NH Department of Revenue Demystifies Tax Rates

NHDRA breaks down formula for calculating property taxes and agency’s role as new municipal tax rates are released

Concord, NH – The New Hampshire Department of Revenue Administration (NHDRA) will begin releasing municipal tax rates this month. Anticipating inquiries related to property taxes, the agency and James Gerry, NHDRA’s new director of the Municipal and Property Division, is attempting to demystify tax rates by breaking down a popular taxpayer question this time of year, “What does an increase in assessed value mean for my property tax?” To calculate property taxes due, the assessed value is multiplied by the tax rate, meaning the tax rate is just as important as the assessed value in determining how much a property owner is responsible for.

“At the very highest level, it is important to remember that while your property’s assessed value may have increased, this does not necessarily mean your property tax will,” said James Gerry. “If a taxpayer’s assessed value increased by 10-percent and his or her municipality saw an overall increase of 15-percent, for example, that taxpayer would actually be responsible for a smaller share of the property taxes due, as his or her assessed value did not rise as fast as the overall assessed value in the municipality. Understanding the relationship of your own assessed value to the town overall is key.”
The assessed value of an individual’s property is determined by assessors who assign a value to each home based on what the property should sell for in an open market. While NHDRA oversees the assessment review process, assessors are hired by individual municipalities. A homeowner’s assessed value is only one factor in the property tax equation.

A typical property tax payer in New Hampshire 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 rate, each of which have an associated equation. For example, the municipal tax rate is calculated by subtracting the municipality’s estimated revenues from appropriations and dividing it by the local assessed values. Property taxes, in turn, are impacted by both decisions about how much to appropriate and the amount of off-setting revenues a municipality will receive.

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.

For example, in the town of Bedford in 2018, the municipal tax rate was $4.54, the local education rate was $12.40, the county tax rate was $1.22 and the state education rate was $2.24. This brings the total tax rate to $20.40. For the owner of a $250,000 house in Bedford, the total property taxes due would be $5,100 (or $20.40 multiplied by $250,000 divided by 1,000).

“With the releasing of municipal tax rates, there is an annual increase in concerns raised by taxpayers regarding the impact assessed value has on their own property taxes due,” said NHDRA Commissioner Lindsey Stepp. “While administering and collecting taxes is our primary objective, NHDRA is committed to informing and educating the public about the complex and often misunderstood world of tax policy.”

To learn more about NHDRA’s Municipal and Property Division, please visit 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 2018, DRA collected $2.3 billion in taxes, most of which went to the New Hampshire General Fund and Education Trust Fund. DRA also provides assistance to 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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