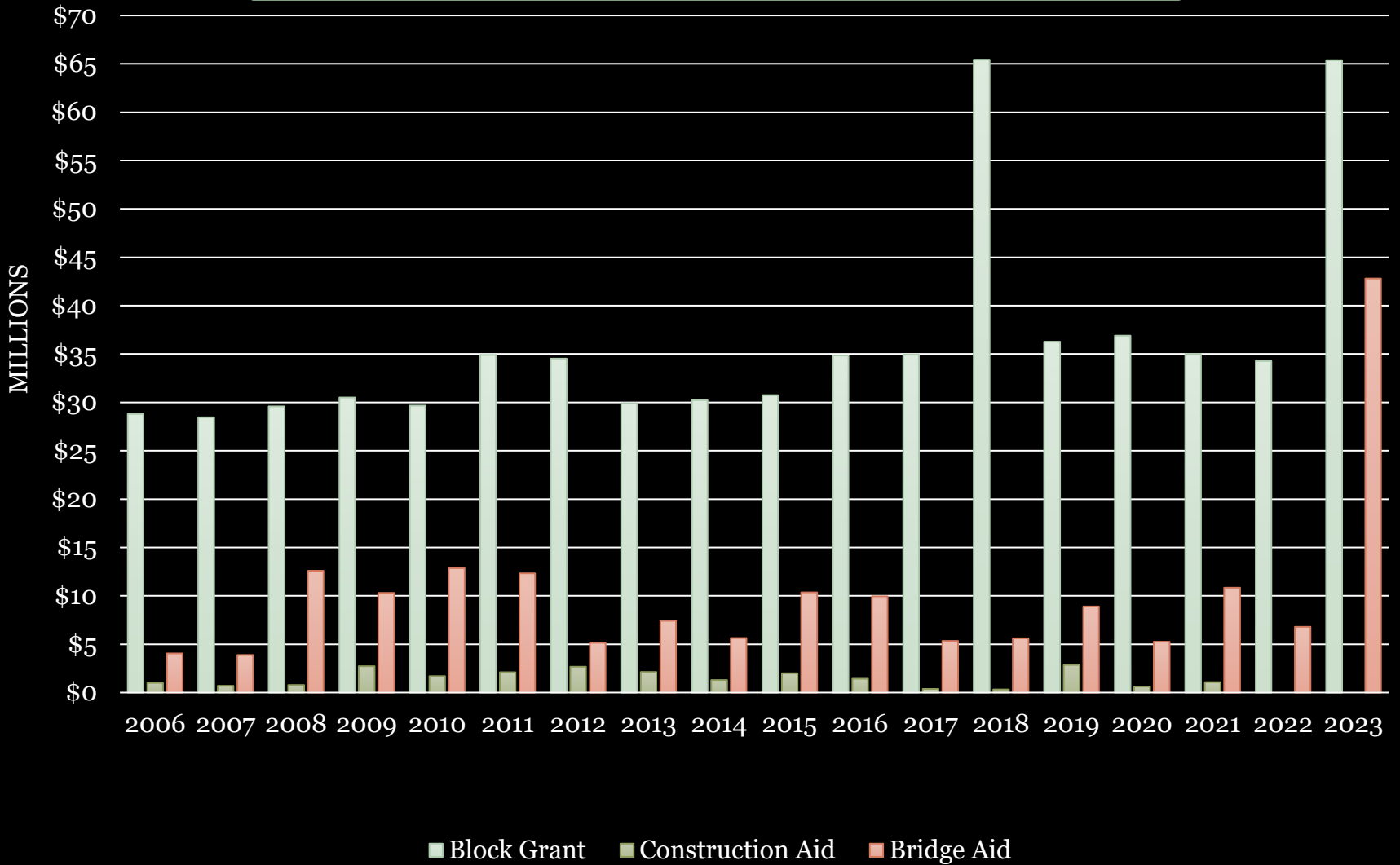
REVENUE SHARING (RSA 31-A)



This allocation has been dropped from the state charts due to over a decade of inactivity.

- In FY 2023 the estimated cumulative loss (2010-2023) to municipalities = \$350 million

Highway Funding 2006-2023



HB1/HB2 - FY 22/23 Budget



▶ Highway Block Grants

- ▶ \$34.3 Million FY22
- ▶ 35.4 Million FY23
- ▶ -\$2.8 Million from previous budget.

