

Municipal Tax Rates: How Are They Calculated, And How Do They Change

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Presentation Goals

- Promote understanding of how local tax rates are calculated for each community
- Understand basic formula of tax rate calculation
- Review the source of information for each calculation
- Identify the elements that compose a local tax rate for a city or town, including:
 - Local municipal tax rate
 - County tax rate
 - Local school tax rate
 - State education tax rate
- Review how changes in total tax commitments and market value can affect the calculation of the rate

Setting of Tax Rates by Commissioner

RSA 21-J:3,

XV. Establish and approve tax rates as required
by law.

RSA 21-J:35,

I. The commissioner of revenue administration
shall compute and establish the tax rate of
each town, city, or unincorporated place.

Establish 1,150 Property Tax Rates

- 259 Municipal Rates
- 259 School Rates
- 259 State Education Rates
- 259 County Rates
- 114 Village Districts Rates
- Total of 1,150 Individual Rates
- Accuracy Rate: 99.91%
- Review 6,500 Tax Rate Documents

Basic Process

- The tax rate for each community is constructed from locally derived financial data
- Each city or town's rate is composed of a
*minimum of four components:
 - Local Municipal Rate
 - County Tax Rate
 - Local School Rate
 - Statewide Education Tax Rate

Basic Process (Cont.)

- Depending on the complexity of the city or town, there may be more components:
 - Cooperative School Districts
 - Village Districts
- Three basic elements for each component:
 - Total gross appropriation
 - Estimated revenues
 - Total locally assessed values

Simple Formula!

(Appropriations – Estimated Revenues)

Total Locally Assessed Values



New Hampshire
Department of
Revenue
Administration

2015
\$24.16

Tax Rate Breakdown Plaistow

Municipal Tax Rate Calculation			
Jurisdiction	Tax Effort	Valuation	Tax Rate
Municipal	\$5,327,312	\$891,581,427	\$5.98
County	\$957,080	\$891,581,427	\$1.07
Local Education	\$13,036,621	\$891,581,427	\$14.62
State Education	\$2,159,840	\$867,985,437	\$2.49
Total	\$21,481,853		\$24.16
Village Tax Rate Calculation			
Jurisdiction	Tax Effort	Valuation	Tax Rate
Total	\$0		\$0.00
Tax Commitment Calculation			
Total Municipal Tax Effort			\$21,481,853
War Service Credits			(\$168,003)
Village District Tax Effort			\$0
Total Property Tax Commitment			\$21,313,770

Stephan Hamilton
Director of Municipal and Property Division
New Hampshire Department of Revenue Administration

10/28/2015

Calculating Municipal Rate

per \$1000/value

Gross Appropriations

less Revenues (Not Including Fund Balance)

less Fund Balance Voted

less Fund Balance to Reduce Taxes

plus War Service Credits

plus Overlay

divided by

2015 Locally Assessed Property Valuation

(per line 21 of 2015 MS-1) x 1,000

= Municipal Tax Rate per 1,000

Municipal Tax Rate

Municipal Accounting Overview		
Description	Appropriation	Revenue
Total Appropriation	\$8,893,050	
Net Revenues (Not Including Fund Balance)		(\$3,315,494)
Fund Balance Voted Surplus		(\$15,000)
Fund Balance to Reduce Taxes		(\$550,000)
War Service Credits	\$168,083	
Special Adjustment	\$0	
Actual Overlay Used	\$146,673	
Net Required Local Tax Effort		\$5,327,312

Valuation		
Municipal (MS-1)		
Description	Current Year	Prior Year
Total Assessment Valuation with Utilities	\$891,581,427	\$849,982,037
Total Assessment Valuation without Utilities	\$807,933,437	\$826,386,047

County Rate

County Net Appropriation

x town's 2014 equalized value as % of total county

= Town's County Assessment

divided by

2015 Locally Assessed Property Valuation

(Per line 21 of the 2015 MS-1) x 1000

= County Tax Rate per 1,000

County Apportionment

2015 ROCKINGHAM COUNTY	% Proportion to County Tax*	Apportionment of County Budget
ATKINSON	1.9862%	913,930
AUBURN	1.5443%	710,576
BRENTWOOD	4.4070%	546,804

NORTHWOOD	1.1003%	506,363
NOTTINGHAM	1.2763%	587,256
PLAISTOW	2.0800%	957,080
PORTSMOUTH	11.9647%	5,166,511
RAYMOND	1.9008%	874,654
RYE	4.5085%	2,074,543
SALEM	9.9720%	4,588,487
SANDOWN	1.2667%	582,859
SEABROOK	5.8334%	2,684,150
SOUTH HAMPTON	0.2983%	137,278
STRATHAM	2.8006%	1,288,666
WINDHAM	5.1508%	2,370,078
TOTALS	100.0000%	46,013,873

* Rounded for display. Actual apportionment based on detailed figures.

