

# Town of Pelham, NH

## Board of Selectmen

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# Explanation of 2006 Tax Rate Impact

As presented by  
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# Introduction

## ■ Key Points

- ◆ There are two factors which may contribute to a homeowner's increase in taxes:
  - ★ Operating budget growth
  - ★ Change in a home's assessment based upon the average Town-wide change.
  
- ◆ Revaluations do not generate additional revenue for Town Government
  - ★ Town Government cannot expend any monies not appropriated by the taxpayers
  
- ◆ Revaluations merely redistribute the tax burden more equitably based upon the relative worth of each piece of property in terms of its fair market value

# Definitions

- ◆ Market Value: The price you should have been able to receive for your property had it been on the market on April 1, 2006
- ◆ Ratio: In assessments, the Town-wide average relationship between assessed and market values. This is determined by the State each year.
- ◆ Equalization: The process of putting property values at 100% of market value.

# Increases Attributable to Operating Budget Growth

	<u>2005 Budget</u>	<u>2006 Budget</u>	<u>Increase</u>	<u>% Increase</u>
Town Tax Effort	\$5,021,112	\$5,484,550	\$463,438	9.23%
School Tax Effort	\$11,894,970	\$13,087,478	\$1,192,508	10.03%
State School Effort	\$3,413,033	\$3,460,246	\$47,213	1.38%
County	<u>\$1,509,021</u>	<u>\$1,571,728</u>	<u>\$62,707</u>	<u>4.16%</u>
Totals	\$21,838,136	\$23,604,002	\$1,765,866	8.09%
Total Town Valuation				\$701,296,916
Effect on Tax Rate				\$2.52
Impact per \$100,000 Assessed Value				\$252.00

# Tax Rate Before Application of 2006 Revaluation

	<u>2005 Tax Rate</u>	<u>2006 Operating</u>	<u>2006 Tax Rate</u>	<u>Increase</u>	<u>% Increase</u>
<b>Town</b>	<b>\$7.16</b>	<b>\$5,484,550</b>	<b>\$7.82</b>	<b>\$0.66</b>	<b>9.23%</b>
<b>School</b>	<b>\$16.96</b>	<b>\$13,087,478</b>	<b>\$18.66</b>	<b>\$1.70</b>	<b>10.03%</b>
<b>State</b>	<b>\$4.98</b>	<b>\$3,460,246</b>	<b>\$5.05</b>	<b>\$0.07</b>	<b>1.38%</b>
<b>County</b>	<b>\$2.15</b>	<b>\$1,571,728</b>	<b>\$2.24</b>	<b>\$0.09</b>	<b>4.16%</b>
<b>Totals</b>	<b>\$31.25</b>	<b>\$23,604,002</b>	<b>\$33.77</b>	<b>\$2.52</b>	<b>8.09%</b>
<b>Total Town Valuation</b>				<b>\$701,296,916</b>	
<b>Effect on Tax Rate</b>					<b>\$2.52</b>
<b>Impact per \$100,000 Assessed Value</b>					<b>\$252.00</b>

# Appreciation of Values

- Last Revaluation Completed -1996
  - ◆ 1996 Median Single Family Home Valued at \$144,400
- 2006 Revaluation
  - ◆ Median Single Family Home \$362,000
  - ◆ 2006 State Equalization Rate 100%
- 2005 State Equalization Rate 43.3% (based upon 1996 values)
  - ◆ Example (State equalization rate was 43.3% for 2005)

	<u>1996</u>	<u>'Equalized'</u>	<u>2006</u>	<u>Growth</u>	<u>Tax Impact</u>
■ Home	\$144,400	\$333,487	\$362,000	\$28,512	\$399.00
■ Land	\$93,000	\$214,780	\$250,000	\$35,200	\$492.00

# Appreciation of Property Values

## ■ In Conclusion

- ◆ Property values have escalated since 1996 revaluation.
- ◆ Not all properties' fair market value increased at the same rate, but assessments stayed the same over the past 10-year period.
- ◆ When revaluation occurs, some property assessments will increase more than others on a percentage basis due to the fluctuations in the Fair Market. Some property types (strata) increase at a greater rate than other types.
- ◆ Those properties that did not increase in value as much as others did not realize an increase in taxes compared to those properties that increased in fair market value more than the average increase.
- ◆ With or without a revaluation, taxes on all properties would have increased by 8.09% because of increases in budgets.
- ◆ State law now requires that revaluations occur at least once in every five years. The Selectmen are now exploring options in an attempt to mitigate such broad tax shifts that occurred in this revaluation into the future.

# Next Steps

## ■ Acid Test

- ◆ In looking at your current assessment, do you believe you could have sold your home on April 1, 2006 for that figure?
- ◆ If yes, than the assessment is fair.
- ◆ If no, then you should consider filing for an abatement prior to 1 March 2007.
- ◆ Abatement applications should be supported by some type of evidence to substantiate the request for a lower assessment.

# Filing for Abatement

## A primer

- Abatements must be filed no later than March 1, 2007.
- If you file, an inspection by a Town assessing agent will be required.
- If you file, you must show that either there is incorrect data on the record or provide evidence that your property could not have sold for the assessed value.
- ‘High taxes’ are not justification for issuing an abatement of taxes.
- Percent increases in assessed values do not constitute justification for issuing an abatement.
- Abatement forms can be obtained at the BTLA website [www.nh.gov/btla/](http://www.nh.gov/btla/) or retrieved from the assessing office in Town Hall.

# Additional Information

- If you file for abatement, you will be informed of the results of the review in writing from the Selectmen.
- If you are dissatisfied with the review, you may file an appeal with the Board of Tax & Land Appeals in Concord, or, the Superior Court, but not both, no earlier than July 1<sup>st</sup> 2007 and no later than September 1<sup>st</sup>, 2007.
- In both instances, as in the abatement process, you will be required to show evidence that your property was assessed in excess of full market value as of April 1<sup>st</sup>, 2006.