Distributed based on road mileage and population

Municipal Bridge Aid - \$6.8 million/year

10 year waiting list

st Legislative Session

HIRE MUNICIPAL ASSOCIATION

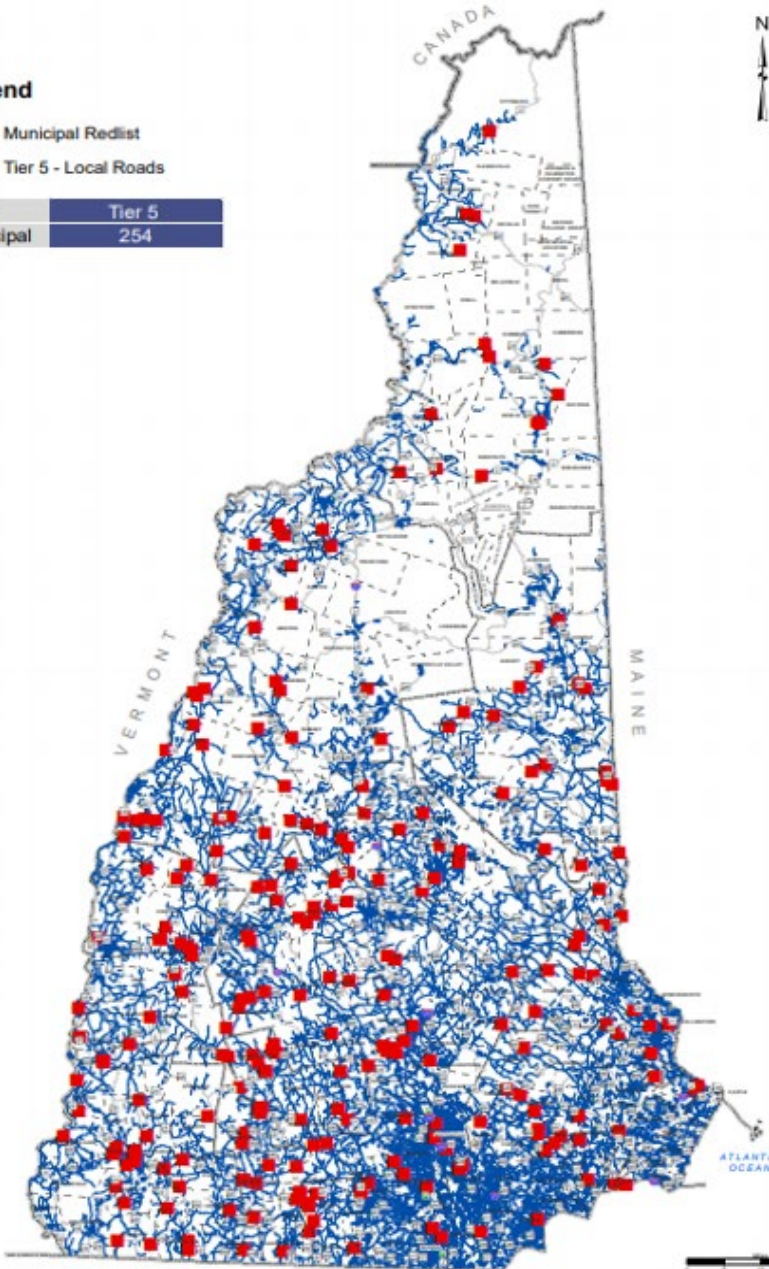
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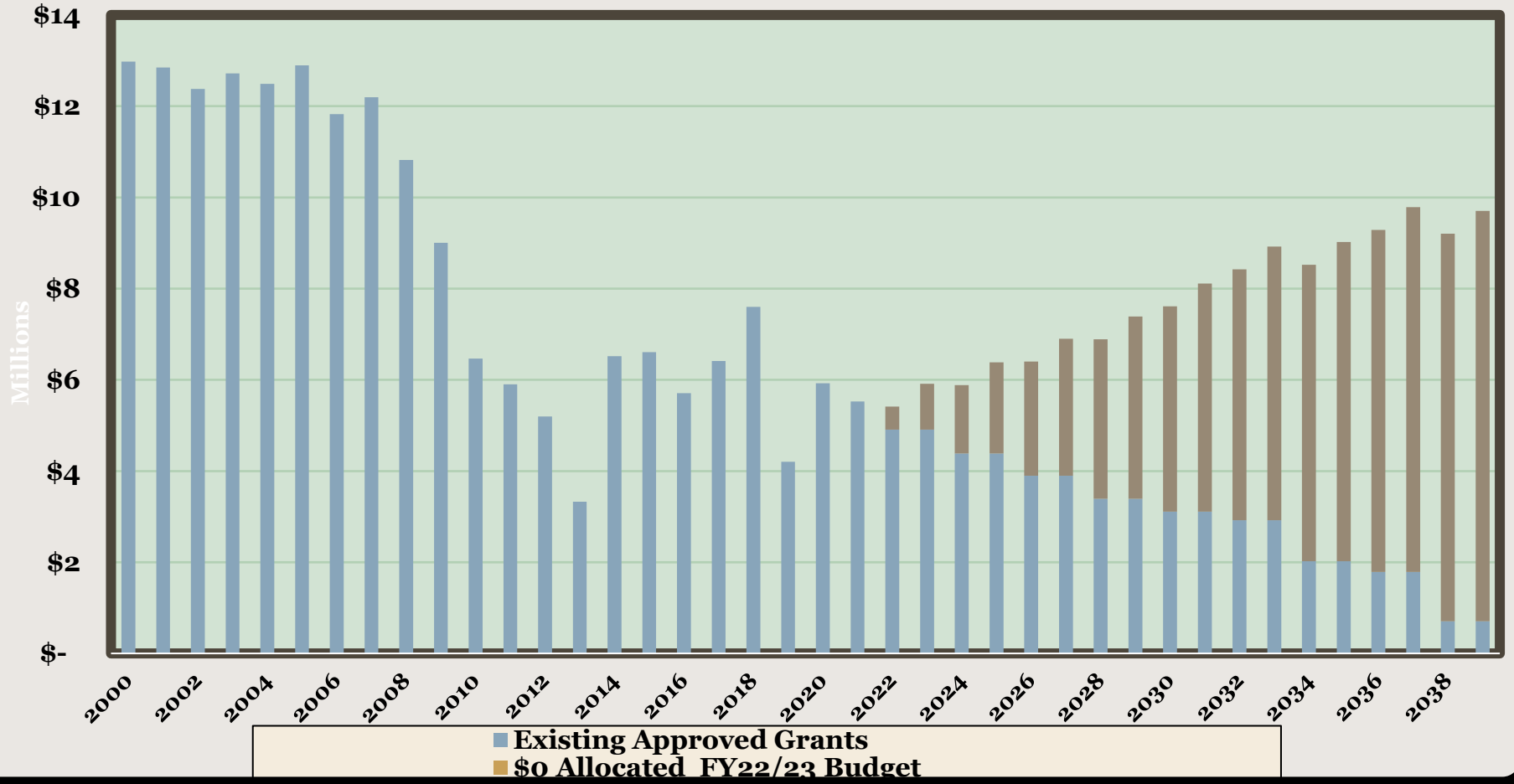
Legend