County Tax Rate

County Apportionment		
Description	Appropriation	Revenue
Net County Apportionment	\$957,080	
Net Required County Tax Effort	\$957,080	

Valuation		
Municipal (MS-1)		
Description	Current Year	Prior Year
Total Assessment Valuation with Utilities	\$891,581,427	\$849,982,037
Total Assessment Valuation without Utilities	\$807,950,437	\$826,386,047

Local Education Rate

per \$1000/value

Net School Appropriations

Less State Grants and State Education Tax

2015 Locally Assessed Property Valuation

(per line 21 of 2015 MS-1) x 1,000

= Local Education Tax Rate per 1,000

Locally Apportioned Education Rate

per \$1000/value

Regional School Apportionment

Less State Grants and State Education Tax

divided by

2015 Locally Assessed Property Valuation

(per line 21 of 2015 MS-1) x 1,000

= Local Education Tax Rate per 1,000

Local Education Rate

Education		
Description	Appropriation	Revenue
Net Local School Appropriations	\$0	
Net Cooperative School Appropriations	\$17,698,166	
Net Education Grant		(\$2,500,705)
Locally Retained State Education Tax		(\$2,158,840)
Net Required Local Education Tax Effort	\$13,038,621	

Valuation

Municipal (MS-1)		
Description	Current Year	Prior Year
Total Assessment Valuation with Utilities	\$891,581,427	\$849,982,037
Total Assessment Valuation without Utilities	\$807,983,437	\$826,386,047

State Education Rate

State Education Amount

rate producing \$363 million = \$2.420

\$2.420 x Town's 2013 Equalized Value w/out Utilities (Prior Year)

Divided by

2015 Locally Assessed Property Valuation

Without utilities (Current Year)

(Per line 23 of 2015 MS-1) x 1000

= State Education Rate per 1,000

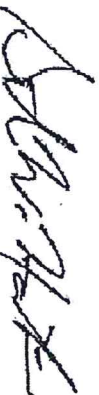
State Education Rate

EDUCATION TAX WARRANT FOR TAX YEAR 2015

December 11, 2014

To the Selectmen or Assessors of PLAINSTON

In accordance with the provisions of RSA 76:8 11, you are hereby required to assess the sum of \$2,158,840 for the 2015 Education Tax. For RSA 76:3, this amount is based on a uniform ratio of \$2,427,000 of the 2013 equalized valuation without allities in the amount of \$892,082,439.



Stephen W. Hamilton
Director
Municipal & Property Division

Notes: This warrant amount will be used to calculate your locality assessed state education rate in the fall of 2015.

State Education Rate

EQUALIZATION SURVEY Not Including UTILITIES AND RAILROAD

MUNICIPALITY	MODIFIED LOCAL ASSESSED VALUATION	DRA INVENTORY ADJUSTMENT	EQUALIZED ASSESSED VALUATION	EQUALIZED PAYMENT IN LIEU OF TAXES *	TOTAL EQUALIZED VALUATION Not Including UTILITIES and RAILROADS	2013 EQ RATIO	% PROPORTION TO STATE TAX
NEWTON	464,332,793	-42,220,399	422,112,394	0	422,112,394	110.0	0.2813%
NORTH HAMPTON	996,205,600	28,689,834	1,024,895,434	0	1,024,895,434	97.2	0.6830%
NORTHFIELD	271,325,605	-4,219,526	267,106,079	2,345,816	269,451,895	101.6	0.1796%
NORTHAMPTON	81,896,663	-3,040,067	78,846,596	212,303	79,058,899	103.9	0.0527%

PITTSFIELD	260,308,181	-42,488,065	217,820,126	266,434	218,086,560	119.5	0.1453%
PLAINFIELD	259,630,611	5,516,280	265,146,901	38,503	265,185,405	97.9	0.1767%
PLAISTOW	818,936,660	73,145,779	892,082,439	0	892,082,439	91.8	0.5945%
PLYMOUTH	402,367,950	401,824	402,759,774	4,374,120	407,133,895	99.9	0.2713%
PORTSMOUTH	3,939,969,280	347,262,989	4,287,232,269	45,143,959	4,332,376,228	91.9	2.8872%
PORTSMOUTH	63,316,732	-1,358,427	61,958,305	173,974	62,131,579	102.2	0.0414%

State Tax Rate

State Education Tax	\$2,158,840	
State Education Tax Not Retained	\$0	
Net Required State Education Tax Effort	\$2,158,840	

Valuation		
Municipal (MS-1)		
Description	Current Year	Prior Year
Total Assessment Valuation with Utilities	\$891,581,427	\$849,982,037
Total Assessment Valuation without Utilities	\$867,985,437	\$826,386,047

State Tax Rate

- Important facts to remember about State Wide Education Tax:
 - The money is raised locally
 - The money is retained locally to offset education costs
 - It becomes a revenue to local education effort

Education		
Description	Appropriation	Revenue
Net Local School Appropriations	\$0	
Net Cooperative School Appropriations	\$17,698,166	
Net Education Grant		(\$2,500,705)
Locally Retained State Education Tax		(\$2,158,840)
Net Required Local Education Tax Effort	\$13,038,621	

Changing Tax Rates

- There are many factors contribute to the calculation of local tax rates
- Many of these factors change from year to year, some can and do have impact on rates
- One of the factors having a impact is the locally assessed valuation of property
- In many cases local appropriation may remain relatively unchanged, yet there are still changes in the calculate tax rate

Changing Tax Rates

- There are times when the relative value of other cities and towns in shared tax districts can produce changes in tax rates
- Sometimes changes in cooperative school apportionments can drive tax rate changes
- Increasing expenditures usually lead to increased net appropriations

Questions?