

Effingham Property Taxes

a summary overview

January 7, 2020

Effingham Board of Selectmen



FACTORS AFFECTING THE DECEMBER 2019 PROPERTY TAX INCREASE

- ❖ Governor Wentworth Regional School District
- ❖ 2019 Town approved budget increase & County increase
- ❖ Eversource abatement
- ❖ Revenues

Governor Wentworth Regional School District

- An increase of \$2.35 per thousand.
- The formula sets the rate out 2-years. Verifying student residency today has no affect on our current year school tax rate or next year's rate.
- The funding formula looks at numbers of Average Daily Membership (ADM) students attending (75%) and the Town valuation (25%); our town had a 14% increase in students from 2016 to 2017.
- GWRSD funding formula is hurting the Town. No foreseeable formula change in the future.
 - At the beginning of November 2019, the Town was behind on school payments by \$500,000+. We did not have enough money in the Town checkbook to pay the bill until December property taxes were paid.

2019 Town Meeting approved budget increase

- Past years, lack of long term planning and budgeting for capital items like buildings, roads and bridges has resulted in two impacts:
 1. Minimal to no money was reserved for future large dollar repairs, maintenance & improvements to Town infrastructure.
 2. Our buildings, roads and bridges naturally continue to deteriorate every day.

2019 Carroll County tax increase, small amount

Eversource abatement

- In October 2019, the Town made a decision to settle a lawsuit with PSNH/Eversource. The future property tax valuation for Eversource was reduced.
- Eversource settlement covered the years of 2014, 2015, 2016, 2017 & 2018.

Tax increase

- The most recent December property tax increase for our Town, as provided by the New Hampshire Department of Revenue Administration, is \$383,140.00.
- The Town tax rate increase equates to \$2.29 per thousand of Town property valuation.

Town Revenue Components

- Partial accounting of the Camp Marist legal settlement.
- Decrease in anticipated property taxes from utility revaluation. Eversource property valuation decrease estimated at \$1,092,000.00.
- Overlay to adjust property values in the 2020 revaluation year. The number is part of the assessing abatement review process.
- March 2019 Town Meeting approved appropriations.
- Increase in veteran's property tax credit exemptions.
- Increase in the amount of land added to 'current use'.
- Repay Eversource legal settlement, equal payments each year for the next 3-years.
- Town decrease in total valuation. This number would include several categories listed on the Department of Revenue Administration's MS-1 reporting form, many of which effect valuations. An example would be abated property taxes which happened during the year.
- Reduced town revenue projections. NOTE: This number includes prior unpaid property taxes as of November 9, 2019 totaling \$407,429.00.

Town Revenue Components (continued)

- *The ‘Total Revenue Components’ listed on the previous page provide an approximate accounting of the changes that have affected the tax rate. The ‘Total Revenue Components’ are not an exact accounting of the municipality’s taxation changes represented in the final 2019 tax bill.*
- *The ‘Total Revenue Components’ categories have been generated by the members of the Effingham Board of Selectmen and not the Department of Revenue Administration, representing our understanding of the primary categories driving the increase in property tax rates.*

What is the future?

- The current Board of Selectmen realizes that improving Town money management for Revenues and Expenses will take time. It took years to get us where we are today; it will take a few years in the future to improve our financial position. Hard choices will need to be made to put the Town on a more solid financial footing for the future.
- For December 2020, the initial projected property tax increase includes:
 - GWRSD of approximately \$0.80+ per \$1,000;
 - New 6-town ambulance contract of approximately \$0.11+ per \$1,000 over the current contract. Contract term is for 5-years beginning April 2020.
- The current Board of Selectmen instituted a new student verification policy to help verify that the Town is only paying for our resident students. When we verify the student count in early 2020, it will affect the school tax rate in 2022.
- In 2020, the town is scheduled to go through a full town-wide property revaluation assessment as required by law. The assessment impact to the tax rate per \$1,000 will be determined following the assessment process.

On behalf of the
Effingham Board of Selectmen,
Thank You for taking the time to review this
information

***Disclaimer:** The Board of Selectmen has provided this document to assist with educating the Town's citizens. It is compiled with the best intentions from our knowledge with currently available research, supporting documentation and contractual information as of January 7, 2020. Any new and/or updated information from any time period may affect the statements in this document.