- Municipal Redlist
- Tier 5 - Local Roads

Facts	Tier 5
Municipal	254



State Aid Grants for Pollution Control (Wastewater Projects)



FY 22 Legislative Session- Retained SAG Grants were partially funded- **HB 398** would appropriate \$5.7 million for fiscal year 2022 and \$6.9 million for fiscal year 2023 to fund the **11 forgotten, eligible wastewater projects** not funded in the current biennium, plus **110 new projects** that expected to be eligible for grant funding in fiscal years 2022-23. **HB 412** -did not pass, but would have appropriate \$500,000 for each of fiscal years 2022 and 2023 for public water supply grants.

State Aid Grants – Water Pollution Control (RSA 486)

- 10-year average grant payments: \$6,000,000; (2022: \$8,096,438)

Public Water System Grants (RSA 486-A)

- Water Supply Land Protection (WSLP) Grant Program
 - 10-year average grant payments: \$953,000; (2020: \$651,960 vs 2023: \$545,225)
 - *No appropriations for 'new' projects since 2008- decline in funding*

Landfill Closure Grants (RSA 149-M:41-50)

- 10-year average grant payments: \$778,000; (2020: \$388,936 vs 2023:\$368,194)

Flood Control (RSA 122:1)

- 10 year average grant payments: \$748,000 (2020: \$789,328)

