



PRESS RELEASE
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NH Department of Revenue Administration Explains Town Tax Rates

NHDRA explains how to calculate property taxes as it releases new town tax rates

Concord, NH – The [New Hampshire Department of Revenue Administration](#) (NHDRA) sets tax rates for the cities and towns in New Hampshire beginning in October of each year. This comes on the heels of local property reappraisals many New Hampshire cities and towns have undertaken and which assessors are required by law to perform every five years. NHDRA oversees the assessment review process, but individual municipalities hire the assessors.

“We see a rise in taxpayer concerns over property taxes when the department releases municipal tax rates each year,” said Lindsey Stepp, Commissioner, NHDRA. “We recognize that taxes can be complex and confusing, so along with our objective to fairly administer and collect taxes, NHDRA is committed to educating the public about the taxes they pay.”

Property value is assessed at the property’s market value on April 1 each year. Real estate values in New Hampshire have been on the rise since 2012, with the most dramatic increase happening between 2019 and 2021. Due to that increase, many New Hampshire property owners are seeing dramatic increases in their assessed valuations.

James Gerry, Director of the Municipal and Property Division at NHDRA, answers the central question many homeowners are asking, “what does an increase in assessed value mean for my property taxes?”

“In short, just because a homeowners’ assessed value goes up does not mean the amount of property taxes they pay will also go up,” said Gerry. “Assessed value (AV) determines who will be paying the property taxes. While an individual’s AV is important,

the driving force behind how much any property taxpayer will pay is the relationship between their AV and every other property owner's AV in the city or town in which they reside."

For example, if a taxpayer's AV in a town increases by 10%, but the town's overall AV increases by 15%, given that everything else is equal, the taxpayer should see a decline in their property tax bill.

"One way to think about a town's total AV is to think of it as a pie," said Gerry. "Your AV is just one slice of that pie. If your slice goes up by 10%, but the overall pie grows by 15%, your share of the overall pie will decrease."

Assessed value is not the only factor to dramatically influence property taxes. One of the main drivers of property taxes is appropriations. Appropriations are the amount of money a municipal entity is approved to spend each year due to each municipality's budgeting process. Another factor is the amount of non-property tax revenue the municipality collects. Increases in non-property tax revenue, such as grants, fees, and other taxes, could help lower property taxes. Of course, a decrease in these revenues could have the opposite effect.

To illustrate this point, please refer to the chart below:

TAX RATE SETTING EXAMPLE

| | 2020 | 2021 | Percentage Change |
|-------------------------|-----------------|-----------------|-------------------|
| Taxpayer Assessed Value | \$200,000 | \$230,000 | 15.00% |
| Town Assessed Value | \$4,092,109,157 | \$4,764,959,906 | 16.40% |
| Town Tax Effort | \$81,778,633 | \$81,542,767 | -0.29% |
| Town Tax Rate | \$19.98 | \$17.11 | -14.36% |
| Taxpayer's Tax Bill | \$3,997 | \$3,935 | -1.55% |

While the taxpayer in this example saw an increase of 15% in their AV, the town's overall AV increased by 16.4%. The town's tax effort, calculated by subtracting tax revenue from appropriations, decreased slightly. Despite the 15% increase in the taxpayer's AV, their property tax bill will decline by 1.55%.

The average New Hampshire property taxpayer will see four tax rates: a municipal rate for the individual's city or town, the school district rate, the county rate, and the state education rate, each of which have an associated equation. 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 to arrive at the taxpayer's final property tax bill.

To learn more about NHDRA's Municipal and Property Division, please visit www.revenue.nh.gov/mun-prop.

About the New Hampshire Department of Revenue Administration

The New Hampshire Department of Revenue Administration (NHDRA) is responsible for fairly and efficiently administering the tax laws of the State of New Hampshire. NHDRA collects approximately 80% of New Hampshire's general taxes. During Fiscal Year 2021, NHDRA collected \$2.4 billion in taxes, most of which went to the New Hampshire General Fund and Education Trust Fund. NHDRA also assists municipalities in budgeting, finance and real estate appraisal.

NHDRA administers and collects the following taxes at the state level: Business Enterprise Tax, Business Profits Tax, Communications Services Tax, Interest and Dividends Tax, Meals and Rooms Tax, Medicaid Enhancement Tax, Nursing Facility Quality Assessment, Tobacco Tax, Taxation of Railroads, Utility Property Tax, Real Estate Transfer Tax; and the following taxes at the local level: Property Tax, Excavation Tax, Timber Tax. To learn more about NHDRA, please visit www.revenue.nh.gov.

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