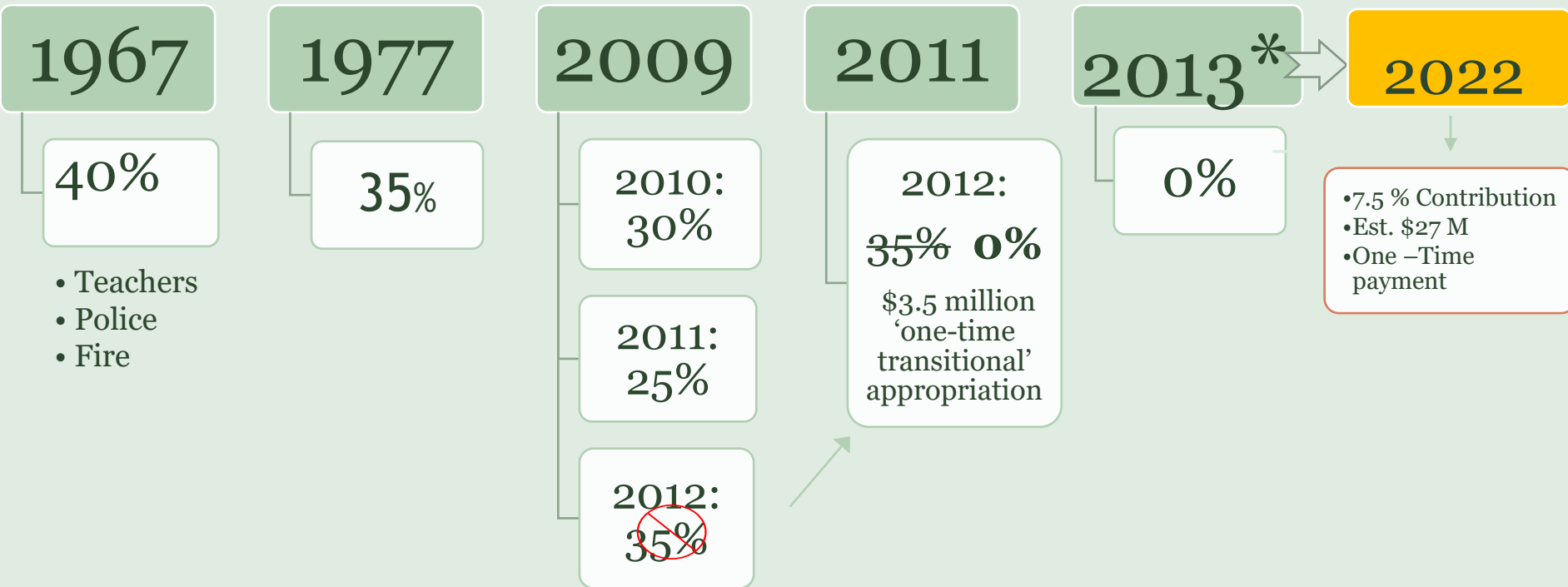
NH Drinking Water and Groundwater Trust Fund (RSA 6-D, 485-F)

- Created in 2016 - \$276 Million from MtBE lawsuit against Exxon-Mobil

PFAS Remediation Loan Fund (RSA 485-H:9)

- Created in 2020 - \$50 Million for low-interest loans
- \$25 Million added in 2022

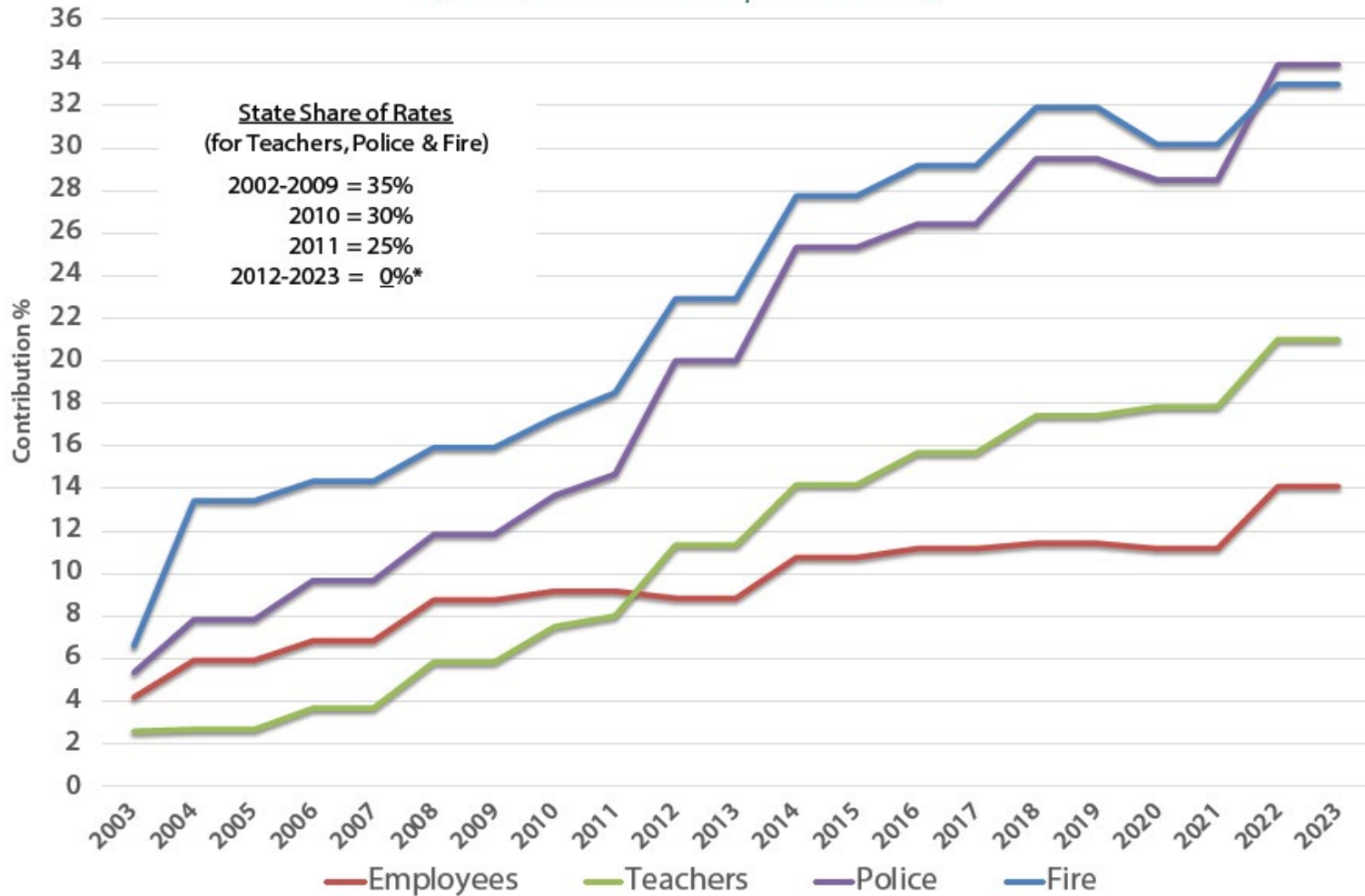
New Hampshire Retirement System State Contribution History



**35% of the Employer Contribution 2013-2021 = \$729.5 Million*

LOCAL EMPLOYER RATES

(Per \$100 of Compensation)



HB 1221 provides a one time 7.5% state contribution to the employer's share of Group I , teachers and Group II Police and Fire NHRS costs in FY 23 using FY 22 state surplus. (Estimated \$27 million)

POLITICAL SUBDIVISION EMPLOYER CONTRIBUTION RATE
FYs 2022-25

	Current Rates	7/1/21-6/30/23 Employer Contribution Rate	Percent Increase	New Rates 7 /1/23-6/30/25 Employer Contribution Rate
<u>GROUP I</u>				
Employees	11.17 %	14.06 %	25.87 %	13.53%
Teachers	17.80 %	21.02 %	18.09 %	19.64%
<u>GROUP II</u>				
Police	28.43 %	33.88 %	19.17 %	31.28%
Fire	30.09 %	32.99 %	9.64 %	30.35%

Employer contribution rates for the four membership classifications – Employee, Teacher, Police, and Fire – will decrease from the current rates.

“The rate decrease is primarily the result of strong investment performance over the five-year period ending June 30, 2021”.- NHRS

https://www.nhrs.org/docs/default-source/employer-contribution-rates/2024_2025_contribution_rates_psub.pdf

Understanding the Property Tax Process



NH Assessor's Resource- <https://www.revenue.nh.gov/mun-prop/property/documents/asb-manual.pdf>

The Property Tax Process

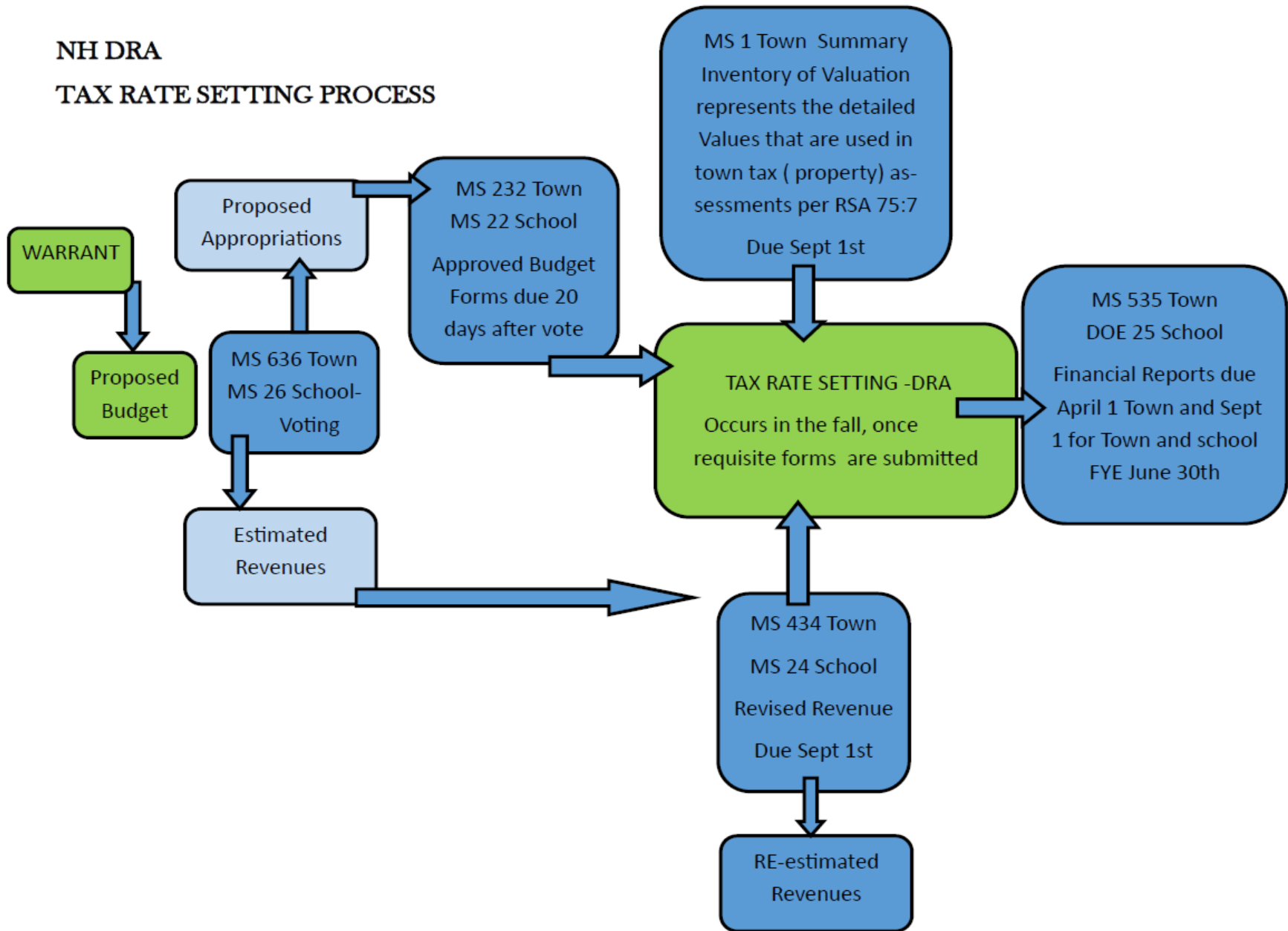
Appraisal: At least every 5 years

Assessment: As of 'April 1'

Tax Rate Setting: In the Fall

Collection:
Billing, Liening, and Deeding

NH DRA TAX RATE SETTING PROCESS



Understanding Tax Policy

The four taxes that make up the tax rate – create 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.

2020 TAX RATE BREAKDOWN



New Hampshire
Department of
Revenue
Administration

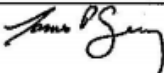
2020
\$18.76

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


 James P. Gerry
 Director of Municipal and Property Division
 New Hampshire Department of Revenue Administration
 11/4/2020

- Municipal Tax
- County Tax
- Local Education
- State Education (SWEPT)

Setting the Tax Rate

Municipal Tax Rate

Gross Appropriations

\$20,207,555

− Revenues

− \$8,024,656

+ Overlay (5% Max)

+ \$4,406

+ Veterans Credits

+ \$438,750

= Net Municipal Tax Effort

= \$12,626,055

÷ Local Assessed Property Valuation

÷ \$1,411,324,700

= Tax Rate per \$1,000 Valuation

= \$8.95

State Education Taxes



\$263,000,000



**% Proportion to Total
State Equalized Val.**



**Net State Education
Tax Effort**

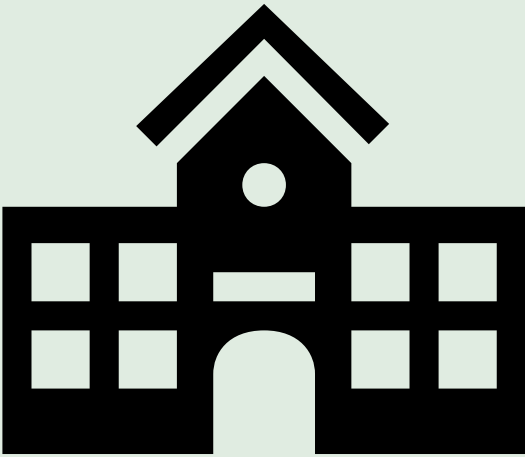
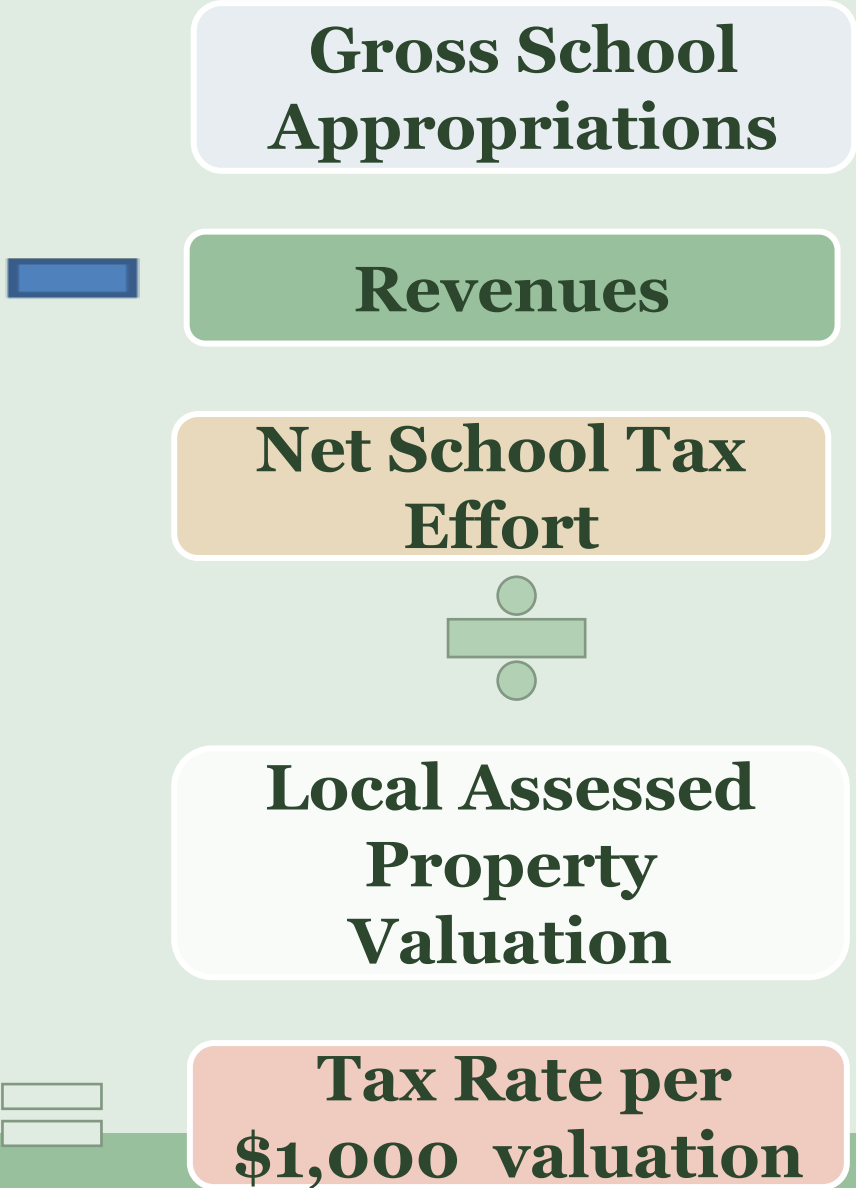


Local Assessed Val.



**State Education Tax
Rate per \$1,000**

School Tax Rate



County Taxes

Alton



Gross Appropriations

\$27,744,315

- Revenues

- \$14,780,875

= Total County Tax

= \$12,963,440

× % Proportion to Total County Eq. Value

× 15.3907%

= Net County Tax Effort

= \$1,995,162



÷ Local Assessed Val.



÷ \$1,711,107,085



= County Tax Rate per \$1,000

= \$1.17

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

2 Similar Properties - Located in Same Neighborhood

\$10,000 - TOTAL TAXES NEEDED

ASSESSMENT:

- ▶ • Property A \$ 250,000
- ▶ • Property B \$ 250,000

TOTAL ASSESSED VALUE: **\$ 500,000**

SCENARIO # 1

▶ SET THE TAX RATE: \$10,000 ÷ **\$500,000** = **\$20.00**/\$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:

- Property A \$ 275,000
- Property B \$ 275,000

TOTAL ASSESSED VALUE: **\$ 550,000**

SCENARIO # 2

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: **\$ 275,000** X **\$18.18** tax rate = **\$ 5,000** property taxes

TOTAL TAXES BILLED **\$10,000 Total Taxes**

The Equalization Process



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

DRA 2021 EQUALIZATION SURVEY

<https://www.revenue.nh.gov/mun-prop/property/equalization-2021/index.htm>



NH DEPARTMENT OF REVENUE ADMINISTRATION
MUNICIPAL AND PROPERTY DIVISION
2021 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**	2021 Equalization Ratio	% Proportion to State Tax
Lebanon	2,195,602,424	475,330,030	2,670,932,454	82,633,617	2,753,566,071	82.2	1.0900%
Lee	722,959,851	25,412,177	748,372,028	297,530	748,669,558	96.6	0.2963%
Lempster	122,456,403	30,898,417	153,354,820	15,941	153,370,761	79.7	0.0607%
Lincoln	1,231,819,724	34,180,179	1,265,999,903	2,436,830	1,268,436,733	97.3	0.5021%
Lisbon	115,939,618	64,352,879	180,292,497	0	180,292,497	64.1	0.0714%
Litchfield	1,154,034,789	223,031,124	1,377,065,913	1,629,569	1,378,695,482	83.8	0.5457%
Littleton	662,488,526	153,161,450	815,649,976	7,351,245	823,001,221	81.2	0.3258%
Livermore	136,600	0	136,600	0	136,600	100.0	0.0001%
Londonderry	4,476,058,521	373,288,270	4,849,346,791	42,078,334	4,891,425,125	92.3	1.9362%
Loudon	694,091,983	66,784,199	760,876,182	5,634,200	766,510,382	91.2	0.3034%
Low & Burbank's Grant	0	0	0	0	0	83.4	0.0000%
Lyman	73,405,134	21,220,253	94,625,387	0	94,625,387	77.3	0.0375%
Lyme	407,097,800	47,951,258	455,049,058	234,030	455,283,088	89.4	0.1802%
Lyndeborough	212,216,697	47,018,334	259,235,031	475	259,235,506	81.8	0.1026%
Madbury	280,686,610	70,484,612	351,171,222	0	351,171,222	79.9	0.1390%
Madison	581,879,025	213,663,501	795,542,526	1,577,410	797,119,936	73.1	0.3155%
Manchester	12,903,266,909	707,757,628	13,611,024,537	57,221,144	13,668,245,681	94.8	5.4104%
Marlborough	211,261,801	11,539,127	222,800,928	602,155	223,403,083	94.8	0.0884%
Marlow	72,535,560	12,352,456	84,888,016	133,315	85,021,331	85.3	0.0337%
Martin's Location	0	0	0	0	0	83.4	0.0000%
Mason	205,704,325	26,650,451	232,354,776	15,407	232,370,183	88.5	0.0920%
Meredith	2,318,871,331	951,441,781	3,270,313,112	12,885,306	3,283,198,418	70.9	1.2996%
Merrimack	4,776,110,063	204,177,351	4,980,287,414	458,095	4,980,745,509	95.9	1.9716%
Middleton	183,321,161	121,547,750	304,868,911	0	304,868,911	60.1	0.1207%
Milan	130,848,248	31,892,168	162,740,416	180,893	162,921,309	80.2	0.0645%

The '3-Finger' Rule

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

\$1,411,324 = **\$1.00**

\$141,132 = **\$.10**

\$14,113 = **\$.01**

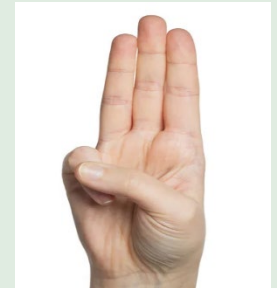


Property Tax Calculation



- **\$300,000 Assessment**

$$\begin{array}{r} \$ 300.00 \\ \times \$ \quad 8.95 \\ \hline = \$2,685.00 \end{array}$$



Estimated Impact on the Tax Rate

\$400,000 Culvert Repair

\$1,411,324,700

Local Assessed Value



1) Quick Estimate using “3 Finger Rule”:



$\$141,132 = \$.10 = \underline{\$0.30 \text{ tax rate}}$

-or-

2) Appropriation ÷ by Total Assessed Value = Tax Rate

$\frac{\underline{\$400,000}}{\$1,411,324,086} = \underline{\$0.28 \text{ tax rate}}$

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 = \$ _____



NHMA EVENTS AND RESOURCES

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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 ham 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 gunfire 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 ham local government is a great success.

Final Legislative Bulletin
September 7, 2021

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SAVE THE DATE: 81st Annual Conference and Exhibition

Wednesday, November 16, 2022 - 8:00am to 4:30pm

Join us at the DoubleTree by Hilton Downtown Manchester Hotel for NHMA's 81st Annual Conference and Exhibition, or virtually via WHOVA!

More details to follow.

Registration opens September 12, 2022.

MUNICIPAL ASSOCIATION



August 11, 2021

About Advocacy Legal Services Events Resources COVID-19 ARPA



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